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LUIS GERMAN CARDENAS PALOMO

SUPERIOR COURT OF CALIFORNIA

COUNTY OF SANTA CRUZ

LUIS GERMAN CARDENAS PALOMO, an individual, on his own behalf and on behalf of all others similarly situated,

Plaintiffs,

vs.

JA HOLDINGS, INC. DBA VALLEY HAVEN, a California corporation; ARCILLA INVESTMENTS, INC. DBA LIVE IN SERENITY, a California corporation; and DOES 1 through 100, inclusive,

Defendants.

CASE NO.: 23CV02655

DECLARATION OF THOMAS SCHELLY IN SUPPORT OF PLAINTIFF'S MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT

Judge: Hon. Margorie Laird Carter
Date: September 1, 2026
Time: 8:30 AM
Dept.: 10

Complaint Filed: November 7, 2023

DECLARATION OF THOMAS SCHELLY

1. I am an attorney at law duly licensed to practice law in California and admitted to practice before this Court. I am an attorney at Lipeles Law Group, APC, which is attorney of record for Plaintiff Luis German Cardenas Palomo ("Plaintiff") and the potential class in this lawsuit.

2. I am over 18 years of age. I have personal knowledge of the facts set forth in this declaration and could and would testify competently thereto.

3. I have no knowledge of the existence of any conflict of interest between me and my firm and Plaintiff, on the one hand, and any Class Member, on the other hand.

4. Prior to filing the Complaint, Plaintiff's Counsel conducted an initial investigation of the facts and the law. I comprehensively investigated the applicable law as applied to the facts discovered, regarding the suitability of the action for class treatment, the claims of Plaintiff, and the damages claimed by Plaintiff. This research supported my belief that Plaintiff was a typical non-exempt hourly-paid employee and as such was subject to the same policies and procedures that gave rise to the claims of the Class.

5. On November 7, 2023, Plaintiff Luis German Cardenas Palomo filed his Original Class Action Complaint in the Superior Court of California, Santa Cruz County, on behalf of himself and others similarly situated for certain present and former employees of Defendant JA Holdings, Inc. dba Valley Haven, in California for: (1) failure to pay overtime (Cal. Labor Code §§ 510, 511, 558, 1194, 1198); (2) failure to pay minimum wages (Cal. Labor Code §§ 1194, 1197, 1197.1, 1198); (3) failure to pay for rest periods not provided (Cal. Labor Code §226.7); (4) failure to maintain records and provide accurate itemized wage statements (Cal. Labor Code § 226); (5) failure to pay wages on termination and/or resignation (Cal. Labor Code §§ 201-203); (6) failure to reimburse business expenses (Cal. Labor Code § 2802); (7) failure to provide uniforms and maintenance allowance (Cal. Labor Code § 2802); (8) failure to allow inspection of employment records (Cal. Labor Code § 1198.5); and (9) unfair/unlawful business practices (Cal. Bus. and Prof. Code §§ 17200 et seq.)

6. On November 22, 2023, Plaintiff filed his Amended Class Action Complaint in the Santa Cruz Superior Court, adding a claim for failure to provide timely off duty meal periods pursuant to Cal. Labor Code §§ 226.7, 512.

7. On June 28, 2024, Plaintiff filed his Second Amended Class Action Complaint in the Santa Cruz Superior Court, adding a claim pursuant to the Private Attorney General Act of 2004, Cal. Lab. Code §§2699, *et seq*.

8. On April 7, 2026, Plaintiff filed his Third Amended Class Action Complaint ("TAC") in the Santa Cruz Superior Court, adding Arcilla Investments, Inc. dba Live In Serenity as a Defendant. The TAC is the operative complaint.

9. Once the Action was filed, the Parties conducted extensive informal discovery, investigation and arm's-length negotiations. Since approximately October 2023, I have conducted a thorough investigation into the facts of this putative class action. The Parties exchanged and analyzed documents. Information and data exchanges included detailed examination and analysis of a 15% sample of time and pay records for Defendants' employees. The parties agreed to participate in the cost-effective alternative of settlement.

10. The informal discovery process culminated in a mediation scheduled for July 15, 2025. In preparing for the mediation, I reviewed various information and data produced by Defendants, including*, inter alia*,: (1) detailed examination and analysis of a 15% sample of time and pay records for Defendants' employees; (2) review of relevant data regarding the size of the putative class; (3) detailed examination of data related to Defendants' PAGA exposure; (4) Defendants' wage and hour policies and procedures; and (5) research with respect to the applicable law and the potential defenses thereto.

11. Defendants provided information concerning the total number of Class Members (142) and Aggrieved Employees, number of workweeks, pay periods, the average hourly rate, meal and rest premiums paid during the Class Period, wages earned during the relevant pay periods, wage and hour policies and procedures relating to meal/rest breaks, overtime and minimum wage compensation and a 15% sampling of time and pay records, among other documents. This discovery allowed me to assess the merits and value of Plaintiff's claims, the claims held by the Class Members,

and Defendants' defenses.

12. Negotiations at the mediation were hotly contested. At the settlement meeting, Defendants made the following arguments in their defense for which substantial "deductions" were thought to be appropriate by Plaintiff's counsel and were applied to the maximum liability amount. Defendants contended that it is their policy and practice to pay all wages for all time worked. Additionally, Defendants maintained that they did not engage in any common policy or practice that is violative of California wage and hour laws.

13. Further, Defendants adamantly contended that they implemented a policy for when nonexempt employees were to take meal/rest breaks. Defendants argued that Plaintiff will not be able to certify a class because individual issues predominate and courts routinely decline to certify meal/rest break classes.

14. Despite Defendants' contentions, I believed that Defendants' overtime, minimum wage, meal/rest break, reimbursement of business expenses and uniform maintenance policies and practices, violated their employees' rights to proper wage compensation, meal/rest breaks, expense reimbursement and uniform maintenance.

15. From the data received from Defendants, Plaintiff constructed a damages model based on Defendants' exposure. Certain calculations are extrapolated to the Class since the analysis data was based on a 15% sample. As a result, certain calculations are multiplied by 6.67.

a. Overtime/Minimum Wage Claims[1]

Plaintiff assumed 5-minutes of off the clock work per shift at a 72.3%/27.63% regular/overtime split rate. The average wage rate for all employees during the Class Period was $16.82 per hour.

The total estimated amount of alleged unpaid off the clock time in the statutory period was 377 regular hours and 144 overtime hours. Thus, the total amount of estimated overtime/minimum wages owed, excluding interest and penalties, equaled $9,974 as of July 15, 2025, calculated as follows: 377 hours * $16.82 + 144 * $16.82 * 1.5 = $9,974. When extrapolated to the Class, the

[1] Damages relating to the minimum wage claim are subsumed within the calculations for overtime/double time wages.

total amount of damages, excluding interest is $66,527.00 ($9,974 * 6.67 (multiplier)).

b. Meal Break Claim

Meal break violations (missed, short and/or late), were calculated and quantified based on the actual observed violations. The data was converted and both shift durations and break durations were calculated. Employing the "5/10 rule[2]", each shift was analyzed to determine whether a meal break was taken and whether that break was short, missed or late. There were 3,531 shifts with violations during the statutory period. The total amount of damages based on the number of shifts with violations was $59,391.00. (3,531 * $16.82).

Further, Plaintiff assumed that 30% of meal breaks were interrupted. The average wage rate for all employees during the Class Period was $16.82 per hour. The total number of meal break interruptions was 1,044. Thus, the total damages for interrupted meal breaks is $17,560.00 (1,044 * $16.82).

According to Plaintiff's damages model, Defendant's exposure for meal period violations extrapolated to the Class, excluding interest and penalties, amounted to approximately $396,138.00 ($59,391 * 6.67). Defendants' exposure for meal period interruptions extrapolated to the Class, excluding interest and penalties, amounted to approximately $117,125.00 ($17,560 * 6.67). The total amount of damages for both meal break violations and interruptions, excluding interest and penalties is $513,263.00.

c. Rest Break Claim

Regarding rest break violations, Plaintiff assumed one missed rest break per shift greater than 3.5 hours. The average wage rate for all employees during the Class Period was $16.82 per hour. The total estimated number of rest break violations in the statutory period was 6,180. Defendants contended that they have a valid rest break policy and that they authorized and permitted rest breaks.

According to Plaintiff's damages model, Defendants' exposure for non-complaint rest

[2]The "5/10 rule" refers to the assumption of no meal break waiver, meaning a shift is eligible for a first meal break at 5 hours and a second meal break at 10 hours.

periods on the shifts, excluding interest, amounted to approximately $103,948.00. (6,180 * $16.82).

When extrapolated to the Class, Defendant's exposure for non-compliant rest periods, excluding interest and penalties, amounted to approximately $693,333.16 ($103,948 * 6.67).

d. <u>Failure to Provide Accurate Wage Statements Claim</u>

Concerning the wage statement claim,[3] the putative class was comprised of approximately 73 employees during the Section 226 one-year statutory period (*i.e.*, November 7, 2022 through, for purposes here, the July 15, 2025, Mediation Date). Based on the above-assumed wage payment and meal/rest break violations, which potentially would render the wage information provided employees in every one of their wage statements inaccurate, the value of Plaintiff's wage statement claim was $161,300, calculated as follows: Of the 73 employees in this Sub-Class, 27 of them worked more than 40 Pay Periods during the Section 226 Class Period, entitling them to a maximum individual recovery of $4,000, for a total potential recovery of ***$108,000***. The other 46 Class Members worked a total of 556 Pay Periods, with their total potential recovery calculated as follows: 46 PPs * $50 (initial violation) + (556 [total PPs] – 46 [initial PPs] = 510 [PPs] * $100 (subsequent violations) = $2,300 + $51,000 = $***53,300 + $108.000 = $161,300***.

e. <u>Failure to Pay Wages on Termination Claim</u>

Concerning waiting time penalties, the putative class is comprised of approximately 109 former employees during the statutory period. Defendants contended that they paid their employees all wages due on termination. However, Plaintiff asserted that employees were not paid all wages due on termination. Plaintiff assumed 30 days per employee at 8.15 hours per day, $16.82 average rate of pay and 109 former employees each year are in the Section 203 subclass. The potential value of the waiting time penalty claim[4] for the Class Members who are former employees of Defendants is $448,261.00, calculated as follows: 109 employees * 8.15 hours per

[3] Labor Code §226(e) provides that an employee is entitled to recover $50 for the initial pay period in which a violation of Labor Code §226 occurs and $100 for each subsequent pay period, not to exceed $4,000, as well as an award of costs and reasonable attorneys' fees, for all pay periods in which the employer knowingly and intentionally fails to provide accurate itemized statements to the employee causing the employee to suffer injury. There are 24 pay periods per year. The wage statement violation claim is derivative of Plaintiff's other claims and depends on the actual number of violations found to exist.

[4] Under Labor Code 203(a), Plaintiff and the Class are entitled to one day's wages for each day he or she was not timely paid, not to exceed 30 days' wages.

day * $16.82 * 30 days = $448,261.00.

f. Failure to Reimburse Business Expenses Claim[5]

Plaintiff assumed there was $9.28 of unreimbursed cell phone use per week. There were 8,738 Workweeks in the Class Period through July 15, 2025.

According to Plaintiff's damages model, Defendants' exposure for unreimbursed cell phone use, excluding interest, amounted to approximately $81,061.00 (8,738 * $9.28).

g. Failure to Provide Uniforms and Maintenance Allowance Claim

Plaintiff assumed there was $50.00 of uniform cleaning costs per pay period based on 5 shirts/pants per week.[6] There were 760 Pay Periods in the Class Period through July 15, 2025.

According to Plaintiff's damages model, Defendants' exposure for uniform maintenance expenses, excluding interest, amounted to approximately $38,000 (760 * $50.00).

According to Plaintiff's damages model, Defendants' exposure for uniform reimbursement extrapolated to the Class, excluding interest, amounted to approximately $253,460.00 ($38,000 * 6.67).

h. Damages Model

The Damages Model manifested the following conclusions concerning Defendants' exposure, excluding interest:

ALLEGATION	LIABILITY RISK
Overtime/Minimum Wage Claim	$66,527.00
Rest Break Claim	$693,333.16
Meal Break Claim (including meal break violations and interruptions)	$513,263.00
Failure to Issue Accurate Itemized Wage Statement Claim	$161,300.00
Failure to Pay Wages on Termination Claim	$448,261.00
Failure to Reimburse Business Expenses Claim	$81,061.00

[5] At the time of mediation, Plaintiff ascertained that there was no value relating to reimbursement for vehicle expenses because employees did not drive their vehicles to render caregiving services.

[6] *See* http://www.amenify.com/blog/how-much-does-dry-cleaning-cost

Failure to Provide Uniforms and Maintenance Allowance Claim	$253,460.00
Total, excluding interest	**$2,217,205.16**

The following chart shows the amount of PAGA penalties, assuming that PAGA penalties can be "stacked" for a given pay period:[7]

Number of Pay Periods in PAGA Period	1.973	
Number of Pay Periods in PAGA Period – Overtime/Minimum Wage	1,973	
Number of Pay Periods in PAGA Period – Meal Breaks	1,973	
Number of Pay Periods in PAGA Period – Rest Breaks	1,833	
Number of Pay Periods in PAGA Period – Wage Statements	1,973	
Number of Pay Periods in PAGA Period – Failure to Pay Wages on Termination	1,973	
Number of Pay Periods in PAGA Period – Reimbursements (including expenses and uniforms)	1,973	
PAGA for Waiting Time (38 former employees in PAGA Period)	$3,800	$100/$0
PAGA for Overtime/Minimum Wages	$197,300	$100/$100
PAGA for Meal Breaks	$197,300	$100/$100
PAGA for Rest Breaks	$183,300	$100/$100
PAGA for Wage Statements	$197,300	$100/$100
PAGA for Failure to Maintain Records	$197,300	$100/$100
PAGA for Failure to Pay Wages on Termination	$197,300	$100/$100
PAGA for Reimbursements	$197,300	$100/$100
Total PAGA penalties	**$1,367,100.00**	

[7] While the old PAGA statute applies to this case, under Labor Code §2699(h)(3)(i) as amended, stacking is prohibited. Even prior to the amendment of Labor Code §2699(h)(3)(i), courts generally did not allow penalties to be stacked. Plaintiff's Counsel is not aware of any published California appellate court decisions that have held that plaintiffs may "stack" PAGA penalties, and many federal courts have not allowed stacking. *See, e.g., Hamilton v. Juul Labs*, 20-cv-03710-EMC, at *14 (N.D. Cal. Nov. 16, 2021); *see also Snow v. United Parcel Services, Inc*., 2020 WL 1638250, *3 (C.D. Cal April 1, 2020) ("[P]laintiffs may only recover a set of civil penalties for each type of violation."); *Smith v. Lux Retail North America*, 2013 WL 2932243, *4 (N.D. Cal. June 13, 2013) ("Another necessary but equally flawed assumption undergirding the Luxottica calculation is the stacking of penalties . . no actual holding in any judicial decision has ever blessed such stacking."); *Salazar v. PODS Enterprise, LLC*, 2019 WL 2023726, *6 (C.D. Cal. May 8, 2019) ("[I]t is possible (although highly unlikely) that plaintiff could recover PAGA penalties for each separate type of Labor Code violation.").

Assuming PAGA penalties should not be stacked (since even under the old PAGA statute most courts did not allow stacking), the maximum recoverable PAGA penalties is $197,300.00.

16. The $245,000 proposed Gross Settlement Amount ("GSA") represents a compromise of Defendants' liability risk. The parties agreed to settle for $245,000.00 with no claims process and **no reversion** to Defendants of any settlement monies remaining after all Participating Class Members claims are paid.

17. On July 15, 2025, the parties virtually attended via Zoom an all-day mediation with mediator Mark LeHocky, Esq. ("Mr. LeHocky"). Defense counsel and I selected Mr. LeHocky as mediator based upon his experience in mediating wage and hour class action lawsuits. Jasmine Badawi and I attended on behalf of Plaintiff. Ann Qushair, Esq. of Lewis Brisbois attended on behalf of Defendants. Plaintiff also remotely attended the mediation. *See* Declaration of Luis German Cardenas Palomo ("Palomo Decl."), ¶6.

18. Discussion focused on the many disputed legal and factual issues. Counsel for both Parties analyzed the data provided by Defendants to estimate potential damages in the litigation. Arm's-length negotiations were conducted in good faith. The negotiations were lengthy and hard-fought.

19. With Mr. LeHocky's help, we negotiated a class-wide resolution at the mediation. After a full day of negotiations, the parties agreed to settle for $245,000.00 with **no reversion** to Defendants of any settlement monies remaining after all Participating Class Members claims are paid.

20. The Parties negotiated a long-form agreement over many months before executing the Class Action and PAGA Settlement Agreement and Class Notice ("Settlement Agreement") in June 2026. A true and correct copy of the Settlement Agreement is attached hereto as **Exhibit A**.

21. I have evaluated the strengths of the class claims and assessed the range of potential outcomes of the litigation. In addition to disputing the merits of Plaintiff's claims, Defendants would strongly challenge any request for class certification. While I believe that this case was suitable for class certification because the policies at issue are amenable to treatment on a class wide basis, there is always a significant risk associated with class certification proceedings and that

uncertainty governed the settlement negotiations.

22. Defendants contended that they maintained legally compliant wage compensation policies and that Class members were paid for all hours worked. Defendants arguments included, but were not limited to the following: At all relevant times during the Class Period (1) The Company has had a written policy that requires employees to be paid for all hours worked, has expressly prohibited them from working off the clock, and has required them to report any violations; (2) Defendants will be able to demonstrate that Plaintiff's unpaid wages claims are based on assumptions that are completely inconsistent with Defendants' business operations, employee work practices, and employee work schedules; (3) thus, Plaintiff's exposure numbers grossly exaggerate any potential exposure for these claims; (4) Defendants would only be liable for any unpaid minimum or overtime wages they knew or reasonably should have known were due and owing (*Brinker v. Superior Court*, 53 Cal. 4th 1004, 1051 (2012); *Morillion v. Defendants Packing Co.*, 22 Cal. 4th 575, 585 (2012)); and (5) because Defendants did not engage in any common policy or practice that is violative of California wage and hour laws, individualized issues predominate as to whether, for example, any Class Member in any particular job position performed work for which the employee was not paid, the reason for the non-payment, whether the purported non-payment triggers employer liability, and whether that work time, if otherwise compensable, amounted to overtime for which premium pay was required. Thus, not getting certified is a risk which Plaintiff considered during the negotiations.

23. Defendants maintained that, throughout the Class Period, they had and effectively implemented lawful, written policies providing for nonexempt employees to take meal and rest breaks as required by law and that employees regularly and consistently took such breaks. Thus, Defendants contend any deviations are on account of individualized issues, as opposed to common policies/practices, precluding class certification. Additionally, Defendants argue they have ample evidence to effectively rebut any legal presumptions of non-compliance arising from purely facial meal violations reflected on the time cards, including the fact overnight workers were subject to lawful On-Duty-Meal Period Agreements. Further, Defendants argue their business operations and staffing models have always otherwise afforded employees ample time and flexibility to regularly take timely and otherwise lawful meal and rest periods throughout the Class Period, without any

work interruptions. For these and other reasons, Defendants argue Plaintiff's calculations significantly overestimate liability on both claims, especially considering Plaintiff assumes a rest break violation for every shift worked. Further, Defendants maintained that their policies provide for expense reimbursement for cell phone expenses. Additionally, Defendant maintained that the "uniforms" are standard clothing that could be laundered at home and therefore did not require special maintenance such as dry cleaning.

24. Defendants contend that for Plaintiff to recover penalties under his Section 226 Claim, he would have to show Defendants knowingly and intentionally issued deficient/incorrect wage statements. Plaintiff also faces significant risks as to his Section 203 Claim for failure to pay wages on termination. His claim is subject to all of Defendants' defenses, both on the merits and as to the appropriateness of class certification, as his underlying claims that putative class members were not paid for all wages due at termination. Additionally, Defendants have a broader, additional defense that could potentially apply even if wages were technically due and owing: a "good faith dispute" acts as a complete defense against "waiting time" penalties. (Cal. Code Regs., tit. 8, § 13520.) Further, uncertainty relating to Plaintiff's potential PAGA damages played a role in the negotiation considerations. Also, the actual amount of PAGA penalty awarded by the Court is completely discretionary and penalties are not subject to stacking under Labor Code §2699(h)(3)(i), as amended.[8] Although the old PAGA statute is applicable here, courts generally did not allow stacking even prior to Labor Code § 2699(h)(3)(i)'s amendment. Lastly, since only 25% of any PAGA recovery reaches the PAGA claimants (with the balance going to the state), the strength of Plaintiff's potential PAGA claims and the potentially limited recovery was a factor considered during settlement negotiations.

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[8] In granting final approval of the class action settlement in *Stuart v. RadioShack*, 641 F. Supp. 2d 901 (N.D. Cal. 2009) Judge Chen noted the following:

> Plaintiffs could arguably get more . . . because they are entitled to penalties under the PAGA, [but] it is not clear that they could get a significant additional amount because the PAGA provides that,
> [i]n an action by an aggrieved employee seeking recovery of a civil penalty available under subdivision (a) or (f), a court may award a lesser amount than the maximum civil penalty amount specified by this part if, based on the facts and circumstances of the particular case, to do so otherwise would result in an award that is unjust, arbitrary and oppressive, or confiscatory.

25. I anticipate that should this matter not resolve against Defendants, Defendants will defend themselves vigorously. I anticipate that Defendants will challenge every aspect of the claims, including whether they violated labor laws, the commonality of the claims such that this action could not be certified as a class action, and the damages claimed.

26. In light of the uncertainties of protracted litigation, the GSA reflects an excellent recovery for the Class Members.

27. The proposed settlement here is fair to the Class. Since the filing of the Complaint in November 2023, Plaintiff's counsel has conducted a comprehensive investigation and has reviewed voluminous documentary evidence relating to Defendants' overtime, minimum wage, meal/rest break, expense reimbursement and uniform maintenance policies and practices. Plaintiff's counsel has also participated in extensive informal discovery and meeting and conferring regarding negotiations. Moreover, Plaintiff remotely attended an all-day mediation with mediator Mr. LeHocky. Thus, Plaintiff's Counsel negotiated the proposed Settlement with ample knowledge of the strengths and weaknesses of this case, the amounts necessary to compensate Class Members for their damages, and the benefits of the proposed Settlement under the circumstances of this case. In addition, Plaintiff's Counsel and Defense counsel, are experienced class action litigation and employment attorneys, and have used their experience and expertise in fashioning a proposed Settlement that is acceptable to both parties.

28. Upon approval, Defendants will pay a non-reversionary GSA of $245,000.00. After deductions for proposed court-approved settlement Administration Expenses Payment, Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment, PAGA Penalties and the Class Representative Service Payment, the remaining Net Settlement Amount ("NSA"), approximately $99,500.00 will be distributed to all Class Members who do not request exclusion. Current and former employees are not required to submit a claim form in order to receive an Individual Class Payment. Class Counsel believes the Settlement is a fair and adequate amount given the litigation risks and delays inherent in further litigation and appeals.

29. The proposed Settlement provides that Plaintiff will request, and Defendants will not oppose, an award to Class Counsel in an amount not to exceed $85,750.00 for Class Counsel Fees

Payment (35% of the GSA), up to $18,500.00 in Class Counsel's costs, a Class Representative Service Payment of $10,000 to the Class Representative in recognition of his time, effort, and risk as Class Representative, PAGA Penalties in the amount of $24,500 (allocated $18,375 to the LWDA and $6,125 to the Aggrieved Employees) and approximately $7,250 in Administration Expenses. The foregoing awards amount to $145,500 and Plaintiff therefore request that the Court approve a total deduction of $145,500 from the $245,000.00 GSA. Viewing the participation, service and risk payment as an additional cost of litigation, in combination with the allocation for attorneys' fees, expenses and costs, this total deduction of $145,500 is within the range of attorneys' fees, expenses and costs awarded in similar cases. *See e.g.*, *Garrido v. American Air Liquide, Inc.*, No. BC485942, BC614586, 2018 WL 2267367, **1-2 (Cal. Super. Feb. 20, 2018) (granting final approval for failure to provide meal breaks); *Manzanares v. Irvine Scientific Sales Company, Inc.*, No. BC574478, 2017 WL 4772976 *2, (Cal. Super. Apr. 20, 2017) (granting preliminary approval in rest/meal break action); *Velasco v. Knight Port Services, LLC*, No. CIVDS1513403, 2016 WL 7655334, *2, (Cal. Super. Jan. 12, 2016) (granting preliminary approval in meal/rest break action); *Lacy T v. The Oakland Raiders*, No. RG14710815, 2015 WL 13701077, *3 (Cal. Super. Mar. 3, 2015) (granting final approval in a meal/rest break action).

30. According to the information provided to me from Defendants, there are 142 potential Class Members. Thus, the average settlement share is projected to be $700.70[9]. Class members will have 60 days from the mailing of the Class Notice to request exclusion or object, thereby providing ample time to review the Class Notice without unduly delaying the settlement. The NSA shall be allocated proportionally based on each such Class Member's workweeks during the Class Period.

31. If a Class Member fails to cash the check within 180 days, his or her pro rata share of the NSA will be remitted to the California State Controller's Office, Unclaimed Property Division in the name of the Participating Class Member for who the funds are designated.

32. Those Class Members who do not request exclusion from the settlement will be bound by its terms, and will be releasing all claims against Defendants that were asserted or could

[9] $99,500.00 (NSA)/142 (putative class members) = $700.70 (average award per class member).

have been asserted in this lawsuit, based on the facts and allegations asserted in the TAC in this lawsuit, for the period of November 7, 2019 through the date of preliminary approval.

33. The following factors support the approval of the incentive award requested here for the Class Representative. First, the Class Representative spent a tremendous amount of time, approximately 30 hours, providing invaluable assistance to Class Counsel and the Class in this case, including providing factual background for the Class Complaint; providing and explaining documents corroborating his allegations to Class Counsel; reviewing the Complaint and other pleadings filed with the Court by Plaintiff and Defendants; providing crucial information at settlement negotiations to rebut Defendants' arguments; remotely attending the all-day mediation; and participating in multiple conference calls and phone calls to discuss litigation and settlement strategy. The Class Representative has been actively involved in this litigation and has proven himself to be an invaluable resource of information throughout this litigation. Second, the requested $10,000 service payment to the Class Representative falls well within the range of incentive awards typically awarded to class representatives in similar actions.

34. I believe that this proposed settlement is within the range of possible approval in light of the significant legal and factual obstacles that Plaintiff faced, the risks and costs of further litigation, and the tangible monetary benefits to be received by Class Members.

35. I will also apply for an attorneys' fee award of $85,750.00, or 35% of the GSA of $245,000.00 and for costs up to $18,500.00. The requested fee is fair compensation for undertaking complex, risky, expensive, and time-consuming litigation on a purely contingent fee basis. My office incurred substantial attorneys' fees conducting pre-filing investigation, analyzing the claims, conducting legal research, reviewing documents produced by Defendants, performing substantial data analysis of employee timekeeping data and payroll records, preparing for and attending mediation, negotiating and reviewing the Settlement Agreement, preparing this Motion for Preliminary Approval, and otherwise prosecuting the case. I also anticipate incurring significant future attorneys' fees in appearing at the hearing on this Motion for Preliminary Approval, supervising the Notice process, fielding phone calls from Class Members after the Notice has been disseminated, and preparing the necessary Final Approval motions and appearing at the Final

Approval Hearing.

36. Continuing to litigate this action against Defendants will be expensive and will take a considerable amount of time, with the eventual outcome entirely uncertain and there is a substantial risk that the Plaintiff could, especially after deductions for costs and expenses, end up with nothing.

37. I believe and assert that this settlement is a fair, adequate and reasonable settlement against Defendants, and is in the best interests of the Class Members.

38. I was admitted to the California Bar on December 3, 2001. I am also admitted to practice law in all the Federal Districts of California, the Ninth Circuit Courts and the United States Supreme Court.

39. I have been a practicing litigation attorney for over 20 years. My practice focuses on employment, business and insurance litigation in State and Federal Courts.

40. Initially, I was an attorney with Morris Polich & Purdy LLP and also Jampol Zimet Skane & Wilcox.

41. Thereafter, I founded my own law firm which I merged with Lipeles Law Group in 2012. Throughout my career, I have represented clients in lawsuits brought against celebrities and other high-profile people, including wage and hour claims.

42. Prior to becoming an attorney, I managed NRG Recording Studios, world-class, high-profile sound recording studios and I worked as a studio broker, representing recording artists, engineers, producers and managers with respect to booking recording studios.

a. I have authored the following publications: "Compelling Arbitration", Los Angeles Lawyer Magazine, November 2004;

b. "Bias: Now You See It, Now You Don't", Seminar, MCLE - presented by American Inns of Court, February 2007; and

c. "Construction Defect: Slipping and Crumbling Home Developments", Forum Magazine June 2007.

43. The overwhelming majority of our cases involve employment/wage and hour lawsuits. In addition, my firm is or has been counsel or co-counsel in many employment-related

class action lawsuits. California courts have certified classes in cases similar to the present Class in which Plaintiff's Counsel and our firm was appointed Class Counsel. *See e.g., Canseco v. Pampanga Food Company, Inc*., Orange County Superior Court, Case No. 30-2016-00852698-CU-OE-CXC, February 13, 2019, (granting final approval in a rest break class action and approving me as adequate and competent class counsel); *Bernstein v. Alice and Olivia California Holdings, LLC., et al.*, Los Angeles Superior Court Case No. BC 661262, December 17, 2019, (granting final approval in an overtime and meal/rest break class action and approving me as adequate and competent class counsel); *Lagunas v. Impact Logistics, Inc. et al*., San Bernardino Superior Court Case No. CIVSD1815249, September 10, 2020, (granting final approval in an overtime, meal/rest break class action and approving me as adequate and competent class counsel); *Marroquin v. Food Castle, Inc*. *et al*., Los Angeles Superior Court Case No. 21STCV22582, August 16, 2023 (granting final approval in an overtime, minimum wage and rest break class action and approving me as adequate and competent class counsel); *Saavedra v. Success Valley Farms, LLC*, Ventura Superior Court Case No. 56-2021-00556708-CU-OE-VTA, August 16, 2024 (granting final approval in a wage and hour class action); *Cancino v. Metro Eighteen, Inc.* Los Angeles Superior Court Case No. *Lopez v. Vo Medical Center et al.,* Imperial County Superior Court Case No. ECU002625, September 30, 2024 (granting final approval in a wage and hour class action); *Phillips v. C & K Market, Inc*., Northern District of California Case No. 25-cv-01868-EMC, December 2, 2025 (granting preliminary approval in a wage and hour class action); *Rose v. Scarborough Lumber and Building Supply, Inc. dba Ace Hardware, et al*., Santa Clara Superior Court, Case No. 24CV02298, January 8, 2026 (granting preliminary approval in a wage and hour class action); *Michael v. Point Quest, Inc*., Sacramento Superior Court, Case No. 24CV016886, February 6, 2026 (granting preliminary approval in a wage and hour class action); *Dickson v. Berkeley Therapy Institute*, *Inc*. Alameda Superior Court, Case No. 23CV036358, March 11, 2026 (granting final approval in a wage and hour class action); *Wilson v. People Assisting the Homeless*, Los Angeles Superior Court, Case No. 24STCV17152, May 5, 2026 (granting preliminary approval in a wage and hour class action).

44. My firm conducted an in-depth review of Plaintiff's lengthy compensation data, putative class data concerning the size and scope of the putative class, including the total clas s members during the applicable statutory periods. Defendants also provided documents relating to policies and procedures regarding the payment of wages, time keeping, meal/rest periods, expense reimbursement and uniform maintenance. We drew on our extensive experience in similar cases to assess the strengths and weaknesses of Plaintiff's case.

45. Prior to the expiration of the period of time allotted for Class Members to make objections to the settlement, Plaintiff will file a motion and brief for fees and costs (to be heard at the same time as the Final Fairness Hearing) so that Class Members will be able to, if they elect to do so, review the fees motion prior to making objections or filing a claim. The motion and brief for fees and costs will include, *inter alia*, an itemized listing of all costs incurred in litigating this case.

46. The $85,750 Class Counsel Fees Payment (35%), up to $18,500.00 for the Class Counsel Litigation Expenses Payment, approximately $7.250 expense from the $245,000.00 GSA for the Administration Expenses Payment, the PAGA Penalties payment in the amount of $24,500 (allocated $18,375 to the LWDA and $6,125 to the Aggrieved Employees), as well as $10,000.00 for the Class Representative Enhancement Payment, are within the range of attorneys' fees, litigation expenses, service payments, and administration expenses awarded in similar cases.

I declare under penalty of perjury that the foregoing is true and correct. Executed on June 4, 2026, in Hermosa Beach, California.

THOMAS SCHELLY

EXHIBIT A

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SANTA CRUZ

LUIS GERMAN CARDENAS PALOMO, an individual, on his own behalf and on behalf of all others similarly situated, Plaintiffs, vs. JA HOLDINGS, INC. DBA VALLEY HAVEN, a California corporation; and DOES 1 through 100, inclusive, Defendants.	**CASE NO.: 23CV02655** [Assigned to the Hon. Timothy Schmal – Dept. 10] **CLASS ACTION AND PAGA SETTLEMENT AGREEMENT AND CLASS NOTICE** Complaint Filed: November 7, 2023 Trial Date: None Set

Subject to final approval by the Court, which counsel and the parties agree to pursue and recommend in good faith, Plaintiff Luis German Cardenas Palomo individually and on behalf of all employees similarly situated, on the one hand ("Plaintiff"), and Defendants JA Holdings, Inc. dba Valley Haven and Arcilla Investments, Inc. dba Live In Serenity (collectively or alternatively "Defendants," as applicable) hereby agree to the following binding settlement of the class action case of *Palomo v. JA Holdings, Inc. dba Valley Haven, et al.*, Santa Cruz County Superior Court Case No. 23CV02655.

I. DEFINITIONS

1.1. "Action" means the Plaintiff's lawsuit alleging wage and hour violations against Defendants captioned *Palomo v. JA Holdings, Inc. dba Valley Haven et al.,* initiated on November 7, 2023, and pending in the Superior Court of the State of California, County of Santa Cruz.

1.2. "Administrator" or "Phoenix" means Phoenix Class Action Administration Solutions, 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 Preliminary Approval of the Settlement.

1.4. "Aggrieved Employee" means all individuals whom Defendants classified as non-exempt employees and who worked for Defendants in California at any time during the PAGA Period.

1.5. "Agreement" or "Stipulation" means, and refers to, this Class Action and PAGA Settlement Agreement and Class Notice.

1.6. "Class" means all individuals whom Defendants classified as non-exempt hourly-paid employees currently or formerly employed by Defendants in California at any time during the Class Period.

1.7. "Class Counsel" means Kevin Lipeles, Esq. and Thomas Schelly, Esq. of Lipeles Law Group, APC.

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

1.9. "Class Data" means Class Member identifying information in Defendants' possession including name, last-known mailing address, Social Security number, employee ID while employed by Defendants, and number of Class Period 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 CLASS ACTION

SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class Members in English and Spanish, in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.

1.13. "Class Period" means the period from November 7, 2019, through the date of preliminary approval of the settlement.

1.14. "Class Representative" means the named Plaintiff in the operative complaint in the Action seeking Court approval to serve as a Class Representative.

1.15. "Class Representative Service Payment" means the payment to the Class Representative for initiating the Action, providing services in support of the Action, and in consideration for the General Release.

1.16. "Class Settlement" means the portion of the Settlement that settles out the Class claims in this Action

1.17. "Court" means the Superior Court of California, County of Santa Cruz.

1.18. "JA Holdings, Inc. dba Valley Haven" and "Arcilla Investments, Inc. dba Live In Serenity" mean the named Defendants.

1.19. "Defense Counsel" means Ann H. Qushair, Esq. of Lewis Brisbois Bisgaard & Smith LLP.

1.20. "Effective Date" means the date by when 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 or if all objections have been withdrawn, 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, if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

1.21. "Final Approval" means the Court's Order Granting Final Approval of the Settlement.

1.22. "Final Approval Hearing" means the Court's hearing on the Motion for Final Approval of the Settlement.

1.23. "Gross Settlement Amount" or "GSA" mean $245,000.00 which is the total amount Defendants agree to pay under the Settlement except as provided in Paragraph 8 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, Class Representative Service Payment, and the Administrator's Expenses.

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 an 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.

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

1.29. “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses 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 Third Amended Complaint, filed on April 7, 2026, but for purposes of this Agreement, shall also be deemed to necessarily include all facts, theories, and claims alleged in all preceding Complaints filed in this Action.

1.32. “PAGA” means the California Private Attorneys General Act (Labor Code, §§ 2698. et seq.).

1.33. “PAGA Notices” means Plaintiff’s letter of November 8, 2024, to Defendant JA Holdings, Inc. and the LWDA and Plaintiff’s Amended PAGA Notice of March 11, 2026, to Defendants JA Holdings, Inc. and Arcilla Investments, Inc. and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a).

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

1.35. “PAGA Period” means the period from November 8, 2022, through the date of preliminary approval of the settlement.

1.36. “PAGA Penalties” means the total PAGA civil penalties in settlement of the PAGA claims, in the amount of $24,500, to be paid from the Gross Settlement Amount, allocated, by law, as follows: 25% to the Aggrieved Employees ($6,125.00) and 75% to the LWDA ($18,375.00).

1.37. “PAGA Settlement” means the portion of the Settlement that settles out the PAGA claims in this Action.

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

1.39. "Plaintiff" means Luis German Cardenas Palomo, the named plaintiff in the Action.

1.40. "Preliminary Approval" means the Court's Order Granting Preliminary Approval of the Settlement.

1.41. "Preliminary Approval Order" means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.

1.42. "Released Class Claims" means the claims being released as described in Paragraph 5.2 below.

1.43. "Released PAGA Claims" means the claims being released as described in Paragraph 5.3 below.

1.44. "Released Parties" means: Defendants JA Holdings, Inc. dba Valley Haven and Arcilla Investments, Inc. dba Live In Serenity and Defendants' past and present owners, officers, directors, shareholders, managers, employees, agents, attorneys, principals, heirs, representatives, accountants, auditors, insurers, reinsurers, consultants, successors, predecessors, parents, subsidiaries, and affiliates, and each business entity owned by, operated by, or under common management with, Defendants.

1.45. "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.

1.46. "Response Deadline" means sixty (60) 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 Objections to the Settlement. Class Members to whom Class Notices are resent, after having been returned as undeliverable to the Administrator, shall have an additional 14 days beyond the expired Response Deadline.

1.47. "Settlement" means the disposition of the Action in its entirety (PAGA and Class claims), effected by this Agreement and the Judgment.

1.48. "Wage Portion" means the portion of the Settlement allocated to settlement of the wage claims in this Action.

1.49. "Workweek" means any week during which a Class Member worked for Defendants for at least one day, during the Class Period.

2. RECITALS.

2.1. On November 7, 2023, Plaintiff commenced this Action by filing a Complaint alleging causes of action against Defendant JA Holdings, Inc. for (1) Failure to Pay Premium Overtime Wages Due; (2) Failure to Pay Minimum Wages; (3) Failure to Provide Rest Periods; (4) Failure to Maintain and Provide Accurate Itemized Wage Statements; (5) Failure to Pay Wages Due Upon Termination; (6) Failure to Reimburse Business Expenses; (7) Failure to Pay for Uniforms and Maintenance Allowance; (8) Failure to Allow Inspection of Employment Records; and (9) Unfair Competition. On November 22, 2023, Plaintiff filed an Amended

Complaint adding a cause of action against Defendant JA Holdings, Inc. dba Valley Haven for failure to provide timely off duty meal periods. On June 28, 2024, Plaintiff filed a Second Amended Complaint adding a cause of action against Defendant JA Holdings, Inc. dba Valley Haven, adding a cause of action pursuant to the Private Attorneys General Act of 2004, Cal. Lab. Code sections2699, et seq. On April 7, 2026, Plaintiff filed a Third Amended Complaint adding Defendant Arcilla Investments, Inc. dba Live In Serenity as a defendant, to clarify that all claims filed against Defendant JA Holdings, Inc. are likewise being brought against Arcilla Investments, Inc. Defendants deny the allegations in the Operative Complaint, deny any failure to comply with the laws identified in the Operative Complaint, and deny any and all liability for the causes of action alleged. Defendants further deny that this case is appropriate for class certification and, as noted below, agree that the Class should be only conditionally certified for the sole purpose of facilitating the settlement of this case on a class basis.

2.2. Pursuant to Labor Code section 2699.3, subd. (a), Plaintiff gave timely written notice to Defendant JA Holdings, Inc. and the LWDA by sending the original PAGA Notice, dated November 8, 2023, and further/initial written notice to JA Holdings, Inc. and Live in Serenity, by sending an Amended PAGA Notice (collectively, "PAGA Notices") on March 11, 2026.

2.3. On July 15, 2025, the Parties participated in an all-day mediation presided over by Mark LeHocky, Esq. which led to this Agreement to settle the Action.

2.4. Prior to mediation and negotiating the Settlement, Plaintiff obtained, through informal discovery, the following documents: Defendants' policies and procedures, pay and time records relating to Plaintiff, and a 15% sample of pay and time data relating to Class members. Plaintiff's investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc*. (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc*. (2008) 168 Cal.App.4th 116, 129-130.

2.5. The Court has not granted class certification. The Parties are requesting the Class be certified for the sole purpose of facilitating the settlement of this case on a class basis.

2.6. The Parties, Class Counsel, and Defense Counsel represent that they are not aware of any other pending matter or action asserting class or representative claims that will be extinguished or affected by the Settlement.

3. MONETARY TERMS.

3.1. <u>Gross Settlement Amount</u>. Except as otherwise provided by Paragraph 8 below, Defendants promise to pay $245,000.00 and no more as the Gross Settlement Amount and to separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. Defendants have no obligation to pay the Gross Settlement Amount (or any payroll taxes) 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 Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendants.

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

3.2.1. <u>To Plaintiff</u>: Class Representative Service Payment to the Class Representative of not more than $10,000.00 (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representative is entitled to receive as a Participating Class Member). Defendants will not oppose Plaintiff's request for a Class Representative Service Payment that does not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiff will seek Court approval for any Class Representative Service Payment no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payment for less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment.

3.2.2. <u>To Class Counsel</u>: A Class Counsel Fees Payment of not more than 35%, which is currently estimated to be $85,750.00, and a Class Counsel Litigation Expenses Payment of not more than $18,500.00. Defendants will not oppose requests for these payments provided that they do not exceed these amounts. Plaintiff and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel arising from any claim to any portion of any Class Counsel Fees Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment.

3.2.3. <u>To the Administrator:</u> An Administrator Expenses Payment not to exceed $7,250.00 except by a showing of good cause and as approved by the Court.

3.2.4. <u>To Each Participating Class Member</u>: An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks.

3.2.4.1. <u>Tax Allocation of Individual Class Payments.</u> Twenty percent (20%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of the claims for unpaid wages (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. Eighty Percent (80%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for interest and penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

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

3.2.5. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of $24,500.00 to be paid from the Gross Settlement Amount, with 75% ($18,375.00) allocated to the LWDA PAGA Payment and 25% ($6,125.00) allocated to the Individual PAGA Payments.

3.2.5.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties, $6,125.00, by the total number of PAGA Pay Periods worked by all Aggrieved Employees and (b) multiplying the result by the number of each Aggrieved Employee's PAGA Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment. PAGA Payments shall be treated as 100% penalties. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

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.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1. Class Workweeks and Aggrieved Employee Pay Periods. As of the July 15, 2025, mediation, Defendants estimated there were 142 Class Members who collectively worked a total of 9,250 Workweeks, and 71 Aggrieved Employees who worked a total of 1,961 PAGA Pay Periods. Defendants shall update this data prior to the hearing on Plaintiff's Motion for Preliminary Approval, which will enable the Parties to determine the Class End Date pursuant to Paragraph 8.1.

4.2. Class Data. Not later than twenty (20) days after the Court grants Preliminary Approval of the Settlement, Defendants 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's employees who need access to the Class Data to effect and perform their obligations under this Agreement. Defendants have a continuing duty to immediately notify Class Counsel if they discover that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. The Parties and their counsel will use best efforts, in good faith, to expeditiously reconstruct or otherwise resolve any issues related to missing or omitted Class Data. The deadline by which Defendants must send the Class Data to the Administrator can be extended as reasonably necessary by mutual agreement of the Parties.

4.3. Funding of Gross Settlement Amount. Defendants shall fully fund the Gross Settlement Amount (including any increase to the Gross Settlement Amount pursuant to the Escalator Clause), and also fund the amounts necessary to fully pay Defendants' share of payroll taxes by depositing the funds into the QSF, established by the Administrator, no later than thirty (30) days after the Effective Date. Defendant may deposit the employer's share of the payroll taxes into the QSF separately.

4.3.1. Payments from the Gross Settlement Amount. Within thirty (30) days after Defendants fund the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. Additionally, by that mailing date, the Court-approved Administration Expenses Payment shall be paid to the Administrator out of the Gross Settlement Amount. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment and the Class Representative Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments. Any portion of the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment not awarded to Plaintiff's Counsel and the Class Representative Service Payment not awarded to the Class Representative will be available for distribution to Settlement Class Members as part of the Net Settlement Amount. The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than one hundred eighty (180) days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Settlement Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.3.2. The Administrator must conduct a Class Member Address Search for all other Class Members 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 Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the void date.

4.3.3. For any Class Member whose Individual Class Payment check or 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 State Controller's Office, Unclaimed Property Division in the name of the Participating Class Member for whom the funds are designated.

4.3.4. The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendants 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 Defendants fully fund the entire Gross Settlement Amount and fund all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiff, Class Members, and Class Counsel will release claims against all Released Parties as follows:

5.1. Plaintiff's General Release. Plaintiff and his respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, hereby release and forever discharge Released Parties from all claims, transactions, or occurrences that occurred during the Class Period, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts, theories, or claims contained in the Operative Complaint and (b) all PAGA claims that were, or reasonably could have been, alleged based on the facts, theories, or claims contained in the Operative Complaint and Plaintiff's PAGA Notices, including, but not limited to, any and all claims involving any alleged: (a) failure to pay premium overtime wages due; (b) failure to pay minimum wages; (c) failure to provide legally compliant off-duty or on-duty meal periods or pay required meal period premiums; (d) failure to authorize or permit legally compliant rest periods or pay required rest period premiums; (e) failure to maintain records and provide accurate itemized wage statements; (f) failure to pay wages due upon termination; (g) failure to reimburse business expenses; (h) failure to provide uniforms and maintenance allowance; (i) failure to allow inspection of employment records; (j) unfair competition; and (k) violations of the California Private Attorneys General Act, Labor Code section 2699, et seq., or (k) any other claim under local, state, or federal law arising out of Plaintiff's employment. Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, any other judicial claims by Plaintiff currently pending against Defendants, or to any claims that as a matter of law cannot be waived, including, but not limited to, for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or claims based on occurrences outside the Class Period. Plaintiff acknowledges that he may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true, but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

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

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

5.2. Release by Participating Class Members: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the facts, theories, or claims contained in the Operative Complaint and that occurred or accrued at any time during the Class Period, including, but not limited to, any and all claims involving any alleged: (a) failure to pay premium overtime wages due; (b) failure to pay minimum wages; (c) failure to provide legally compliant off duty or on-duty meal periods; (d) failure to authorize or permit legally compliant rest periods; (e) failure to maintain records and provide accurate itemized wage statements; (f) failure to pay wages due upon termination; (g) failure to reimburse business expenses; (h) failure to provide uniforms and maintenance allowance; (i) failure to allow inspection of employment records and (j) unfair competition. Except as set forth in Section 5.3 of this Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, , unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period, nor do Participating Class Members, other than Plaintiff, release claims for wrongful termination or violation of the Fair Employment and Housing Act.

5.3. Release by Aggrieved Employees: The LWDA and all Aggrieved Employees are deemed to release, for the entirety of the PAGA Period, 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 that were alleged, or reasonably could have been alleged, based on the facts, theories, or claims contained in the Operative Complaint and/or the PAGA Notices arising during the PAGA Period, including, but not limited to, any and all claims involving any alleged (a) failure to pay premium overtime wages due; (b) failure to provide minimum wages; (c) failure to provide timely off duty meal periods; (d) failure to provide rest periods; (e) failure to maintain records and provide accurate itemized wage statements; (f) failure to pay wages on termination; (g) failure to reimburse business expenses; (h) failure to provide uniforms and maintenance allowance; and (i) failure to allow inspection of employment records.

6. **MOTION FOR PRELIMINARY APPROVAL.** As soon as practicable after the execution of this Agreement, Plaintiff's Counsel shall prepare and file a Motion for Preliminary Approval of the Settlement, such Motion for Preliminary Approval to be first sent to Defense Counsel not later than seven (7) days prior to filing with the Court for their review and approval.

6.1. Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval, 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 Phoenix Class Action Administration Solutions ("Phoenix") to serve as the Administrator and verified that, as a condition of appointment, Phoenix agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

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.

7.4. Notice to Class Members.

7.4.1. No later than three (3) business 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, PAGA Members, 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 fourteen (14) 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, in English and Spanish, 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 (if applicable) 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 three (3) business 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 the 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 (14) days beyond the sixty (60) 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, Defendants, Defense Counsel 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. <u>Requests for Exclusion (Opt-Outs).</u>

7.5.1. Class Members who wish to exclude themselves from (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than sixty (60) days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-mailed), which deadline shall be noted in the Class Notice. A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address, and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed or emailed, or reflect a manual postmark, by the Response Deadline or be electronically postmarked no later than the third business day after the Response Deadline.

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

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

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

7.6. Challenges to Calculation of Workweeks/PAGA Pay Periods. Each Class Member shall have sixty (60) days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods (if any) attributed to the Class Member in the Class Notice. The Class Member may challenge the attribution by communicating with the Administrator via fax, email, or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks/PAGA Pay Periods contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's attribution of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination of the challenges.

7.7. Objections to Settlement.

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

7.7.2. Participating Class Members may send written objections to the Administrator, by fax, email, or mail. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than sixty (60) days after the Administrator's mailing of the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice was re-mailed), which deadline shall be specifically identified in the Class Notice.

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

7.8. Administrator Duties. The Administrator has a duty to perform all tasks identified in this Agreement, including the following.

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

7.8.2. Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than five (5) days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall (a) email a list to Defense Counsel containing (i) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion ("Exclusion List"); (ii) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (iii) copies of all Requests for Exclusion from the Settlement submitted (whether valid or invalid) and (b) email Class Counsel a list providing the number of Class Members who have timely submitted valid Requests for Exclusion and the number of Class Members who have submitted invalid Requests for Exclusion and identifying each Class Member by employee identification number only.

7.8.3. Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks and/or Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments ("Weekly Report"). The Weekly Reports must include the Administrator's assessment of the validity of the Requests for Exclusion and shall attach copies of all Requests for Exclusion and all written objections received. Before sending copies of these documents to Counsel, the Administrator shall first redact any names, Social Security numbers, or personal contact information and shall instead identify the individual by Defendants' employee identification number only.

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

7.8.5. Administrator's Declaration. Not later than twenty-one (21) court days before the date by which Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to: its mailing of the Class Notice, its re-mailing of those Class Notices returned as undelivered, its attempts to locate Class Members, its determination of the total number of Requests for Exclusion from Settlement it received (both valid or invalid) and the total number of written objections it received (both valid or invalid). The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.

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

8. **CLASS SIZE/WORKWEEK ESTIMATES and ESCALATOR CLAUSE.** At the mediation, Defendants represented that, based on their records and extrapolation therefrom, there were approximately 9,250 workweeks worked by 142 Class Members from November 7, 2019, the start of the Class Period, up until the date of mediation. Under the Escalator Clause, the additional Workweeks worked from the date of mediation through the date of the preliminary approval hearing will determine either the final settlement payout or the Class Period end date.

8.1 Escalator Clause: If the number of Workweeks worked by Class Members during the defined Class Period (i.e. from November 7, 2019 through the date of the preliminary approval hearing) is more than 10% greater than the figure provided at mediation (i.e. more than 10,175 [110% of 9,250]), then either (a) the GSA shall be increased proportionally by the percentage increase over ten percent (10%) (e.g., if the number of Workweeks increases by eleven percent [11%], the GSA will increase by one percent [1%]); or (b) the Class Period end date shall be advanced to the latest date when the Workweeks within the Class Period do not exceed 10,175 Workweeks.

8.2 Updating Class Data and Class End Date: Prior to the hearing on Plaintiff's Motion for Preliminary Approval, Defendants shall update the Class data and notify Plaintiff's Counsel of the new Class Period Workweek numbers. If the new Workweek count triggers the Escalator Clause and Defendants choose Option (b) in Paragraph 8.1 above, the Parties shall calculate the new Class End date, accordingly.

9. **DEFENDANTS' RIGHT TO WITHDRAW.** If the number of valid Requests for Exclusion identified in the Exclusion List exceeds 10% of the total of all Class Members, Defendants may, but are not obligated to, elect to withdraw from the Settlement. The Parties agree that, if Defendants withdraw, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Defendants will remain responsible for paying all Settlement Administration Expenses incurred to that point. Defendants must

notify Class Counsel and the Court of their election to withdraw not later than seven (7) days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect.

10. **MOTION FOR FINAL APPROVAL.** Not later than sixteen (16) court days before the calendared Final Approval Hearing, Plaintiff will file in Court a motion for final approval of the Settlement that includes a request for approval of the settlements of both the Class Claims and the PAGA Claims under Labor Code section 2699, subd. (l), a Proposed Final Approval Order, and a proposed Judgment (collectively "Motion for Final Approval"). Plaintiff shall provide drafts of these documents to Defense Counsel not later than seven (7) days 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.

10.1. 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.

10.2. 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 Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

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

10.4. 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 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.

10.5. 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 Expenses 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.

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

12. ADDITIONAL PROVISIONS.

12.1 No Admission of Liability. No Admission of Certifiability as Class Action 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 Defendants that any of the allegations in the Operative Complaint and/or PAGA Notices has merit, that Defendants have any liability for any claims asserted, or that the case is appropriate for class treatment; nor is it intended or should it be construed as an admission by Plaintiff that Defendants' defenses in the Action have merit. The Parties agree that class certification and representative treatment are conditional and for purposes of this Settlement only. If, for any reason, the Court does not grant Preliminary Approval, Final Approval, or enter Judgment, Defendants reserve the right to contest certification of any class for any reasons, and Defendants reserve all available defenses to the claims in the Action, and Plaintiff reserves the right to move for class certification on any grounds available and to contest Defendants' defenses. The Settlement, this Agreement, and the 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).

12.2 Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, Defendants 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 each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff, Class Counsel, Defendants, 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 a manner consistent with Class Counsel's legal and/or ethical rights to do so.

12.3 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 a manner consistent with Class Counsel's legal and/or ethical rights to do so.

12.4 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibit 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.

12.5 Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Defendants, 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.

12.6 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 Mediator Mark LeHocky, Esq. or, if not available, another mediator agreed to by the Parties and/or the Court for resolution.

12.7 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 them in this Settlement.

12.8 No Tax Advice. Neither Plaintiff, Class Counsel, Defendants 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.

12.9 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.

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

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

12.12 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.

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

12.14 Use and Return of Class Data. Information provided to Class Counsel pursuant to California Evidence Code section1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendants in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than ninety (90) days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiff shall destroy, all paper and electronic versions of the Class Data received from Defendants unless, prior to the Court's discharge of the Administrator's obligation, Defendants make a written request to Class Counsel for the return, rather than the destruction, of the Class Data.

12.15 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.

12.16 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 legal holiday, such date or deadline shall be extended to the first business day thereafter.

12.17 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: Kevin A. Lipeles, Esq.
Thomas H. Schelly, Esq.
LIPELES LAW GROUP, APC
1060 Aviation Blvd., Suite 100
Hermosa Beach, California 90254

To Defendants: Ann H. Qushair, Esq.
LEWIS BRISBOIS BISGAARD & SMITH LLP
650 Town Center Drive, Suite 1400
Costa Mesa, California 92626

12.18 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.

12.19 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. Upon the signing of this Agreement, the Parties further agree pursuant to Code of Civil Procedure 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.

DATED: June 3, 2026

PLAINTIFF AND CLASS REPRESENTATIVE:

Luis german Cardenas palomo (Jun 3, 2026 14:46:03 PDT)

LUIS GERMAN CARDENAS PALOMO

DATED: June ___, 2026

DEFENDANTS:
JA HOLDINGS, INC. DBA VALLEY HAVEN

By: Josephine Arcilla
President

DATED: June ___, 2026

DEFENDANTS:
ARCILLA INVESTMENTS, INC. DBA LIVE IN SERENITY

By: Jesus Arcilla
President

12.19 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. Upon the signing of this Agreement, the Parties further agree pursuant to Code of Civil Procedure 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.

DATED: June ___, 2026

PLAINTIFF AND CLASS REPRESENTATIVE:

LUIS GERMAN CARDENAS PALOMO

DATED: June ___, 2026
6/3/2026

DEFENDANTS:
JA HOLDINGS, INC. DBA VALLEY HAVEN

Signed by:
Josephine Arcilla
A87B7799DE1B4E4...
By: Josephine Arcilla
President

DATED: June ___, 2026
6/3/2026

DEFENDANTS:
ARCILLA INVESTMENTS, INC. DBA LIVE IN SERENITY

DocuSigned by:
0FEB77C008C1414...
By: Jesus Arcilla
President

APPROVED AS TO FORM:

DATED: June 3, 2026

CLASS COUNSEL:
LIPELES LAW GROUP, APC

By: ______________________
Kevin A. Lipeles
Thomas H. Schelly
Attorneys for Plaintiff
LUIS GERMAN CARDENAS PALOMO

DATED: June ___, 2026

COUNSEL FOR DEFENDANTS:
LEWIS BRISBOIS BISGAARD & SMITH LLP

By: ______________________
Ann H. Qushair
Attorneys for Defendants
JA HOLDINGS, INC. DBA VALLEY HAVEN and ARCILLA INVESTMENTS, INC. DBA LIVE IN SERENITY

Docusign Envelope ID: 31C3651B-7A30-8EFA-81FB-988BCE3348E8

APPROVED AS TO FORM:

DATED: June ___, 2026

CLASS COUNSEL:
LIPELES LAW GROUP, APC

By: ______________________
Kevin A. Lipeles
Thomas H. Schelly
Attorneys for Plaintiff
LUIS GERMAN CARDENAS PALOMO

DATED: June 3, 2026

COUNSEL FOR DEFENDANTS:
LEWIS BRISBOIS BISGAARD & SMITH LLP

By: ______________________
Ann H. Qushair
Attorneys for Defendants
JA HOLDINGS, INC. DBA VALLEY HAVEN and ARCILLA INVESTMENTS, INC. DBA LIVE IN SERENITY

Exhibit A

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

Luis German Cardenas Palomo v. JA Holdings, Inc. dba Valley Haven et al.,
Santa Cruz County Superior Court Case No. 23CV02655

The Superior Court for the State of California authorized this Notice. Read it carefully! It's not junk mail, spam, an advertisement, or solicitation by a lawyer. You are not being sued.

You may be eligible to receive money from an employee class action lawsuit ("***Action***") against JA Holdings, Inc. dba Valley Haven, a California corporation and Arcilla Investments, Inc. dba Live In Serenity, a California corporation (collectively or alternatively, as applicable, "***Defendants***") for alleged wage and hour violations. The Action was filed by a former employee of Defendants, Luis German Cardenas Palomo ("***Plaintiff***") and seeks payment for (1) failure to pay overtime (Cal. Lab. Code §§ 510, 511, 558, 1194,1198;); (2) failure to pay minimum wages due (Cal. Lab. Code §§ 1194, 1997. 1197.1, 1198); (3) failure to provide timely off-duty meal periods (Cal. Lab. Code §§ 226.7, 512); (4) failure to provide rest periods (Cal. Lab. Code § 226.7); (5) failure to maintain records and provide accurate itemized wage statements (Cal. Lab. Code § 226); (6) failure to pay wages due upon termination (Cal. Lab. Code §§ 201–203); (7) failure to reimburse business expenses (Cal. Lab. Code §2802); (8) failure to pay for uniforms and maintenance allowance (Cal. Lab. Code § 2802); (9) failure to allow inspection of employment records (Cal. Lab. Code § 1198.5); (10) unfair competition (Cal. Bus. & Prof. Code §§ 17200 et seq.); and (11) claims under the Private Attorneys General Act for a class of hourly employees ("***Class Members***") who worked for Defendants during the Class Period (November 7, 2019, through the date of preliminary approval of the settlement); and (b) penalties under the California Private Attorneys General Act ("***PAGA***") for all hourly employees who worked for Defendants during the PAGA Period (November 8, 2022 through the date of preliminary approval of the settlement) ("***Aggrieved Employees***"). Based on Defendants' records you worked for either or both of the Defendants during the Class Period.

The proposed Settlement has two main parts: (1) a Class Settlement requiring Defendants to fund Individual Class Payments, and (2) a PAGA Settlement requiring Defendants to fund Individual PAGA Payments and pay penalties to the California Labor and Workforce Development Agency ("***LWDA***").

Based on Defendants' records, and the Parties' current assumptions, **your Individual Class Payment is estimated to be $ [insert pro-rata share of class payment] (less withholding) and your Individual PAGA Payment is estimated to be $ [insert pro-rata share of PAGA payment]**. 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 Defendants' 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 Defendants' records showing that **you worked [insert number] workweeks** during the Class Period and **you worked [insert number] PAGA Pay Periods** during the PAGA Period. If you believe that you worked more workweeks or PAGA Pay Periods during either period, you can submit a challenge by the deadline date. See Section 4 of this Notice.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or not act. Read this Notice carefully. You will be deemed to have carefully 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 Defendants to make payments under the

Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against Defendants.

If you worked for Defendants during the Class Period and/or the PAGA Period, you have two basic options under the Settlement:

(1) **Do Nothing**. You don't have to do anything to participate in the proposed Settlement and be eligible for an Individual Class Payment and/or an Individual PAGA Payment. As a Participating Class Member, though, you will give up your right to assert Class Period wage claims and PAGA Period penalty claims against Defendants.

(2) **Opt-Out of the Class Settlement**. You can exclude yourself from the Class Settlement (opt-out) by submitting a written Request for Exclusion, described below in Section 3. If you opt-out of the Settlement, you will not receive an Individual Class Payment. You will, however, preserve your right to personally pursue Class Period wage claims against Defendants, and, if you are an Aggrieved Employee, remain eligible for an Individual PAGA Payment. You cannot opt-out of the PAGA portion of the proposed Settlement.

Defendants will not retaliate against you for any actions you take with respect to the proposed Settlement.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don't Have to Do Anything to Participate in the Settlement	If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims that are covered by this Settlement, that is, Released Claims (defined below) against Defendants.
You Can Opt Out of the Class Settlement but not the PAGA Settlement **The Opt-Out Deadline is [insert date]**	If you don't want to fully participate in the proposed Settlement, you can opt-out of the portion of the proposed Settlement that resolves the Class claims ("Class Settlement") by sending the Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section 6 of this Notice. You cannot opt-out of the PAGA portion of the proposed Settlement. Defendants must pay Individual PAGA Payments to all Aggrieved Employees and the Aggrieved Employees must give up their rights to pursue Released PAGA Claims (defined below).
Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement.	All Class Members who do not opt-out (***"Participating Class Members***") can object to any aspect of the proposed Settlement. The Court's decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Plaintiff who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiff, but every dollar paid to Class Counsel and Plaintiff reduces the overall

Written Objections must be submitted by [inset date].	amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiff if you think they are unreasonable. See Section 7 of this Notice.
You Can Participate in the [insert date] Final Approval Hearing	The Court's Final Approval Hearing is scheduled to take place on **[insert date]**. You don't have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court's virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.
You Can Challenge the Calculation of Your Workweeks/Pay Periods. **Written Challenges Must be Submitted by [insert date].**	The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many workweeks you worked at least one day during the Class Period and how many PAGA Pay Periods you worked at least one day during the PAGA Period, respectively. The number of Class Period Workweeks and number of PAGA Pay Periods you worked according to Defendants' records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by **[insert date]**. See Section 4 of this Notice.

1. WHAT IS THE ACTION ABOUT?

Plaintiff is a former employee of Defendants. The Action accuses Defendants of violating California labor laws by failing to pay overtime, minimum wages, wages due upon termination, and failing to provide meal periods, rest periods, accurate itemized wage statements, to reimburse business expenses, provide a uniform maintenance allowance and failing to allow inspection of employment records. Based on the same claims, Plaintiff has also asserted a claim for unfair competition (Cal. Bus. & Prof. Code § 17200) and civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698, et seq.) ("***PAGA***"). Plaintiff is represented by attorneys in the Action: Kevin A. Lipeles and Thomas H. Schelly of Lipeles Law Group, APC ("***Class Counsel***").

Defendants strongly deny violating any laws or failing to pay any wages and contend they complied with all applicable laws. Defendants further deny that this case meets the legal qualifications for class certification and they have agreed to treat this Action as a class action solely for the purpose of being able to settle all the claims filed against them on behalf of the entire alleged Class at the same time.

2. WHAT DOES IT MEAN THAT THE ACTION HAS SETTLED?

So far, the Court has made no determination whether Defendants or Plaintiff is correct on the merits. Also, Plaintiff has not filed a Motion for Class Certification in the Action and the Court has made no determination whether this Action would meet the requirements of class certification. In the meantime, Plaintiff and Defendants hired an experienced, neutral mediator in an effort to resolve the Action by negotiating to end the case by agreement (settle the case) rather than continuing the expensive and time-consuming process of litigation. The negotiations were successful. By signing a lengthy written settlement agreement ("***Agreement***") and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement, Plaintiff and Defendants have negotiated a proposed Settlement that is subject to the Court's Final Approval. Both sides agree the proposed Settlement is a compromise of disputed claims. By agreeing to settle, Defendants do not admit any violations or concede the merit of any claims nor that the Action meets the legal qualifications of proceeding as a class action, and they believe they have valid defenses to each of Plaintiff's claims. Plaintiff and Class Counsel strongly believe the Settlement is a good deal for you because they believe that: (1) Defendants have agreed to pay a fair, reasonable, and adequate amount considering the risks, uncertainties, and burden of continued litigation; and (2) Settlement is in the best interests of the Class Members and Aggrieved Employees. The Court preliminarily approved the proposed Settlement as fair, reasonable, and adequate, authorized this Notice, and scheduled a hearing to determine Final Approval.

3. WHAT ARE THE IMPORTANT TERMS OF THE PROPOSED SETTLEMENT?

1. Defendants Will Pay $245,000.00 as the Gross Settlement Amount ("***Gross Settlement***"). Defendants have agreed to deposit the Gross Settlement into an account controlled by the Administrator of the Settlement. The Administrator will use the Gross Settlement to pay the Individual Class Payments, Individual PAGA Payments, Class Representative Service Payment, Class Counsel's attorneys' fees and expenses, the Administrator's expenses, and penalties to be paid to the California Labor and Workforce Development Agency ("***LWDA***"). Assuming the Court grants Final Approval, Defendants will fund the Gross Settlement as follows: within a minimum of thirty (30) days of the Court granting the motion for final approval and entering Judgment, Defendants shall deposit the Gross Settlement (including the amount of any increase to the Gross Settlement pursuant to the Escalator Clause in Paragraph 8.1 of the Agreement) and the employer's side of payroll taxes on the portion allocated as wages into the Qualified Settlement Fund, established by the Administrator. The Judgment will be final on the date the Court enters Judgment, or a later date if Participating Class Members object to the proposed Settlement or the Judgment is appealed, in which case Defendants' payment deadline shall be extended, as provided in Paragraphs 4.3 of the Agreement.
2.
3. Court Approved Deductions from Gross Settlement. At the Final Approval Hearing, Plaintiff and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement, the amounts of which will be decided by the Court at the Final Approval Hearing:

    A. Up to $85,750.00 (35% of the Gross Settlement) to Class Counsel for attorneys' fees and up to $18,500.00 for their litigation expenses. To date, Class Counsel have worked and incurred expenses on the Action without payment.

    B. Up to $7,250.00 to the Administrator for services administering the Settlement.

    C. Up to $24,500.00 for PAGA Penalties, allocated according to law, as follows: 75% to the LWDA PAGA Payment and 25% in Individual PAGA Payments to the Aggrieved Employees based on their PAGA Period Pay Periods.

    D. Up to $10,000 to the named plaintiff Luis German Cardenas Palomo for service to the Action, and as consideration for a General Release, referred to in this Notice as the Class Representative Service Payment.

    Participating Class Members have the right to object to any of these deductions. The Court will consider all objections.

4. Net Settlement Distributed to Class Members. After making the above deductions in amounts approved by the Court, the Administrator will distribute the remainder of the Gross Settlement (the "Net Settlement") by making Individual Class Payments to Participating Class Members based on their Class Period Workweeks.

5. Taxes Owed on Payments to Class Members. Plaintiff and Defendants are asking the Court to approve an allocation of [no more than one-third – insert final % prior to execution of Agreement] [20%] of each Individual Class Payment to taxable wages ("***Wage Portion***") and 80% to interest and penalties ("***Non-Wage Portion***"). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. Defendants will separately pay employer payroll taxes it owes on the Wage Portion. The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments and the Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms.

   Although Plaintiff and Defendants have agreed to these allocations, neither side is giving you any advice on whether your Payments are taxable or how much you might owe in taxes. You are responsible for paying all taxes (including penalties and interest on back taxes) on any Payments received from the proposed Settlement. You should consult a tax advisor if you have any questions about the tax consequences of the proposed Settlement.

6. Need to Promptly Cash Payment Checks. The front of every check issued for Individual Class Payments and Individual PAGA Payments will show the date when the check expires (the void date). If you don't cash it by the void date, your check will be automatically cancelled, and the monies will be transmitted to the California Controller's Unclaimed Property Fund in the name of the Class Member.

7. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you notify the Administrator that you wish to opt-out, by sending a written and signed Request for Exclusion by the [insert date] Response Deadline. The Request for Exclusion is a letter from a Class Member or his/her representative setting forth a Class Member's name, present address, telephone number, and a simple statement that states the Class Member wishes to be excluded from the Settlement. Excluded Class Members (i.e., Non-Participating Class Members) will not receive Individual Class Payments, but will preserve their rights to personally pursue wage and hour claims against Defendants.

   You cannot opt-out of the PAGA portion of the Settlement. Class Members who exclude themselves from the Class Settlement (Non-Participating Class Members) remain eligible for Individual PAGA Payments and are required to give up their right to assert PAGA claims against Defendants based on the PAGA Period facts, theories, and claims alleged in the Action.

8. The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the Court will decline to grant Final Approval of the Settlement or decline to enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiff and Defendants have agreed that, in either case, the Settlement will be void: Defendants will not pay any money, Class Members will not release any claims against Defendants, and the Action will no longer be treated as a class action unless and until the Court grants a Motion for Class Certification filed by Plaintiff or a new settlement is reached between the Parties providing for conditional certification.

9. Administrator. The Court has appointed a neutral company, Phoenix Class Action Administration Solutions (the "***Administrator***"), to send this Notice, calculate and make payments, and process Class Members' Requests for Exclusion. The Administrator will also decide Class Member Challenges over Workweeks, mail and re-mail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Administrator's contact information is contained in Section 9 ("How Can I Get More Information?") of this

Notice.

10. Participating Class Members' Release. After the Judgment is final and Defendants have fully funded the Gross Settlement and separately paid all employer payroll taxes, Participating Class Members will be legally barred from asserting any of the claims released under the Settlement. This means that unless you opted out by validly excluding yourself from the Class Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against Defendants or related entities, as follows:

All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the facts, theories, and/or claims contained in the Operative Complaint and that occurred or accrued at any time during the Class Period, including, but not limited to, any and all claims involving any alleged: (a) failure to pay premium overtime wages due; (b) failure to pay minimum wages; (c) failure to provide legally compliant off-duty or on-duty meal periods; (d) failure to authorize or permit legally compliant rest periods; (e) failure to maintain records and provide accurate itemized wage statements; (f) failure to pay wages due upon termination; (g) failure to reimburse business expenses; (h) failure to provide uniforms and maintenance allowance; (i) failure to allow inspection of personnel records; and (j) unfair competition.

Except as set forth in Section 5.1 (with respect to Plaintiff's General Release) and Section 5.3 (with respect to the Aggrieved Employees' PAGA Release of the Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

11. Aggrieved Employees' PAGA Release. After the Court's judgment is final, and Defendants have paid the Gross Settlement (and separately paid the employer-side payroll taxes), all Aggrieved Employees will be barred from asserting PAGA claims against Defendants, whether or not they exclude themselves from the Class Settlement. This means that all Aggrieved Employees, including those who are Participating Class Members and those who opt-out of the Class Settlement, cannot sue, continue to sue, or participate in any other PAGA claim against Defendants or their related entities, as follows:

The LWDA and all Participating and Non-Participating Class Members who are Aggrieved Employees 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 that were alleged, or reasonably could have been alleged, based on the facts, theories, and/or claims contained in the Operative Complaint and/or PAGA Notices, which arose during the PAGA Period, including, but not limited to, any and all PAGA claims for : (a) failure to pay premium overtime wages due; (b) failure to pay minimum wages; (c) failure to provide legally compliant off-duty or on-duty meal periods; (d) failure to authorize or permit legally compliant rest periods; (e) failure to maintain records and provide accurate itemized wage statements; (f) failure to pay wages due upon termination; (g) failure to reimburse business expenses; (h) failure to provide uniforms and maintenance allowance; (i) failure to allow inspection of personnel records; and (j) unfair competition.

4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

1. Individual Class Payments. The Administrator will calculate Individual Class Payments by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members, to obtain a Workweek settlement value and (b) multiplying the Workweek settlement value by the number of Workweeks worked by each individual Participating Class Member.

2. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing the gross Individual PAGA Payment amount of $6,125.00 by the total number of PAGA Pay Periods worked by all Aggrieved Employees to obtain a PAGA Pay Period settlement value and (b) multiplying the PAGA Pay Period settlement value by the number of PAGA Period Pay Periods worked by each individual Aggrieved Employee.

3. Workweek/Pay Period Challenges. The number of Class Workweeks you worked during the Class Period and the number of PAGA Pay Periods you worked during the PAGA Period, as recorded in Defendants' records, are stated in the first page of this Notice. You have until [insert date] to challenge the number of Workweeks and/or Pay Periods credited to you. You can submit your challenge by signing and sending a letter to the Administrator via mail, email or fax. Section 9 ("How Can I Get More Information?") of this Notice has the Administrator's contact information.

   You need to support your challenge by sending copies of pay stubs or other records. The Administrator will accept Defendants' calculation(s) of Workweeks and/or Pay Periods based on Defendants' records as accurate unless you send copies of records containing contrary information for the Administrator's consideration. You should send copies rather than originals because the documents will not be returned to you. The Administrator will resolve Workweek and/or Pay Period challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and Defense Counsel. The Administrator's decision is final. You can't appeal or otherwise challenge its final decision.

5. HOW WILL I GET PAID?

1. Participating Class Members. The Administrator will send, by U.S. mail, a single check to every Participating Class Member (i.e., every Class Member who doesn't opt-out) including those who also qualify as Aggrieved Employees. The single check will combine the Individual Class Payment with any Individual PAGA Payment.

2. Non-Participating Class Members. The Administrator will send, by U.S. mail, a single Individual PAGA Payment check to every Aggrieved Employee who opts out of the Class Settlement (i.e., every Non-Participating Class Member).

   Your check will be sent to the same address as this Notice. If you change your address, be sure to notify the Administrator as soon as possible. Section 9 of this Notice has the Administrator's contact information.

6. HOW DO I OPT-OUT OF THE CLASS SETTLEMENT?

Submit a written and signed letter with your name, present address, telephone number, and a simple statement that you do not want to participate in the Settlement. The Administrator will exclude you based on any writing communicating your request to be excluded. Be sure to personally sign your request, identify the Action as *Luis German Cardenas Palomo v. JA Holdings, Inc. dba Valley Haven, et al.* (Santa Cruz County Superior Court Case No. 23CV02655), and include your identifying information (full name, address, telephone number, approximate dates of employment, and social security number for verification purposes). You must make the request yourself. If someone else makes the request for you, it will not be valid. You must send t **he Administrator your request to be excluded by [insert date], or it will be invalid. For any Request for Exclusion that you mail to the Administrator, for your request to be considered timely, the postmark must be no later than the third business day after the Request for Exclusion deadline.** Section 9 of the Notice has the Administrator's contact information.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement. Before deciding whether to object, you may wish to see what Plaintiff and Defendants are asking the Court to approve. At least 16 days before the [insert date] Final Approval Hearing, Class Counsel and/or Plaintiff will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair, and (2) a Motion for Fees, Litigation Expenses, and Service Award stating (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; and (ii) the amount Plaintiff is requesting as a Class Representative Service Award. Upon reasonable request, Class Counsel (whose contact information is in Section 9 of this Notice) will send you copies of these documents at no cost to you. You can also view them on the Administrator's Website XXXX or the Court's website https://portal.santacruzcourt.org/Portal/Home/Dashboard/29 and entering the Case Number for the Action, 23CV02655.

A Participating Class Member who disagrees with any aspect of the Agreement, the Motion for Final Approval and/or Motion for Fees, Litigation Expenses, and Service Award may wish to object, for example, that the proposed Settlement is unfair, or that the amounts requested by Class Counsel or Plaintiff are too high or too low. **The deadline for sending written objections to the Administrator is [insert date].** Be sure to tell the Administrator what you object to, why you object, and any facts that support your objection. Make sure you identify the Action *Luis German Cardenas Palomo v. JA Holdings, Inc. dba Valley Haven, et al.* (Santa Cruz County Superior Court Case No. 23CV02655) and include your name, current address, telephone number, and approximate dates of employment for Defendants, and sign the objection. Section 9 of this Notice has the Administrator's contact information.

Alternatively, a Participating Class Member can object (or personally retain a lawyer to object at your own cost) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection. See Section 8 of this Notice (immediately below) for specifics regarding the Final Approval Hearing.

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing on [insert date] at [insert time] in Department 10 of the Santa Cruz Superior Court, located at 701 Ocean Street, Santa Cruz, CA 95060. At the Hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement will be paid to Class Counsel, Plaintiff, and the Administrator. The Court will invite comment from objectors, Class Counsel, and Defense Counsel before making a decision. You can attend (or hire a lawyer to attend) either personally or virtually via ZoomgovMeeting (https://www.santacruz.courts.ca.gov/online-services/remote-appearance). Check the Court's website for the most current information.

It's possible the Court will reschedule the Final Approval Hearing. You should check the Administrator's website XXXX beforehand or contact Class Counsel to verify the date and time of the Final Approval Hearing.

9. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything Defendants and Plaintiff have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Judgment, or any other Settlement documents is to go to the Administrators's website at XXXX. You can also telephone or send an email to Class Counsel or the Administrator using the contact information listed below, or consult the Superior Court website by going to https://portal.santacruzcourt.org/Portal/Home/Dashboard/29 and entering the Case Number for the Action, 23CV02655.

DO NOT TELEPHONE THE SUPERIOR COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT.

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Settlement Administrator:

Phoenix Settlement Administrators
Mailing Address:
P.O. Box 7208
Orange, CA 92863
Telephone: (800) 523-5773
Email: info@phoenixclassaction.com

10. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check. If your check is already void, you should consult the California Controller's Unclaimed Property Fund (https://www.sco.ca.gov/search_upd.html) for instructions on how to retrieve the funds.

11. WHAT IF I CHANGE MY ADDRESS?

To ensure the Administrator mails your check to the correct address, you should immediately notify the Administrator if you move or otherwise change your mailing address.