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9 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
10 **FOR THE COUNTY OF LOS ANGELES**

11 DIANA AYALA,

12 Plaintiff,

13 vs.

14 UPPERLINE HEALTH, INC.; and DOES 1
15 to 25, inclusive,

16 Defendants.

Case No.: 24STCV06236

**DECLARATION OF HAROUT
MESSRELIAN IN SUPPORT OF
UNOPPOSED MOTION FOR APPROVAL
OF PAGA SETTLEMENT**

Action Filed:
3/13/24

Date: 11/5/25
Time: 9:00am
Dept: 54, Hon.
Maurice A. Leiter

Submitted Herewith Under Separate Cover:

1. Plaintiff's Notice of Unopposed Motion for Approval of PAGA Settlement; Memorandum of Points and Authorities in Support Thereof;
2. [Proposed] Order

DECLARATION OF HAROUT MESSRELIAN IN SUPPORT OF
UNOPPOSED MOTION FOR APPROVAL OF PAGA SETTLEMENT AND RELEASE

I, HAROUT MESSRELIAN, declare and state as follows:

1. I am an attorney duly licensed to practice before all the Courts of the State of California. I am the managing attorney of Messrelian Law Inc. and the attorney of record for Plaintiff Diana Ayala ("Plaintiff") in her lawsuit against Defendant UPPERLINE HEALTH, INC. (hereinafter "UPPERLINE HEALTH" or "Defendant(s)").

2. I am experienced in handling employment law matters and specifically wage and hour representative and individual actions. My qualifications are as follows: I received my JD from Loyola Law School in 2010. I started my own law firm in 2011 – the Law Offices of Harout Messrelian. Since 2016, I have been the founder and principal attorney at Messrelian Law, Inc. Since 2011, I have filed and handled over 350 civil actions and/or claims involving representative actions under the Private Attorneys General Act ("PAGA") and/or wage and hour claims on behalf of my clients and have been appointed Class Counsel in three class action cases – *Zohrab Mekhitarian v. Triple Play Motors dba Bob Smith Toyota*, Los Angeles Superior Court Case No. 19STCV22411 (ADR Services, Inc., Case Number 20-2668-RWT), *Carina Camberos, on behalf of herself and others similarly situated, v. Great American Chicken Corp, Inc.*, Los Angeles Superior Court Case No. 21STCV32015, and *Robert Garcia, on behalf of himself and others similarly situated v. HD Supply Management Inc.*, San Bernardino Superior Court Case No. CIVSB2028067. I have a practice that encompasses cases in the Los Angeles Superior Courts, the Orange County Superior Courts, the Riverside County Superior Courts, the San Bernardino County Superior Courts, the Alameda County Superior Courts, Santa Clara County Superior Courts, San Mateo County Superior Courts, and the Monterey County Superior Courts.

3. Except as otherwise indicated, I have personal knowledge of all matters set forth herein and, if called as a witness, could and would competently testify thereto under oath.

Factual and Procedural Background

4. Defendant is a private corporation that owns and operates medical clinics in California. Plaintiff Diana Ayala started working for Defendant in August of 2021. During her

1 tenure, Plaintiff was classified as an hourly, non-exempt employee and her latest job title was
2 "Clinic Lead". Plaintiff's employment with Defendant ended on or around January 2024.

3 5. Plaintiff complied with the procedures of Labor Code § 2699.3 for bringing suit
4 under the Labor Code Private Attorneys General Act of 2004, Labor Code §§ 2698, et seq.
5 ("PAGA"). On January 4, 2024, Plaintiff on behalf of herself and Defendant's California non-
6 exempt employees (hereafter collectively the "Aggrieved Employees") gave written notice by
7 electronic service to the California Labor and Workforce Development Agency ("LWDA") and
8 via certified mail to Defendant of their claims against Defendant. In her notice to the LWDA,
9 Plaintiff asserted on behalf of herself and the Aggrieved Employees that Defendant (1) failed to
10 compensate for all hours worked and to pay minimum wages (Labor Code Sections 1194, 1197,
11 1197.1); (2) failed to pay overtime compensation (Labor Code Section 510); (3) failed to provide
12 rest breaks (Labor Code Section 226.7); (4) failed to provide meal breaks (Labor Code Sections
13 512, 226.7); (5) failed to timely pay wages due during employment (Labor Code Section 204);
14 (6) failed to provide accurate itemized wage statements (Labor Code Section 226); (7) failed to
15 keep accurate and complete payroll records (Labor Code Section 1174/1174.5); (8) failed to pay
16 wages at the end of employment (Labor Code section 203); (9) failed to reimburse business
17 expenses (Labor Code section 2802); and (10) failed to provide accurate sick pay. Plaintiff filed
18 her initial lawsuit on March 13, 2024, in the Superior Court for the State of California, County
19 of Los Angeles, Case No. 24STCV06236, with thirteen total causes of action for individual
20 wage and hour violations, PAGA, and a violation of Business and Professions Code Section
21 17200. Plaintiff's PAGA cause of action is for PAGA penalties based on the theories as outlined
22 in the PAGA letter.

23 6. Through informal discovery, Defendant produced records and represented that it
24 employed approximately 138 employees falling within Plaintiff's Aggrieved Employees
25 definition for the period from January 8, 2023 (one year and 65 days before Plaintiff's lawsuit
26 filing date) through May 15, 2025 (date of mediation), and that there are paychecks issued for a
27 total of approximately 3,606 pay periods worked for that same time period.

28 7. The Settlement Agreement covers PAGA Members, which are Aggrieved

1 Employees employed on or after January 8, 2023 through the date of Court approval of the
2 PAGA settlement.

3 8. Defendant denies any liability or wrongdoing of any kind whatsoever associated
4 with the lawsuit and the Representative PAGA Claim. It is the desire of the Parties to fully,
5 finally, and forever compromise, and discharge all claims known or unknown related to those
6 alleged in Plaintiff's lawsuit.

7 9. The parties attended a full-day mediation with experienced mediator Steve Pearl
8 on May 15, 2025, and settled the matter at said mediation. Before agreeing to the terms of the
9 Settlement, the Parties engaged in informal discovery regarding Defendant's policies, practices,
10 operations, time and payroll information and other topics. Prior to negotiation, Defendant
11 produced Plaintiff's personnel file, payroll data for Plaintiff, and time records and payroll
12 records for 90 aggrieved employees (approximately 65% sampling) falling within Plaintiff's
13 Aggrieved Employees definition and during the applicable PAGA period. Through extensive
14 arm's length negotiations with the assistance of a private mediator and only after informal
15 discovery and investigation were performed, the Parties agreed to settlement terms. Attached
16 as **Exhibit 1** is a true and accurate copy of the PAGA Settlement Agreement (hereinafter
17 "Settlement Agreement") along with the notice that will be sent, with payment, to the PAGA
18 Members covered by the Settlement Agreement. As alluded to above, the Parties negotiated the
19 PAGA claims through arms-length negotiation during a private mediation, and only after
20 sufficient discovery was completed, including data being sent to Plaintiff's data expert for
21 analysis/review.

22 10. The Parties conducted investigation of the facts and law both before and after the
23 lawsuit was filed. Counsel for the Parties have further investigated the applicable law as applied
24 to the facts discovered regarding Plaintiff's claims, the defenses thereto, and the Labor Code
25 violations claimed by Plaintiff. Based on their own independent investigations and evaluations,
26 the Parties and their respective counsel are of the opinion that the Settlement for the
27 consideration and on the terms set forth in this Motion are fair, reasonable and adequate and are
28 in the best interests of Plaintiff, the PAGA Members, and Defendant in light of all known facts

1 and circumstances and the risks inherent in litigation, especially in this post-pandemic era when
2 most California businesses are still struggling to remain afloat due to economic conditions, much
3 less prosper and make a large profit.

4 11. The Parties further recognize that the issues presented in the Action are likely
5 only to be resolved with extensive and costly pretrial and trial proceedings, and that further
6 litigation will cause inconvenience, distraction, disruption, delay, and expense disproportionate
7 to the maximum potential benefits, especially in light of the post- pandemic era and the business
8 climate.

9 12. Plaintiff alleges that the strongest claims are that Plaintiff and other PAGA
10 Members were not provided meal breaks and did not receive business expense reimbursement
11 under the law.

12 13. Plaintiff contends that the civil penalty statutes applicable to the Action arise
13 from violations of the California Labor Code, including, but not limited to, Labor Code §§ 226.7,
14 510, 512, and 2699(f)(2). Under these civil penalty statutes, an employee who suffers a Labor
15 Code violation may be awarded a sum of money for each pay period in which he or she was
16 underpaid. However, under Labor Code § 2699(e)(2), the Court can reduce an award of civil
17 penalties if the award is unjust, arbitrary, oppressive, or confiscatory. As it relates to Plaintiff's
18 argument for meal break violations, Plaintiff's data analysis revealed an aggregate shift violation
19 rate of 8.2% for short, late, or no meal breaks for shifts greater than 5 hours (which occurred in
20 93.7% of the workdays in the sample data). If you extrapolate the 8.2% shift violation rate, it
21 amounts to 56% of pay periods having at least one meal period violation. As such, the maximum
22 exposure for meal period violations in the PAGA period would be **\$94,600**, which is calculated
23 as follows: 3,606 pay periods x 93.7% (to calculate the number of pay periods that had shifts
24 over 5 hours long) equates to 3379 pay periods. 3379 pay periods x 56% pay period violation
25 rate equates to approximately 1892 pay periods wherein there was a meal period violation. 1892
26 pay periods x \$50/pay period (civil penalty) amounts to \$94,600.00 in exposure. Despite the
27 above, there are risks to Plaintiff's meal period claims. Defendant contends that, to establish a
28 violation for missed meal periods, a plaintiff must do more than show that a meal break was not

1 taken. Determining by a review of Defendant's time records the exact reasons why a meal period
2 appears to be short or late or not taken would be difficult and would be a challenge. Moreover,
3 Defendant had strong written meal and rest break policies and paid premium wages for meal
4 break violations during the relevant PAGA period.

5 14. As it relates to Plaintiff's argument for business expense reimbursement, namely
6 dealing with personal cell phone use for work purposes, Defendant did start reimbursement for
7 cell phone use in July 2024 at which point there were 2,829 pay periods in the PAGA period.
8 As such, Defendant's maximum exposure would be 2,829 pay periods x \$100/pay period, which
9 equates to **\$282,900**. In opposition, Defendant argues that personal cell phone use was not
10 necessary and not required in order for employees to effectuate their job duties.

11 15. As it relates to Plaintiff's argument for straight overtime violations, Plaintiff's
12 expert found that overtime was paid properly.

13 16. As it relates to Plaintiff's claims for unpaid "off the clock" work, there is no
14 documentary evidence this stage that would support those claims and Plaintiff's expert found
15 that hours were paid to the second decimal point. As it relates to Plaintiff's claims for rest period
16 violations, there was no evidence on paper of rest period violations since rest periods were not
17 tracked by Defendant's timekeeping system – nor does the law require tracking – as is common
18 for most businesses in California. The other claims for violations of Labor Code sections 203,
19 204, 226, and 1174.5 for not being paid all wages owed every pay period or at the end of
20 employment, not receiving accurate, itemized wage statements, and not keeping accurate time
21 records, would only be derivative in nature based on potential meal period violations and not
22 necessarily recoverable.

23 17. Based on the above calculations, Plaintiff's aggregate potential exposure for the
24 strongest disputed claims would be **\$377,500**. Assuming that Plaintiff's calculations and
25 analysis are accurate, the maximum exposure presumes that the Court will not reduce the penalty
26 award as unjust, arbitrary, oppressive, or confiscatory. Furthermore, Plaintiff believes there is a
27 very low probability that any of the alleged violations would be found to be knowing and
28 intentional based on the nature of Plaintiff's strongest claims relating to statutory breaks. Based
on the above analysis, a gross settlement in the amount of \$220,000 is a very strong result,

1 especially in light of the risk factors as discussed above.

2 18. Moreover, Plaintiff is aware of no California state courts awarding Plaintiff
3 multiple PAGA penalties for the same violation for the same pay period under different Labor
4 Code provisions. As such, one of the risks Plaintiff faces is that the Court would refuse to “stack”
5 civil penalties arising under the various Labor Code statutes. Furthermore, judges have awarded
6 extremely small sums to PAGA claimants in the past. Defendant also adamantly disputes all of
7 Plaintiff’s allegations in the operative Complaint.

8 19. PAGA states a court has discretion to award a lesser amount than the maximum
9 penalty. *See Lab. Code* § 2699(e)(2) (“...a court may award a lesser amount than the maximum
10 civil penalty amount specified by this part if, based on the facts and circumstances of the
11 particular case, to do otherwise would result in an award that is unjust, arbitrary and oppressive,
12 or confiscatory.”); *see also Thurman v. Bayshore Transit Management, Inc.* (2012) 203
13 Cal.App.4th 1112, 1135 (reducing PAGA award). There is a substantial risk that the Court could
14 reduce civil penalties to an insignificant amount if it is unpersuaded by Plaintiff’s evidence of
15 willful and intentional conduct. *Carrington v. Starbucks* (2018) 30 Cal.App.5th 504
16 (“*Carrington*”) illustrates this. In that case, the Court of Appeal affirmed a trial court’s heavily
17 discounted award of only \$5 per violation because it was within the Court’s discretion to
18 significantly reduce PAGA penalties even when there is a finding that a violation of the
19 California Labor Code occurred. The plaintiff in *Carrington* had requested penalties in excess of
20 \$70 million and was successful in proving the PAGA claim during a bench trial. However, the
21 trial court reduced the total award after trial to only \$150,000 (30,000 violations x \$5) and stated
22 that this reduction was warranted because imposing the maximum penalty would be “unjust,
23 arbitrary, and oppressive”, based on Starbucks’s “good faith attempts” to comply with meal break
24 obligations and because the Court found the violations were minimal. Applying the same formula
25 here and assuming there was one violation during each pay period, the award of civil penalties
26 could not exceed \$18,030 in PAGA penalties (3,606 violations x \$5), and given the de minimis
27 nature of the personal cell phone violations there is a substantial risk of a similar formula being
28 applied. As such, this Settlement is a great result based solely on the risk the Court chooses to

1 apply the *Carrington* formula. Thus, the chance of Plaintiff recovering a higher amount than the
2 Gross Settlement Amount is uncertain.

3 20. The Parties further recognize that the issues presented in the Action are likely
4 only to be resolved with extensive and costly pretrial and trial proceedings, and that further
5 litigation will cause inconvenience, distraction, disruption, delay, and expense disproportionate
6 to the maximum potential benefits to the PAGA Members and Plaintiff from continued
7 litigation.

8 21. The settlement of the Action involves monetary relief to all PAGA Members,
9 Plaintiff, her attorneys, and the State of California.

10 22. Furthermore, Plaintiff recognizes that continued litigation presents significant
11 risks that support a significant downward departure from Plaintiff's estimated civil penalties
12 amount. In view of the risks, the Settlement represents a fair, adequate, and reasonable
13 compromise amount for these claims and is in the best interest of Plaintiff and PAGA Members
14 and thus, warrants approval. *See Laguna v. Coverall N. Am., Inc.*, Case No. 12-55479 (9th Cir.
15 June 3, 2014) 2014 WL 2465049, * 3. The PAGA settlement and its terms are fair, just,
16 reasonable, adequate, and equitable to Plaintiff, the aggrieved employees, and the State,
17 especially in light of the current economic climate, and are the product of good faith, and
18 informed arms-length negotiations between the Parties consistent with public policy and fully
19 comply with applicable provisions of law.

20 23. As such, the settlement of PAGA penalties in the gross sum of 220,000.00, of which
21 75% of the net amount after attorney's fees \$73,333.33, attorney costs \$11,711.88, and settlement
22 administrator fees \$4,000.00, which is \$98,216.10 will be paid to the LWDA, and 25%, which
23 equates to \$32,738.69, will be distributed to the PAGA Members, is reasonable and appropriate
24 under the circumstances.

25
26 ***Plaintiff's Individual Settlement***

27 24. Plaintiff did have individual claims in the complaint for wage and hour
28 violations that were also settled by the parties. The parties agreed that the consideration
Plaintiff received pursuant to an individual settlement agreement was to settle her individual

1 claims. As part of this confidential agreement, Plaintiff also provided Defendant with a general
2 release of all claims, whether known or unknown, including unknown claims covered by Civil
3 Code Section 1542. Plaintiff has no conflict of interest with the absent Aggrieved Employees
4 and is adequate to represent the Aggrieved Employees.

5 *Attorneys' Fees and Costs*

6 25. I represent Plaintiff on a straight contingency basis. My firm's request for
7 \$73,333.33 [33.33%] in attorney fees and \$11,711.88 in litigation costs is fair and reasonable.
8 To date, I have investigated and prosecuted this matter vigorously, including drafting the initial
9 PAGA notice as well as the original complaint; reviewing Defendant's informal data and
10 document production; sending and receiving emails on the case with defense counsel; sending
11 the PAGA data to Plaintiff's expert for review/analysis and reviewing the expert's
12 findings/conclusions; preparing for mediation, including providing material and arguments to
13 the mediator; engaging in a private mediation; and drafting this PAGA approval motion. I also
14 expect to perform additional work on this case if the Court grants final approval of the
15 Settlement, including supervision of the Settlement Administrator's disbursement of the
16 settlement funds to the Aggrieved Employees. "Empirical studies show that, regardless of
17 whether the percentage method or the lodestar method is used, fee awards in class actions
18 average around one-third of the recovery. *Chavez v. Netflix, Inc.* (2008) 162 Cal.App.4th 43, 47
19 fn. 11 (quoting *Shaw v. Toshiba America Information Systems, Inc.* (E.D. Tex. 2000) 91
20 F.Supp.2d 942, 972; *See also Lafitte v. Robert Half Int'l Inc.* (Cal. Aug. 11, 2016) 1 Cal.5th 480,
21 503, 376 P.3d 672, 686 (holding that courts can use the percentage method for the calculation
22 of attorneys' fees). This is also consistent with my experience in cases involving PAGA claims.
23 This award is justified here because I achieved a strong result for the PAGA Members and the
24 State while bearing the substantial burdens of contingency representation.

25 26. My previous experience in litigating wage and hour actions also supports the
26 reasonableness of the fee request, as does the caliber of opposing counsel. My previous
27 experience in similar matters was integral in evaluating the strengths and weaknesses of the
28 case against Defendant and the reasonableness of the Settlement. Because it is reasonable to

1 compensate me commensurate with my skill, reputation, and experience, attorney's fees of
2 approximately 1/3 of the Gross Settlement Amount is reasonable. Likewise, the caliber and
3 experience of opposing counsel in labor and employment litigation supports the fairness and
4 reasonableness of the requested fee award.

5 27. The litigation costs expended to aid in the representation of the PAGA Members
6 include the following: lawsuit filing fee of \$454.22; lawsuit service fee of \$180.00; PAGA initial
7 filing fees of \$75.00; expert data analysis fee of \$950.00; mediation fee of \$10,000; and
8 miscellaneous filing fees of \$52.66 for a total of \$11,711.88. All of these costs are documented
9 and reasonably incurred.

10 ***Settlement Administration Costs***

11 28. With regard to the settlement administration costs provision, it is reasonable.
12 Before agreeing to Apex Class Action Administration ("Apex"), the parties sought and reviewed
13 bids from other reputable third-party administrators, including ILYM and Phoenix, and Apex's
14 bid was comparable. Apex's bid has been attached as **Exhibit 2** to this declaration.

15 ***Notice of Settlement to the LWDA***

16 29. Pursuant to Lab. Code § 2699(1)(2), my firm submitted a copy of the Settlement
17 with the LWDA at the same time the Settlement is being filed with the Court. True and correct
18 copies of this submission with the LWDA and the confirmation email are collectively attached
19 as **Exhibit 3** to this declaration. My firm will further provide a copy of the Court's Order and
20 Judgment to the LWDA within ten (10) calendar days after entry of said judgment or order as
21 required by Labor Code sections 2699(1)(2)-(3).

22 I declare under the penalty of perjury of the laws of the State of California that the
23 foregoing is true and correct to the best of my knowledge.

24 Executed on September 17, 2025, at Glendale, California.

25 
26 _____
27 HAROUT MESSRELIAN,
28 Declarant

EXHIBIT 1

PAGA SETTLEMENT AGREEMENT

This PAGA Settlement Agreement (“Agreement”) is made by and between Plaintiff Diana Ayala (“Plaintiff”) and Defendant Upperline Health, Inc. (“Defendant”). The Agreement refers to Plaintiff and Defendant collectively as “Parties,” or individually as “Party.”

1. DEFINITIONS.

1.1. “Action” means the Plaintiff’s PAGA lawsuit alleging wage and hour violations against Defendant, captioned *Diana Ayala v. Upperline Health, Inc.* (Case No. 24STCV06236), initiated on March 13, 2024, and pending in Superior Court of the State of California, County of Los Angeles.

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

1.3. “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with approval of this Settlement.

1.4. “Aggrieved Employee” means a person employed by Defendant in California and classified as “hourly, non-exempt employees who worked at any of Defendant’s locations in the state of California during the PAGA period”.

1.5. “Aggrieved Employee Data” means Aggrieved Employee identifying information in DEFENDANT’s possession including the Aggrieved Employee’s name, last-known mailing address, Social Security number, and number of PAGA Pay Periods.

1.6. “Aggrieved Employee Address Search” means the Administrator’s investigation and search for current Aggrieved Employee mailing addresses using 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 Aggrieved Employees.

1.7. “Court” means the Superior Court of California, County of Los Angeles.

1.8. “Defense Counsel” means Adam Miller of Miller Miller Gerber LLP located at 18301 Von Karman Avenue, Suite 950, Irvine, CA 92612.

1.9. “Effective Date” means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Approving the PAGA Settlement and (b) the Judgment is final and is no longer appealable. For purposes of this Agreement, “becomes final and is no longer appealable”

shall mean the later of: (a) the day after the last date by which a notice of appeal to the applicable Court of Appeal of the order and judgment approving this Agreement may be timely filed and none is filed (i.e., 61 days from notice of entry of judgment); (b) if an appeal is filed, and the appeal is finally disposed of by ruling, dismissal, denial, or in any other manner that confirms the validity of the order and judgment, the day after the last date for filing a request for further review of the order and judgment approving this Agreement passes, and no further review is requested; or (c) if an appeal is filed and the order approving this Agreement is affirmed and further review of the order is requested, the day after the review is finally resolved and the order and judgment approving this Agreement is affirmed.

1.10. "Gross Settlement Amount" means two hundred and twenty thousand dollars and zero cents (\$220,000.00) which is the total amount Defendant agrees to pay under the Settlement except as provided in Paragraph 9 below. The Gross Settlement Amount will be used to make Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, and the Administrator's Expenses Payment.

1.11. "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 25% of the PAGA Penalties calculated according to the number of Pay Periods the Aggrieved Employee worked during the PAGA Period.

1.12. "Judgment" means the judgment entered by the Court based upon the Final Approval.

1.13. "LWDA" means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).

1.14. "LWDA PAGA Payment" means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).

1.15. "Net Settlement Amount" means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Aggrieved Employees as Individual PAGA Payments.

1.16. "PAGA Counsel" means Harout Messrelian of Messrelian Law Inc., located at 101 N. Brand Blvd., Suite 1450, Glendale, California 91203, the attorneys representing the Plaintiff in the Action.

1.17. "PAGA Counsel Fees Payment" and "PAGA Counsel Litigation Expenses Payment" mean the amounts allocated to PAGA Counsel for reimbursement of reasonable attorneys' fees and expenses,

respectively, incurred to prosecute the Action.

1.18. "PAGA Pay Period" means any Pay Period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.

1.19. "PAGA Period" means the period from January 8, 2023 to the Court's PAGA Approval Order.

1.20. "PAGA" means the Private Attorneys General Act (Labor Code §§ 2698. et seq.).

1.21. "PAGA Notice" means Plaintiff's January 4, 2024 letter to Defendant and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a).

1.22. "PAGA Penalties" means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees and the 75% to LWDA in settlement of PAGA claims.

1.23. "Plaintiff" means Diana Ayala, the named plaintiff in the Action.

1.24. "Approval Order" means the proposed Court Order Granting Approval of PAGA Settlement.

1.25. "Released PAGA Claims" means the claims being released by the Plaintiff and PAGA Counsel and as described in Paragraph 5 below.

1.26. "Released Parties" means: Defendant and each of its former and present directors, officers, shareholders, owners, members, attorneys, insurers, predecessors, successors, assigns, affiliates.

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

1.28. "Defendant" means named Defendant Upperline Health, Inc.

2. RECITALS

2.1. On March 13, 2024, Plaintiff commenced this Action by filing a Complaint alleging causes of action against Defendant under the California Private Attorneys General Act (PAGA) as well as individual wage and hour violations. The Complaint is the operative complaint in the Action ("Operative Complaint"). Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in in the Operative Complaint and denies any and all liability for the causes of action alleged.

2.2. Pursuant to Labor Code section 2699.3, subd. (a), prior to filing the Operative Complaint Plaintiff gave timely written notice to Defendant and the LWDA by sending the PAGA Notice.

2.3. On May 15, 2025, the Parties participated in an all-day mediation presided over by private

mediator Steve Pearl, which led to this Agreement to settle the Action.

2.4. Prior to mediation, Plaintiff obtained, through informal discovery, a sample of payroll records and time entry documents.

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

3. MONETARY TERMS

3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 9 below, Defendant promises to pay two hundred and twenty thousand dollars and zero cents (\$220,000.00) and no more as the Gross Settlement Amount. Defendant has no obligation to pay the Gross Settlement Amount prior to the deadline stated in Paragraph 6.1 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendant.

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

3.2.1. To PAGA Counsel: A PAGA Counsel Fees Payment of not more than 1/3 which is currently estimated to be \$73,333.33 and PAGA Counsel Litigation Expenses Payment of not more than \$15,000. Defendant will not oppose requests for Court approval of these payments provided that they do not exceed these amounts. Plaintiff and/or PAGA Counsel will file an application or motion for PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment. If the Court approves a PAGA Counsel Fees Payment and/or a PAGA Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount and this Agreement shall not be deemed void nor shall Released Parties have any further obligations hereunder. Released Parties shall have no liability to PAGA Counsel or any other Plaintiff's Counsel arising from any claim to any portion any PAGA Counsel Fee Payment and/or PAGA Counsel Litigation Expenses Payment. The Administrator will pay the PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment using one or more IRS 1099 Forms. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment and holds DEFENDANT harmless, and indemnifies DEFENDANT, from any dispute or controversy regarding any division or sharing of any of these Payments.

3.2.2. To the Administrator: An Administrator Expenses Payment not to exceed \$4,000 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than \$4,000, the Administrator will retain the remainder in the Net Settlement Amount. Such payment shall be in exchange for the Administrator performing all the work required of it pursuant to this Agreement, and include all costs incurred related thereto, including the following: (a) reporting payment of the individual settlement payments to all required taxing and other authorities, take appropriate withholdings, and issue IRS Forms 1099; (b) translating, if necessary, any notices provided to the Aggrieved Employees; (c) establishing a Qualified Settlement Fund ("QSF") for the purpose of administering the Settlement; and (d) all of the costs, fees, and expenses, incurred in performing the above listed functions and those otherwise contemplated by this Agreement.

3.2.3. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of \$127,666.67 to be paid from the Gross Settlement Amount, with 75% (\$95,750) allocated to the LWDA PAGA Payment and 25% (\$31,916.67) allocated to the Individual PAGA Payments.

3.2.3.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties (\$31,916.67) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

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

4. SETTLEMENT FUNDING AND PAYMENTS

4.1. Aggrieved Employee Pay Periods. Based on a review of its records to date, Defendant estimates that as of May 15, 2025, there were 138 Aggrieved Employees who worked a total of 3,606 PAGA Pay Periods.

4.2. Aggrieved Employee Data. Within 15 business days of the Court's execution of the Approval Order, Defendant will deliver the Aggrieved Employee Data to the Administrator in the form of a Microsoft Excel spreadsheet. To protect Aggrieved Employee' privacy rights, the Administrator

must maintain the Aggrieved Employee Data in confidence, use the Aggrieved Employee Data only for purposes of this Settlement and for no other purpose, and restrict access to the Aggrieved Employee Data to Administrator employees who need access to the Aggrieved Employee Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify PAGA Counsel if it discovers that the Aggrieved Employee Data omitted employee identifying information needed to contact the Aggrieved Employees, and to provide corrected or updated Aggrieved Employee Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must send the Aggrieved Employee Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Aggrieved Employee Data.

4.3. Funding of Gross Settlement Amount. Defendant shall fully fund the Gross Settlement Amount by transmitting the funds to the Administrator no later than 15 days after the Effective Date.

4.4. Payments from the Gross Settlement Amount. Within 14 days after Defendant funds the entire Gross Settlement Amount, the Administrator will mail checks for all Individual PAGA Payments, the LWDA PAGA Payment, and the Administration Expenses Payment. Disbursement of the PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment shall be made within five (5) business days after Defendant deposits the Gross Settlement Amount with the Settlement Administrator.

4.4.1. The Administrator will issue checks for the Individual PAGA Payments and send them to the Aggrieved Employees via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database. All Settlement checks sent to the PAGA Claim Employees shall be accompanied with a Notice, attached hereto as Exhibit A, which shall provide a brief description of the Complaint and this Settlement.

4.4.2. The Administrator must conduct an Aggrieved Employee Address Search for all Aggrieved Employees whose checks are returned undelivered without USPS forwarding address. Within 7 days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Aggrieved Employee Address Search.

The Administrator need not take further steps to deliver checks to Aggrieved Employees whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, requested by the Aggrieved Employee prior to the void date.

4.4.3. As the Actions PAGA claims are not a class action, the Parties agree that California Code of Civil Procedure section 384 shall not be applicable. For any Aggrieved Employee who's Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the LWDA. The Administrator shall be responsible for administration of all unclaimed funds, including all reporting requirements proscribed by California law.

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

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

5.1 **Plaintiff's Release.** Plaintiff, individually, and her respective former and present spouses, representatives, agents, attorneys (including PAGA Counsel), heirs, administrators, successors, and assigns, and as the representative acting as a proxy or agent of the LWDA, a State of California Executive Branch Agency, in this Action generally, release and discharge Released Parties from all claims for PAGA penalties that were, or reasonably could have been, alleged, based on the facts contained in the PAGA Cause of Action in the complaint and the PAGA Notice ("Plaintiff's Release"). Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the PAGA Period. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

5.1.1 **Plaintiff's Waiver of Rights Under California Civil Code Section 1542.** For purposes of Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions, rights, and

benefits, if any, of section 1542 of the California Civil Code, which reads:

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

5.2 Release by Aggrieved Employees: All 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 stated in the PAGA cause of action in the complaint and the PAGA Notice.

5.1.2 Aggrieved Employees Waiver of Rights Under California Civil Code Section 1542: For purposes of the Aggrieved Employees' Release, the Aggrieved Employees expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, at to the Released PAGA Claims only, 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.

5.3 Release by PAGA Counsel: PAGA Counsel release on behalf of their present and former attorneys, employees, agents, successors and assigns the Released Parties from all claims for PAGA Fees incurred in connection with the PAGA cause of action in the complaint and facts stated in the PAGA Notice.

5.4 Foreclosing of Actions. The express purpose of this Agreement and the Judgment to be entered by the Court following approval of this settlement is to forever bar Plaintiff, the LWDA, and any other individual or entity acting on behalf of or purporting to act on behalf of the LWDA (including all Aggrieved Employees) from asserting any of the Released PAGA Claims in any future litigation. It is the intent of the Parties that, to the greatest extent provided by law, including under the holding of *Arias v. Superior Court*, 46 Cal. 4th 969, 986 (2009), the ability of Plaintiff, the State of California or any Aggrieved Employee to bring a PAGA claim on behalf of the LWDA based on the Released Claims is completely and forever foreclosed. Any Party to this Agreement may use the Agreement to assert that this settlement and the judgment to be entered by the Court

following approval by this settlement bars any later-filed action asserting any of the Released PAGA Claims against any of the Released Parties for any time during the PAGA Period.

6. **MOTION OR APPLICATION FOR APPROVAL OF SETTLEMENT.** The Parties agree to jointly prepare and file an application or motion for approval of this Settlement.

6.1. **Plaintiff's Responsibilities.** Plaintiff will prepare and deliver to Defense Counsel all documents necessary for obtaining approval of this Settlement under Labor Code Section 2699, subd. (f)(2)) including (i) a draft proposed Order Granting Approval of PAGA Settlement; (ii) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Aggrieved Employee Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Aggrieved Employees or the LWDA; and the nature and extent of any financial relationship with Plaintiff, PAGA Counsel or Defense Counsel; (iii) a signed declaration from PAGA Counsel firm attesting to its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2)); and (iv) all facts relevant to any actual or potential conflict of interest with Aggrieved Employees and/or the Administrator. In their Declarations, Plaintiff and PAGA Counsel shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.

6.2 **Responsibilities of PAGA Counsel.** PAGA Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the application or motion for approval of this Settlement, with all initial drafts to be prepared by PAGA Counsel, no later than 30 days after the full execution of this Agreement and, if necessary, obtaining a prompt hearing date for the motion and appearing in Court to advocate in favor of the motion. PAGA Counsel is responsible for delivering the Court's Approval to the Administrator.

6.3 **Duty to Cooperate.** If the Parties disagree on any aspect of the proposed application or motion for approval of this Settlement and/or the supporting declarations and documents, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement.

6.4 If the Court should for any reason fail to approve this Agreement, then (a) this Agreement shall be considered null and void, (b) neither this Agreement nor any of the related negotiations or proceedings shall be of any force or effect, and (c) all Parties to this Agreement shall stand in the same position, without prejudice, as if the Agreement had been neither entered into nor filed with the Court.

6.5 Invalidity of any material portion of this Agreement shall invalidate this Agreement in its entirety unless the Parties shall subsequently agree in writing that the remaining provisions shall remain in full force and effect. Material terms of this Agreement include: the Aggrieved Employees (Section 1.4); the definition of Effective Date (Section 1.9); the definition of Gross Settlement Amount (Section 1.10); the definition of PAGA Period (Section 1.19); the definition of Released PAGA Claims (Section 1.25); the definition of Released Parties (Section 1.26); the requirement for entry of an order by the Court approving this Agreement and entering PAGA Judgment as contemplated in Section 6. The following terms are not material to this Agreement, meaning the Court can modify the amounts allocated in this Agreement: the allocation of fees and costs to Plaintiff's counsel under Section 3.2.1 and the amount of the Settlement Administration fee under Section 3.2.2.

SETTLEMENT ADMINISTRATION.

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

7.2 Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports state and federal tax authorities.

7.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.

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

8. AGGRIEVED EMPLOYEE SIZE ESTIMATES AND ESCALATOR CLAUSE.

Based on its records, Defendant estimates that, as of May 15, 2025, there were 138 Aggrieved Employees who worked 3,606 Pay Periods during the PAGA Period. If the pay periods worked for the Settlement Period exceeds the referenced 3,606 pay periods by more than 10.00%, Defendant shall, at its option, either (a) increase the PAGA Settlement Amount on a pro-rata basis equal to the percentage increase in the number of pay periods worked by the Aggrieved Employees above 10% (for example, if the actual number of workweeks increases by 11% (i.e., 4,003 pay periods actually worked during the Settlement Period), then the PAGA Settlement Amount shall increase by 1%); or (b) cap the Settlement Period as of the date the number of pay periods reaches but does not exceed 10%.

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

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

10. ADDITIONAL PROVISIONS.

10.1 Circular 230 Disclosure. EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER PARTY") ACKNOWLEDGES AND AGREES THAT: (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR WILL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE

RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISER'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT.

10.2 Non-Publicity Provision. The Parties and their counsel agree that they will not issue any press releases, initiate any contact with the press, respond to any press inquiry, or have any communication with the press about the fact, amount, or terms of this Agreement. In addition, the Parties and their counsel agree that they will not engage in any advertising or distribute any marketing materials relating to the Agreement of this case in any manner that identifies the Defendants, including but not limited to any postings on any websites maintained by Plaintiff's counsel. Neither Plaintiff nor Plaintiff's counsel will discuss the terms or the fact of the Agreement with third parties other than (1) their immediate family members, (2) their respective accountants or lawyers as necessary for tax purposes; or (3) other Aggrieved Employees. Plaintiff and Plaintiff's counsel agree not to publish any of the terms or conditions of this Agreement in any manner that identifies the Defendants. However, Plaintiff's counsel may identify this Agreement in other matters to demonstrate their adequacy as counsel in such other matters.

12. LWDA Notice. Pursuant to California Labor Code section 2699(l), Plaintiff will provide a copy of this Agreement to the LWDA concurrently with the filing of the motion for settlement approval. Plaintiff will also file a declaration in support of their Motion for Settlement Approval

confirming that they have submitted the Agreement to the LWDA in compliance with Labor Code section 2699(l). In addition, Plaintiff shall submit to the LWDA a copy of the Court's judgment and order approving the Agreement within ten (10) days after entry of the judgment or Order.

10.3 No Admission of Liability or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the PAGA cause of action have merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Defendant's defenses in the Action have merit. The Parties agree that representative treatment is for purposes of this Settlement only. If, for any reason the Court does not approve this Settlement, Defendant reserves all available defenses to the claims in the Action, and Plaintiff reserves the right to contest Defendant's defenses. The Settlement, this Agreement and Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

10.4 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party. The Parties acknowledge that, except as expressly set forth herein, no representation of any kind or character has been made to induce the execution of this Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.

10.5 Attorney Authorization. PAGA Counsel separately warrants and represents that it is authorized by Plaintiff, to take all appropriate action required or permitted to be taken by PAGA Counsel pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

10.6 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 reasonably requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the

assistance of a mediator and/or the Court for resolution.

10.7 No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement. The Parties further agree to indemnify and hold harmless one another, and all of their present partners, officers, directors, employees against any and all claims based upon, arising out of, or in any way connected with any such actual transfer or assignment.

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

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

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

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

10.12. Use and Return of Aggrieved Employee Data. Information provided to PAGA Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the PAGA Data provided to PAGA Counsel by Defendant in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the Administrator discharges its obligation to pay out of all Settlement funds, Plaintiff shall destroy all paper and electronic versions of Aggrieved Employee Data received from Defendant unless, prior to the Administrator's payment of all Settlement Funds, Defendant makes a written request to PAGA Counsel for the return, rather than the destructions, of Aggrieved Employee Data.

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

**PLEASE READ CAREFULLY. THIS AGREEMENT INCLUDES THE RELEASE OF ALL
KNOWN AND UNKNOWN PAGA CLAIMS.**

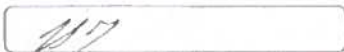
Plaintiff & PAGA Representative:

Dated: _____, 2025
8/20/2025

By: 
ID WhyMk3Y8dgetzC2871T3F
Diana Ayala

Plaintiff's Counsel (as to form only):

Dated: _____, 2025
8/20/2025

MESSRELIAN LAW, INC.
By: 
ID 3Qy77gLHRyoeHME8Hcte7GhC
Harout Messrelian as Plaintiff's counsel

Defendant:

Upperline Health, Inc.

Dated: August 21, 2025

By: 
Signature

Kyle Rate
Print Name

Secretary
Title

eSignature Details

Signer ID: Whyfhk3jYSdgetzpC287tT3F
Signed by: DIANA AYALA
Sent to email: dianaayala67@yahoo.com
IP Address: 172.58.210.165
Signed at: Aug 20 2025, 6:18 pm PDT

Signer ID: 3Qy77gLHRyoeHME8Hcte7GhC
Signed by: Harout Messrelian
Sent to email: hm@messrelianlaw.com
IP Address: 69.234.47.40
Signed at: Aug 20 2025, 6:18 pm PDT

NOTICE OF PAGA SETTLEMENT

Diana Ayala v. Upperline Health, Inc.
Los Angeles County Superior Court Case No. 24STCV06236

[Name]
[Address]
[Telephone]

You are receiving this notice as a result of a lawsuit brought on a representative basis under the Private Attorneys General Act, Labor Code § 2698 et seq. ("PAGA") ("the Action"). The plaintiff in the Action is Diana Ayala ("Plaintiff") and the Defendant is Upperline Health, Inc. ("Defendant"). The Action seeks civil penalties for purported violations of the California Labor Code on behalf of all non-exempt California employees who worked for Defendant during the period of January 8, 2023 through _____ (the "PAGA Employees"). Defendant denies all claims and allegations in the Action, denies that they owe any penalties, and asserts that they have fully complied with all applicable Labor Code provisions.

The Court has not ruled on the merits of the claims or defenses at issue in the case. Nevertheless, to avoid further costs and time in litigating the Action, the parties have reached a settlement (the "Settlement") of the Action. By settling the Action, Defendants are not admitting that they have done anything wrong.

By Order dated <<court approval order date>>, the Superior Court of the State of California, Los Angeles County, approved the Settlement of the PAGA claims. As of <<date of Court entering judgment on its approval order>>, Plaintiff, the State of California (including, but not limited to, the Labor and Workforce Development Agency), and the PAGA Employees were deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged all claims in the Action (the "Settled PAGA Claims") with respect to Defendant and each of their officers, directors, members, partners, owners, shareholders, employees (excluding PAGA Employees), former employees, agents, servants, attorneys, assigns, affiliates, independent contractors, volunteers, predecessors, successors, parent companies and organizations. The Settled PAGA Claims include all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the facts stated in the operative complaint in the Action or in the PAGA notice sent before the Action commenced, including but not limited to claims under California Labor Code Sections 201, 202, 203, 204, and/or 204b, 210, 226, 226.3, 226.7, 233, 246, 510, 512, 558, 1174, 1174.5, 1194, 1197.1, 1198, and 2802.

According to the Defendant's records, you are a PAGA Employee and therefore entitled to a share of the settlement based upon the Court approved allocation. Enclosed with this Notice is your check for your share. The settlement check shall remain valid for 180 days. Thereafter, all uncashed checks shall be distributed to California State Controller's Office Unclaimed Property Fund with an identification of the amount of unclaimed funds attributable to each PAGA Employee.

Please Note: One hundred percent (100%) of your individual PAGA payment under this Settlement will be considered penalties and may be subject to local, state, or federal tax withholdings and will be reported to the IRS and state tax authorities. You should rely on your own tax advisors as to the tax consequences of your individual PAGA payment. Neither Plaintiff nor Defendant have made any representations or warranties regarding the taxation of your individual PAGA payment. Nothing within this notice or any other communication shall constitute or be construed or relied upon as tax advice within the meaning of United States Treasury Department Circular 230 (31 C.F.R. Part 10, as amended). Enclosed are the appropriate tax forms pertaining to your payment.

Do not call or write the Court or Office of the Clerk to ask questions about the settlement or to ask questions about the claims process. If you have any questions, you may call or write to Apex Class Action Administration (the Settlement Administrator), using the contact information at the top of this correspondence.

EXHIBIT 2

APEX

CLASS ACTION ADMINISTRATION

Quotation Request:

Harout Messrelian
Messrelian Law
hm@messrelianlaw.com

Case Name:

Ayala v Upperline Health

Date:

Thursday, July 31, 2025

RFP Number:

2018800123

Prepared By:

Michael Sutherland
Apex Class Action LLC
mike@apexclassaction.com
321.223.5067

Settlement Specifications

Number of Aggrieved Employees	145
Certified Language Translation:	Yes
Static Settlement Website	No
Percentage of Undeliverable Mail	20%

Professional Services	Fee Calculation	Rate(s)	Quantity	Estimated Cost
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Data Analytics and Standardization

Import and Standardize Data*	Per Hour	\$125.00	1	\$125.00
Data Analyst	Per Hour	\$150.00	1	\$150.00
*Data provided must be in a workable format. Apex can standardize provided data at an additional cost of \$150/hr.				
Sub Total:				\$275.00

Project Management

Project Management	Per Hour	\$150.00	2	\$300.00
Project Coordinator	Per Hour	\$90.00	2	\$180.00
Data Analyst and Reporting	Per Hour	\$140.00	2	\$280.00
Sub Total:				\$760.00

Toll-Free Contact Center, Website, Reporting & Pre-Distribution

Form Set Up	Per Hour	\$120.00	1	WAIVED
Bilingual Toll-Free Contact Center	Static Rate	\$25.00	1	\$25.00
NCOA Address Update (USPS)	Static Rate	\$25.00	1	\$25.00
Certified Language Translation: Spanish	Static Rate	\$250.00	1	\$250.00
Settlement Status Reports	Static Rate	\$750.00	1	Waived
Sub Total:				\$300.00

APEX

CLASS ACTION ADMINISTRATION

Professional Services	Fee Calculation	Rate(s)	Quantity	Estimated Cost
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Distribution & Settlement Fund Management				
Settlement Calculations	Per Hour	\$120.00	3	\$360.00
Account Management and Reconciliation	Per Hour	\$140.00	3	\$420.00
Print & Mail Distribution Settlement Check (IRS Form 1099 if applicable)	Per Piece	\$1.50	145	\$217.50
USPS First Class Postage	Per Piece	\$0.78	145	\$113.10
Remail Distribution to Updated Address (Skip Trace)	Per Piece	\$2.50	15	\$36.25
Individual Income Tax Preparation & Reporting	Per Hour	\$100.00	5	\$500.00
QSF Income Tax Reporting (per calendar year)	Per Year	\$1,250.00	1	\$1,250.00
Unclaimed Funds: State Controller's Unclaimed Property Fund	Static Rate	\$250.00	1	\$250.00
Sub Total:				\$3,146.85

Post Distribution Reconciliation				
Bank Account Reconciliation	Per Hour	\$135.00	1	\$135.00
Project Management Reconciliation	Per Hour	\$100.00	1	\$100.00
Declarations	Per Hour	\$120.00	1	\$120.00
Sub Total:				\$355.00

WILL NOT EXCEED:				\$4,000.00
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Thank you for your business!

APEX

CLASS ACTION ADMINISTRATION

Terms & Conditions

The following Terms and Conditions govern the provision of all services to be provided by Apex Class Action and its affiliates ("Apex") to the Client. These terms and conditions are binding and shall apply to all services provided by Apex in relation to any related services or products.

1. **Services:** Apex commits to providing the Client with the administrative services detailed in the attached Proposal (the "Services").

2. **Payment Terms:** As compensation for the legal services to be provided, the Client agrees to pay Apex all fees detailed in the Proposal. The fees quoted in the Proposal (and any subsequent proposals for additional services) are estimates based on the information provided to Apex by the Client. Apex makes no representation that the estimated fees in the Proposal or any subsequent proposals for additional services shall equal the actual fees charged by Apex to the Client, which fees (including individual line items) may be greater or less than estimated. If additional services are requested on an hourly basis and are not specifically detailed in the Proposal, Apex will prepare estimates for such services subject to approval by the Client. In the performance of such additional services, Apex will charge standard hourly fees which shall apply.

3. **Incurred Expenses:** In relation to the provision of services outlined in this agreement, the Client agrees to reimburse Apex for all reasonable out-of-pocket expenses incurred. Such expenses may include, but are not limited to, costs associated with postage, media production or publication, banking fees, brokerage fees, messenger and delivery service expenses, travel expenses, filing fees, office supplies, meals, staff overtime expenses, and other related costs and expenses. If not otherwise specified in writing, fees for print notice and certain expenses, such as media publication and postage, must be paid immediately upon invoicing and, in certain cases, at least ten (10) days prior to the date on which such expenses will be incurred.

4. **Invoicing:** Apex shall present invoices for its fees and expenses on a monthly basis, except as provided in Section 3. The Client agrees to pay each invoice within 30 days of receipt. In the event of non-payment within 90 days of the billing date, an additional service charge of 1.5% per month may apply. Apex reserves the right to increase its prices, charges, and rates annually, subject to reasonable adjustments. If any price increases exceed 10%, Apex shall give thirty (30) days' notice to the Client. In the event of any unpaid invoices beyond 120 days of the due date, Apex reserves the right to withhold services and reports until payment is received, subject to notice to the Client. It is important to note that Apex's failure to provide services and reports in such instances shall not constitute a default under this agreement.

5. **Case Duration:** The duration of these Terms and Conditions, except for the data storage obligations stated in Section 13, shall be in effect until 30 days following the completion of the Services as described in the Proposal. The parties may extend these Terms and Conditions in writing for a mutually agreed-upon period beyond this initial 30-day period.

6. **Termination of Services:** Either party may terminate the Services by providing thirty (30) days written notice to the other party. Alternatively, termination may occur immediately upon written notice for Cause, as defined below. Cause means (i) Apex's gross negligence or willful misconduct that causes serious and material harm to the Client; (ii) the Client's failure to pay Apex invoices for more than one hundred twenty (120) days from the date of the invoice; or (iii) the accrual of invoices or unpaid services where Apex reasonably believes it will not be paid. Termination of the Services shall not relieve the Client of its obligation to pay Apex for services rendered prior to the termination.

7. **Independent Contractor:** As an independent contractor, Apex will provide services under the terms of this agreement. It is agreed that neither Apex nor any of its employees will be considered an employee of the Client. Consequently, Apex and its employees will not be eligible for any benefits provided by the Client to its employees. The Client will not make any tax deductions from the payments due to Apex for state or federal tax purposes. Apex will be solely responsible for paying all taxes and other payments due on payments received from the Client under this agreement.

8. **Apex warrants that the Services outlined in the Proposal will be performed in accordance with the standards generally adhered to by professionals providing similar services. It is acknowledged that the Services may entail the likelihood of some human and machine errors, omissions, delays, and losses that may result in damage. However, Apex shall not be held liable for such errors, omissions, delays, or losses unless they are caused by its gross negligence or willful misconduct. In the event of any breach of this warranty by Apex, the Client's sole remedy will be limited to Apex's rerunning, at its expense, any inaccurate output provided that such inaccuracies occurred solely as a result of Apex's gross negligence or willful misconduct under this agreement.**

9. **Limitation of Liability:** The Client acknowledges that Apex shall not be held liable for any consequential, special, or incidental damages incurred by the Client in relation to the performance of Services, whether the claim is based on breach of warranty, contract, tort (including negligence), strict liability, or any other grounds. Under no circumstances shall Apex's liability to the Client, for any Losses (including court costs and reasonable attorney's fees), arising out of or in connection with these Terms and Conditions, exceed the total amount charged or chargeable to the Client for the specific service(s) that caused the Losses.

10. **Indemnification:** The Client agrees to indemnify and hold harmless Apex from any losses, suits, actions, judgments, fines, costs, liabilities, or claims arising from any action or proceeding relating to the Services provided by Apex, regardless of whether or not it results in liability (collectively referred to as "Indemnified Claims"). However, this indemnification provision shall not apply to the extent that such Indemnified Claims are caused by Apex's willful misconduct, gross negligence, or breach of these Terms and Conditions. This provision shall survive termination of the Services.

11. **Confidentiality:** Apex will uphold strict confidentiality between Apex and the Client and applies to all non-public records, documents, systems, procedures, processes, software, and other information received by either party in connection with the performance of services under these terms. Both Apex and the Client agree to keep confidential all such non-public information, including any material marked or identified as confidential or proprietary. Any such confidential information shall not be disclosed, provided, disseminated, or otherwise made available to any third party, except as required to fulfill the parties' obligations under these terms. The parties acknowledge that in the event of any request to disclose any confidential information in connection with a legal or administrative proceeding, or otherwise to comply with a legal requirement, prompt notice of such request must be given to the other party to enable that party to seek an appropriate protective order or other remedy or to waive compliance with the relevant provisions of these terms. If the Client seeks a protective order or another remedy, Apex, at the Client's expense, will cooperate with and assist the Client in such efforts. If the Client fails to obtain a protective order or waives compliance with the relevant provisions of these terms, Apex will disclose only that portion of the confidential information that it determines it is required to disclose. This confidentiality provision shall survive termination of the services provided. Both parties acknowledge and agree that any breach of this confidentiality may cause irreparable harm to the non-breaching party and that injunctive relief may be necessary to prevent any actual or threatened breach. The terms set forth between the parties supersede all prior negotiations, understandings, and agreements between the parties concerning confidentiality. These terms may only be amended in writing and signed by both parties.

12. **Ownership of the programs, system data, and materials provided by Apex to the Client during the course of providing services herein shall solely belong to Apex. It is acknowledged that fees and expenses paid by the Client do not confer any rights in such property. It is also understood that the said property is made available to the Client solely for the purpose of using it during and in connection with the services provided by Apex.**

13. **Upon the completion of the administration and unless retention instructions are ordered by the court, Apex will notify the client that it will destroy and/or return all confidential information and property within 90 days upon the client's written request. Alternatively, the material may be stored for one year at a monthly fee of \$1.50 per storage box for paper documents and \$0.01 per image for electronic copies over a period of three years, which compensates Apex for its electronic and hard-copy storage costs. Apex will not be liable for any damages, liability, or expenses incurred in connection with any delay in delivery of, or damage to disks, magnetic tapes, or any input data provided by the client or its representatives unless Apex has agreed in writing to assume such responsibility.**

14. **COMPLETE AGREEMENT.** These Terms and Conditions, along with the attached Proposal, represent the complete agreement and understanding between the parties and override any prior agreements (whether written or oral) between Apex and the Client regarding the subject matter. Any modification to these Terms and Conditions may only be made in writing and must be signed by both Apex and the Client. The headings in this document are included for convenience only and do not alter or restrict any provisions in these Terms and Conditions. They may not be used in the interpretation of these Terms and Conditions.

15. **This provision outlines the requirements for providing notice or other communication under this agreement. All such communications must be in writing and can be delivered either by personal delivery or through U.S. Mail with prepaid postage or overnight courier. Once delivered personally or sent through the mail, the notice will be considered given after five (5) days from the deposit date in the U.S. Mail. Alternatively, if sent through an overnight courier, the notice will be considered given one business day after delivery to the such courier. It's important to note that the notice must be provided to a responsible officer or principal of the Client or Apex, depending on the case.**

16. **Force Majeure:** In the event of any failure or delay in performance due to circumstances beyond Apex's control, including but not limited to strikes, lockouts, fires, floods, acts of God or public enemy, riots, civil disorders, insurrections, war or war conditions, or interference by civil or military authorities, Apex shall not be held liable for any resulting loss or damage. The time for performance under this agreement shall be extended for a period equal to the duration of the disabling cause and a reasonable time thereafter. This provision shall constitute a force majeure clause and shall be construed accordingly.

17. **The applicable state and federal laws shall govern the interpretation and enforcement of these Terms and Conditions. No choice of law or conflict of laws provisions shall affect this governing law provision.**

18. **Severability:** This applies to all clauses and covenants contained within these Terms and Conditions. In the event that any clause or covenant is deemed invalid, illegal, or unenforceable, the remaining provisions shall remain valid and enforceable to the fullest extent permissible by law. The validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired by the invalidity, illegality, or unenforceability of any provision deemed so.

19. **Nonwaiver:** This applies to these Terms and Conditions. This means that any failure by one party to enforce a provision of these terms on one or more occasions shall not be construed as a waiver of that provision. In other words, any failure to enforce a provision does not give up the right to enforce it in the future. All provisions of these Terms and Conditions remain in full force and effect, regardless of any prior failure to enforce them.

EXHIBIT 3