MEMORANDUM OF UNDERSTANDING

Cinnamon Johnson and Lucia Zelaya v. ASLB, LLC and Stephen Thompson

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This Memorandum of Understanding (MOU) pertains to the lawsuit entitled *Cinnamon Johnson and Lucia Zelaya v. ASLB, LLC d/b/a Bixby Towers Post Acute and Stephen Thompson*, filed in Los Angeles Superior Court, Case No. 24STCV13710.

This MOU is entered into with an effective date of May 1, 2025, by and between Plaintiff Cinnamon Johnson, on behalf of herself and aggrieved employees; Plaintiff Lucia Zelaya, on behalf of herself and aggrieved employees; and Defendant ASLB, LLC, through their undersigned counsel.

In the above-captioned lawsuit, Plaintiffs Cinnamon Johnson and Lucia Zelaya asserted a claim under the Private Attorneys General Act (PAGA), alleging violations of labor laws (the "PAGA Claims").

Hereinafter, Plaintiff Cinnamon Johnson and Plaintiff Lucia Zelaya shall collectively be referred to as "Plaintiffs;" Defendant ASLB, LLC and Defendant Stephen Thomphson shall collectively be referred to as "Defendants;" and, together, Plaintiffs and Defendants shall be referred to as the "Parties."

1. **PAGA Employee Group:** The PAGA Employee Group will consist of all non-exempt employees who worked at ASLB, LLC ("ASLB") in California at any time between May 31, 2023, and July 1, 2025, or potentially a different date if the escalator clause set forth below is triggered ("PAGA Period").

2. **PAGA Gross Settlement Amount:** The gross settlement amount ("GSA") is One Hundred Forty Thousand Three Hundred Ninety One Dollars and Fifty Cents ($140,391.50). Defendant ASLB, LLC shall also reimburse Plaintiff's portion of the mediator's fee in the amount of seven thousand dollars. The GSA includes all aggrieved employees and LWDA payments, Plaintiffs Cinnamon Johnson's and Lucia Zelaya's enhancement awards, attorney's fees, costs, and third-party administration costs. This sum is the maximum settlement payout that ASLB shall be required to make under the terms of the parties' settlement agreement pertaining to the PAGA Claims.

3. **PAGA Escalator Clause:** The PAGA Settlement is based on an estimate that there are 4,603 pay periods worked by aggrieved employees during the PAGA Period through July 1, 2025. If the number of pay periods worked by aggrieved employees during the PAGA Period exceeds 5,063 (i.e., 10 % more than the number of pay periods estimated as of July 1, 2025), then the PAGA Settlement will increase by one percent for every one percent over the ten percent threshold.

4. **Net Settlement Amount:** Attorney's fees, costs, Plaintiffs' enhancement awards, and settlement administration costs will be deducted from the GSA to calculate the Net Settlement Amount ("NSA") to be distributed 75% to the LWDA and 25% to the PAGA Employee Group.

5. **<u>Net Settlement Fund Designation/Characterization of Settlement Payments</u>:** 100% penalties and interest.

6. **<u>PAGA Attorney's Fees</u>:** Defendants will not oppose a request for attorney's fees of up to one-third of the GSA. Any portion of the fee allocation not approved by the Court will be allocated to the NSA.

7. **<u>PAGA Litigation Costs</u>:** Defendants will not oppose a request for reimbursement of actual PAGA litigation costs, which will be paid from the GSA. Any unused funds for this cost allocation will be allocated to the NSA.

8. **<u>PAGA Enhancement Award</u>:** Defendants will not oppose Plaintiff Cinnamon Johnson's request for a PAGA representative enhancement award of $7,500 provided that she signs a general release and a waiver of *Civil Code* section 1542 rights. Any portion of the fee allocation not approved by the Court will be allocated to the NSA. Defendants will not oppose Plaintiff Lucia Zelaya's request for a PAGA representative enhancement award of $7,500 provided that she signs a general release and a waiver of *Civil Code* section 1542 rights. Any portion of the fee allocation not approved by the Court will be allocated to the NSA.

9. **<u>PAGA Settlement Administration Costs</u>:** The Parties will not oppose a request for reimbursement for the Settlement Administrator's costs, which will be paid from the GSA. Any unused funds for this cost allocation will be allocated to the NSA.

10. **<u>PAGA Settlement Administration/Distribution Procedure</u>:** Within thirty (30) calendar days of a Court order and judgment approving this settlement, Defendants shall: (i) transfer the full GSA to the Settlement Administrator, and (ii) provide the Settlement Administrator, which shall be formatted as a Microsoft Excel spreadsheet or Microsoft Word Document, with the following information for each PAGA Employee: his/her full name; social security number; last known address; and his/her number of compensable pay periods during the PAGA period.

    Within fourteen (14) calendar days of receiving the GSA and this information, the Settlement Administrator will make all payments provided under this settlement including: (1) payment of attorney's fees and costs to Plaintiffs' Counsel, (2) payment of the service awards to Plaintiffs Cinnamon Johnson and Lucia Zelaya, (3) payment to the LWDA for PAGA penalties, (4) payment to PAGA Employees, and (5) payment of the Settlement Administration Costs. Disbursement of the attorney's fees and costs, and the payment of the service award to Plaintiffs Cinnamon Johnson and Lucia Zelaya shall not precede disbursement of the payments to PAGA Employees.

    With respect to payments to PAGA Employees, the individual portions paid to each PAGA Employee from the Net Settlement Amount will be calculated pro rata based on the number of pay periods worked in the PAGA Period. The Settlement Administrator shall send by first-class mail, at their last known address, the court-approved notice of this settlement, along with their payment. The Settlement Administrator will skip trace and re-mail all returned, undelivered mail within ten (10) days of receiving notice that a notice was undeliverable. Funds from uncashed or returned checks pertaining to the PAGA Claims will be distributed to the California State Bar's Justice Gap Fund.

11. **PAGA Release of Claims:** Upon full funding of the GSA, Plaintiff Cinnamon Johnson, Plaintiff Lucia Zelaya, and each member of the PAGA Employee Group shall release ASLB, LLC, Stephen Thompson, and each of their respective former, present and future owners, parents, and subsidiaries, and all of their current, former and future representatives, affiliates, spouse(s), children, officers, directors, members, managers, employees, consultants, partners, shareholders, joint venturers, agents, predecessors, successors, assigns, accountants, insurers, reinsurers, and legal representatives (collectively the "Released Parties"), from any and all claims under PAGA that Plaintiffs Cinnamon Johnson and Lucia Zelaya, on behalf of herself and the State of California, alleged or could have alleged, in the Complaint and the PAGA Notice Letter dated May 31, 2024 for the period from May 31, 2023 through July 1, 2025. The members of the PAGA Employee Group other than the named plaintiffs are only releasing their claims under PAGA.

12. **Named Plaintiffs' Release of Claims:** Plaintiffs agree to further release the Released Parties from any and all claims, demands, rights, liabilities, and/or causes of action, of any form whatsoever, including but not limited to those which arose out of or are in any way connected with Plaintiffs' employment with any Defendant, including but not limited to those arising under federal, state or local wage-and-hour laws, rules, or regulations, whether known or unknown, unforeseen, unanticipated, unsuspected or latent, which Plaintiffs now own or hold or has at any time owned or held, that have been or could have been asserted by Plaintiffs, their heirs, family members, executors, administrators, attorneys, agents, representatives, successors, and/or assigns, whether directly, indirectly, representatively, derivatively or in any other capacity, arising at any time prior to the date that the court grants approval of the settlement. As to Plaintiffs' Released Claims, upon receipt of the considerations set forth in this MOU, Plaintiffs agree to waive all rights and benefits under the terms of section 1542 of the California Civil Code. Section 1542 reads as follows:

> **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.**

Notwithstanding the provisions of section 1542, and for the purpose of implementing a full and complete release and discharge of all of their Released Claims, Plaintiffs expressly acknowledge that this Settlement is intended to include in its effect, without limitation, all Released Claims which Plaintiffs do not know or suspect to exist in their favor at the time of execution hereof, and that the Settlement contemplates the extinguishment of all such Released Claims.

The Releases set forth in this MOU do not extend to any Workers' Compensation claims of Plaintiffs, which claims if any are expressly excluded from these Releases.

13. **Dismissal:** Plaintiffs Cinnamon Johnson and Lucia Zelaya will ensure that the PAGA Claims are dismissed with prejudice upon the Court's approval of the settlement and full funding of the GSA.

14. **Settlement Agreement Procedure:** The Parties intend to enter into a more formal "Long Form" PAGA Settlement Agreement consistent with the terms of this MOU. The Parties pledge their good faith and fair dealing in supporting the approval of this settlement by the Court. Plaintiffs' Counsel will prepare the initial draft of the Long Form PAGA Settlement Agreement within ten (10) days of the execution of this Memorandum. Defendants will have an opportunity to review and propose changes to the Long Form PAGA Settlement Agreement. The Parties will endeavor to conclude and execute the settlement agreement within fourteen (14) days thereafter.

15. **Enforceability:** Should the Parties fail to execute the more formal settlement agreement, this MOU will be final, binding, and enforceable pursuant to California Code of Civil Procedure section 664.6.

16. **Drafting of the PAGA Settlement Approval Papers**: In addition to drafting the PAGA long-form settlement agreement, Plaintiffs' counsel will draft a stipulation and proposed order for court approval of PAGA settlement, and, if necessary, a motion for court approval of PAGA settlement. Defendants will have the opportunity to review the stipulation and proposed order or any motion at least five (5) days before it is filed. The Parties agree to use good-faith efforts to timely prepare, review, and finalize the long-form settlement agreement. The Parties shall negotiate in good faith to resolve all other issues necessary to effectuate the settlement contemplated herein, including, but not limited to, obtaining approval from the Court.

17. **Non-Admission of Liability:** Defendants expressly deny the allegations asserted in this action and/or any wrongdoing toward or liabilities of any kind to Plaintiffs or any members of the purported PAGA Employee Group. Defendants enter into this settlement agreement for the sole purpose of resolving this matter, securing their peace, and avoiding ongoing litigation costs. Neither this MOU nor the final forms of settlement shall constitute an admission on behalf of any Defendant.

18. **Confidentiality:** Plaintiffs agree to keep the facts and terms of this MOU confidential to the fullest extent possible under applicable law.

19. **Representation:** Plaintiffs and their counsel represent and warrant that they are not currently aware of any: (a) unalleged claims against Defendants in addition to, or different from, those which are finally and forever settled and released against Defendants by this settlement; or (b) unalleged facts or legal theories upon which any claims or causes of action could be brought against Defendants, except such facts and theories specifically alleged in the operative complaint in this action.

    Plaintiffs and their counsel further represent that, other than this action, they have no current intention of asserting any other claims against Defendants in any judicial or administrative forum, including but limited to any class or PAGA claims. Plaintiffs and their counsel represent that they do not currently know of or represent any persons who have expressed any interest in pursuing litigation or seeking any recovery against Defendants.

20. **Advice of Counsel**: The Parties to this MOU are represented by competent counsel, and they have had an opportunity to consult with counsel. The Parties to this MOU agree that it reflects their good faith compromise, based upon their assessment of the mutual risks and costs of further litigation and the assessments of their respective counsel.

21. **Stay of Litigation**: The Parties agree that upon the signing of this MOU, litigation in this matter shall be stayed.

22. **Counterparts and Signatures**: This MOU may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. The Parties agree that a facsimile, PDF, or electronic signatures shall be deemed to be as valid and enforceable as original ink signatures. The Parties further agree that they may use DocuSign, an electronic signature technology, to expedite the execution of this Agreement, pursuant to California Civil Code § 1633.7.

Dated: Jun 6, 2025

PLAINTIFF CINNAMON JOHNSON

Cinnamon Johnson (Jun 6, 2025 14:47 PDT)

Cinnamon Johnson

Dated: Jun 10, 2025

PLAINTIFF LUCIA ZELAYA

Lucia zelaya (Jun 10, 2025 11:17 PDT)

Lucia Zelaya

Dated: ____________________

DEFENDANT ASLB, LLC

Name: ____________________

Title: ____________________

Dated: Jun 6, 2025

BARAHMAND LAW GROUP

Navid Barahmand
Counsel for Plaintiffs Cinnamon Johnson and Lucia Zelaya

Dated: ____________________

MARTIN LAW FIRM, PC

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David L. Martin
Briana N. Peters
Attorneys for Defendants ASLB, LLC and Stephen Thompson

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Dated: ________________________

PLAINTIFF CINNAMON JOHNSON

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Cinnamon Johnson

Dated: ________________________

PLAINTIFF LUCIA ZELAYA

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Lucia Zelaya

Dated: 6/17/2025

DEFENDANT ASLB, LLC

Signed by:
Anthony Ward
38176FFBA3594F4...

Name: Anthony Ward

Title: Administrator

Dated: ________________________

BARAHMAND LAW GROUP

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Navid Barahmand
Counsel for Plaintiffs Cinnamon Johnson and Lucia Zelaya

Dated: 6/30/2025

MARTIN LAW FIRM, PC

David Martin
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David L. Martin
Briana N. Peters
Attorneys for Defendants ASLB, LLC and Stephen Thompson