

STIPULATION OF SETTLEMENT

This Stipulation of Settlement (“Settlement Agreement” or “Settlement”) is reached by and between Plaintiff Cheryl Garay (“Plaintiff”), individually and on behalf of all members of the Settlement Class (defined below), on the one hand, and Defendant Marna Health Services, Inc. doing business as Hillcrest Nursing Home (“Defendant”), on the other hand. Plaintiff and Defendant are referred to herein collectively as the “Parties.” Plaintiff and the Settlement Class are represented by Scott M. Lidman, Milan Moore, and Tiara Gose-Hardy of Lidman Law, APC and Paul K. Haines of Haines Law Group, APC (collectively, “Class Counsel”). Defendant is represented by Jacob G. Reinhardt and Iustina G. Mignea of Gould, Hahn, & Reinhardt, PLC and Cari A. Cohorn of Workplace Legal, A Professional Law Corporation.

On June 11, 2024, Plaintiff filed a Complaint against Defendant in San Bernardino County Superior Court, in the matter entitled *Cheryl Garay v. Marna Health Services, Inc. dba Hillcrest Nursing Home*, Case No. CIVSB2419464 (the “Class Action”), alleging the following claims: (i) failure to pay all overtime wages owed; (ii) failure to pay all minimum wages owed; (iii) failure to provide meal periods; (iv) failure to authorize and permit all required rest periods; (v) failure to reimburse necessary business expenses; (vi) failure to provide accurate, itemized wage statements; and (vii) failure to pay all wages upon termination of employment. As a result of the foregoing alleged violations, Plaintiff contends that Defendant is further liable to Plaintiff and the Settlement Class (defined below) because it engaged in unfair competition.

By letter dated June 11, 2024, Plaintiff gave written notice by certified mail to Defendant and by online submission to the Labor Workforce & Development Agency (“LWDA”) of the specific provisions of the California Labor Code that Plaintiff alleged in the Class Action that Defendants violated. A copy of Plaintiff’s June 11, 2024 letter to the LWDA is attached hereto as **Exhibit A**.

On August 16, 2024, Plaintiff filed a First Amended Complaint (the “Operative Complaint”) adding a single cause of action under the California Private Attorneys General Act (“PAGA”) based on the Labor Code violations alleged in her June 11, 2024 letter to the LWDA.

Given the uncertainty of litigation, Plaintiff and Defendant wish to settle both individually and on behalf of the Settlement Class and the aggrieved employees. Accordingly, Plaintiff and Defendant agree as follows:

1. **Settlement Class.** For the purposes of this Settlement Agreement only, Plaintiff and Defendant stipulate to the certification of the following Settlement Class:

All current and former non-exempt, hourly employees of Defendant Marna Health Services, Inc. dba Hillcrest Nursing Home who worked at any time in California during the Class Period.

For purposes of this Settlement Agreement, the “Class Period” shall mean the time period of June 11, 2020 through August 9, 2025 or the date of preliminary approval by the Court of the Settlement, whichever is earlier.

The Parties agree that certification for purposes of this Settlement Agreement is not an admission that class certification is proper under Section 382 of the Code of Civil Procedure. If for any reason this Settlement Agreement is not approved or is terminated, in whole or in part, this conditional agreement to class certification will be inadmissible and will have no effect in this matter or on any claims brought on the same or similar allegations, and the Parties shall revert to the respective positions they held prior to entering into the Settlement Agreement.

2. **PAGA Employees.** For the purposes of this Settlement Agreement only, Plaintiff and Defendant stipulate to the following definition of PAGA Employees:

All current and former non-exempt, hourly employees of Defendant Marna Health Services, Inc. dba Hillcrest Nursing Home who worked at any time in California during the PAGA Period.

For purposes of this Settlement Agreement, the “PAGA Period” and release under the PAGA shall mean the time period between June 11, 2023 and August 9, 2025 or the date of preliminary approval by the Court of the Settlement, whichever is earlier.

3. **Release by Settlement Class Members and Plaintiff.** Plaintiff and every member of the Settlement Class (except those who timely and properly submit a Request for Exclusion as set forth below) will fully and forever completely release and discharge Defendant, and all of its past and present owners, its past and present officers, directors, shareholders, managers, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, and its respective successors and predecessors in interest, subsidiaries, affiliates, parents and attorneys (collectively the “Released Parties”), as follows:

- A. Settlement Class Members’ Release: Settlement Class Members (except those who timely and properly submit a Request for Exclusion as set forth below) and Plaintiff will release any and all claims, demands, rights, liabilities and causes of action that were pled in the Operative Complaint in the Class Action or arising from the same operative facts and/or allegations as those set forth in the Operative Complaint in the Class Action, that arose during the Class Period defined above including with respect to the following claims: (i) failure to pay all overtime wages owed; (ii) failure to pay all minimum wages owed; (iii) failure to provide meal periods; (iv) failure to authorize and permit all required rest periods; (v) failure to reimburse necessary business expenses; (vi) failure to provide accurate, itemized wage statements; (vii) failure to pay all wages upon termination of employment; and (viii) all claims for unfair business practices that could have been premised on the facts, claims, causes of action or legal theories described above (collectively, the “Released Claims”).
- B. The time period for the release of the Released Claims against the Released Parties shall be the same time period as the Class Period (as defined above in Paragraph 2).
- C. PAGA Release: PAGA Employees (including employees who submit a Request for Exclusion and Plaintiff), will release and forever discharge all claims, demands,

rights, liabilities and causes of action under the California Labor Code Private Attorneys General Act of 2004 against the Released Parties based on the following (and as alleged in the letter to the LWDA dated June 11, 2024): (i) failure to pay all overtime wages owed; (ii) failure to pay all minimum wages owed; (iii) failure to provide all required meal periods; (iv) failure to authorize and permit all required rest periods; (v) failure to reimburse necessary business expenses; (vi) failure to provide accurate, itemized wage statements; (vii) failure to pay all wages upon termination of employment; and (viii) failure to maintain accurate records that occurred during the PAGA Period (collectively, “PAGA Released Claims”).

- D. The time period for the release of the PAGA Released Claims against the Released Parties shall be the same time period as the PAGA Period (as defined above in Paragraph 3).
- E. The releases identified herein will become effective upon the date that Defendant fully funds the Gross Settlement Amount.

4. **Gross Settlement Amount.** As consideration, Defendant agrees, to pay a “Gross Settlement Amount” of Seven Hundred Fifty-Eight Thousand Nine Hundred Dollars and Zero Cents (\$758,900.00) in full and complete settlement of the Action, as follows:

- A. The Parties have agreed to engage Phoenix Settlement Administrators as the “Settlement Administrator” to administer this Settlement. All administrative costs shall be paid from the Gross Settlement Amount.
- B. The Gross Settlement Amount (and employer-side taxes separate from the Gross Settlement Amount) shall be deposited by Defendant into a qualified settlement fund set up by the Settlement Administrator for the benefit of participating Settlement Class Members. Defendant shall fund the Gross Settlement Payment in three separate payments: (1) \$455,340.00 shall be deposited within 65 calendar days following final approval; (2) \$151,780.00 shall be deposited within 90 calendar days of the first payment; and (3) \$151,780.00 shall be deposited within 60 calendar days of the second payment. Should the Escalator Clause (defined below) be triggered and the Gross Settlement Amount increased as a result, any additional funds owed by Defendant shall be deposited at the time of the third payment.
- C. This Settlement shall become effective on the “Effective Date” which is defined as the latter of: (a) the Court’s final approval of the settlement if no objections by or on behalf of Settlement Class Members have been filed; (b) the time for appeal has expired if an objection has been filed and no appeal has been filed or withdrawn; or (c) the final resolution of any appeal that has been filed.
- D. This is a non-reversionary settlement. The Gross Settlement Amount includes:
 - (1) All payments (including interest) to the Settlement Class Members;

- (2) All costs of the Settlement Administrator and settlement administration, which are anticipated to be no greater than Eight Thousand Seven Hundred Fifty Dollars and Zero Cents (\$8,750.00);
 - (3) Up to Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00) for Plaintiff's Class Representative Service Award, in recognition of her contributions to the Action, and her service to the Settlement Class. In the event that the Court reduces or does not approve the requested Class Representative Service Award, Plaintiff shall not have the right to revoke this Settlement Agreement, and this Settlement shall remain binding;
 - (4) Up to one-third of the Gross Settlement Amount currently approximately Two Hundred Fifty-Two Thousand Nine Hundred Sixty-Six Dollars and Sixty-Six Cents (\$252,966.66) (including one-third of any increase to the Gross Settlement Amount pursuant to the Escalator Clause in Paragraph 5.F. below) in Class Counsel's attorneys' fees, plus actual costs and expenses incurred by Class Counsel related to the Action as supported by declaration, which are currently estimated to be no greater than Twenty Thousand Dollars and Zero Cents (\$20,000.00). In the event that the Court reduces or does not approve the requested Class Counsel attorneys' fees or costs, Class Counsel shall not have the right to revoke this Settlement Agreement, and it will remain binding; and
 - (5) Thirty Thousand Dollars and Zero Cents (\$30,000.00) of the Gross Settlement Amount has been set aside by the Parties as PAGA civil penalties. Per Labor Code § 2699(i), seventy-five percent (75%) of such penalties, or Twenty-Two Thousand Five Hundred Dollars and Zero Cents (\$22,500.00) will be payable to the Labor & Workforce Development Agency ("LWDA"), and the remaining twenty-five percent (25%), or Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00), will be payable to certain Settlement Class Members as the "PAGA Amount," as described below.
- E. Defendant's share of payroll taxes shall be paid by Defendant separately from, and in addition to, the Gross Settlement Amount.
- F. **Escalator Clause.** Defendant represents that there are an estimated 20,100 workweeks worked by Settlement Class Members from June 11, 2020 through June 10, 2025 (date of mediation). If the number of workweeks during the Class Period is more than 10% greater than this figure (i.e., if there are more than 22,110 workweeks worked by the Settlement Class Members during the Class Period), Defendant shall either (i) increase the Gross Settlement Amount on a proportional basis equal to the percentage increase in the number of workweeks worked (i.e., if there was an 11% increase in the total workweeks, Defendant would increase the Gross Settlement Amount by 11%), or (ii) limit the Class Period to a date in which the workweeks worked does not exceed 22,110.

5. **Payments to the Settlement Class.** Settlement Class Members are not required to submit a claim form to receive a payment (“Settlement Award”) from the Settlement. Settlement Awards will be determined and paid as follows:

- A. The Settlement Administrator shall first deduct from the Gross Settlement Amount the amounts approved by the Court for Class Counsel’s attorneys’ fees, Class Counsel’s costs and expenses, Plaintiff’s Class Representative Service Award, the Settlement Administrator’s fees and expenses for administration, and the amount designated as PAGA civil penalties payable to the LWDA and the PAGA Employees. The remaining amount shall be known as the “Net Settlement Amount.”
- B. From the Net Settlement Amount, the Settlement Administrator will calculate each Settlement Class Member’s Settlement Award based on the following formula:
 - i. The Net Settlement Amount shall be allocated to Settlement Class Members who worked during the Class Period, as follows: each participating Settlement Class Member shall receive a proportionate settlement share based upon the number of workweeks worked during the Class Period, the numerator of which is the Settlement Class Member’s total workweeks worked during the Class Period, and the denominator of which is the total workweeks worked by all Settlement Class Members who worked during the Class Period.
 - ii. PAGA Amount: Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00) of the Gross Settlement Amount has been designated as the “PAGA Amount” as described above. Each PAGA Employee shall receive a portion of the PAGA Amount proportionate to the number of any periods that he or she worked during the PAGA Period, and which will be calculated by multiplying the PAGA Amount by a fraction, the numerator of which is the PAGA Employee’s number of pay periods worked during this time period, and the denominator of which is the total number of pay periods worked by all PAGA Employees during the PAGA Period.
- C. Within seven (7) calendar days following Defendant’s final deposit of the Gross Settlement Amount and required employer-side payroll taxes with the Settlement Administrator, the Settlement Administrator will calculate Settlement Award amounts and provide the same to counsel for the Parties for review and approval. Within seven (7) calendar days of approval by counsel for the Parties, the Settlement Administrator will prepare and mail Settlement Awards, less applicable taxes and withholdings, to participating Settlement Class Members. The Settlement Administrator shall simultaneously pay the withholdings to the applicable authorities with the necessary reports, submitting copies to Defendant’s counsel.
- D. For purposes of calculating applicable taxes and withholdings, each Settlement Award shall be allocated as follows: Eighty percent (80%) as penalties and interest; and Twenty percent (20%) as wages. The Settlement Administrator will be

responsible for issuing to participating Settlement Class Members IRS Forms W-2 for amounts deemed “wages” and IRS Forms 1099 for the amounts allocated as penalties and interest. Each Settlement Class member who receives a Settlement Award will be responsible for correctly characterizing the payment for tax purposes and for payment of any taxes owing on said amount. Notwithstanding the treatment of the payments to each Settlement Class Member above, none of the payments called for by this Settlement Agreement, including the wage portion, are to be treated as earnings, wages, pay or compensation for any purpose of any applicable benefit or retirement plan, unless required by such plans.

- E. Each Settlement Class Member who receives a Settlement Award must cash the check(s) within 180 days from the date the Settlement Administrator mails it/them. Any funds payable to Settlement Class Members whose checks were not cashed within 180 days after mailing will escheat to the California State Controller’s Office - Unclaimed Property Fund under the unclaimed property laws in the name of the Settlement Class Member.
- F. Neither Plaintiff nor Defendant shall bear any liability for lost or stolen checks, forged signatures on checks, or unauthorized negotiation of checks. Unless responsible by its own acts of omission or commission, the same is true for the Settlement Administrator.

6. **Attorneys’ Fees and Costs.** Defendant will not object to Class Counsel’s request for a total award of attorneys’ fees of one-third of the Gross Settlement Amount (including one-third of any increase to the Gross Settlement Amount pursuant to the Escalator Clause in Paragraph 5.F. above), which is currently estimated to be Two Hundred Fifty-Two Thousand Nine Hundred Sixty-Six Dollars and Sixty-Six Cents (\$252,966.66). Additionally, Class Counsel will request an award of actual costs and expenses as supported by declaration, in an amount not to exceed Twenty Thousand Dollars and Zero Cents (\$20,000.00) from the Gross Settlement Amount. These amounts will cover any and all work performed and any and all costs incurred in connection with this litigation, including without limitation: all work performed and all costs incurred to date; and all work to be performed and costs to be incurred in connection with obtaining the Court’s approval of this Settlement Agreement, including any objections raised and any appeals necessitated by those objections. Class Counsel will be issued an IRS Form 1099 by the Settlement Administrator when the Settlement Administrator pays the fee award allowed by the Court.

7. **Class Representative Service Award.** Defendant will not object to a request for a Class Representative Service Award of up to Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00) to Plaintiff for her time and risk in prosecuting this case, and her service to the Settlement Class. This award will be in addition to Plaintiff’s Settlement Award as a Settlement Class member and shall be reported on an IRS Form 1099 issued by the Settlement Administrator. In the event that the Court reduces or does not approve the requested Service Award, Plaintiff shall not have the right to revoke this Settlement, and it will remain binding.

8. **Settlement Administrator.** Defendant will not object to the appointment of Phoenix Settlement Administrators as the Settlement Administrator. Defendant will not object to Plaintiff’s seeking permission to pay up to Eight Thousand Seven Hundred Fifty Dollars and Zero Cents

(\$8,750.00) for its services from the Gross Settlement Amount. The Settlement Administrator shall be responsible for sending notices and for calculating Settlement Awards and preparing all checks and mailings, calculating Defendant's share of taxes payable on the wages, which shall be paid by Defendant separate and apart from the Gross Settlement Amount, and other duties as described in this Settlement Agreement. The Settlement Administrator shall be authorized to pay itself from the Gross Settlement Amount by Class Counsel only after Settlement Awards have been mailed to all participating Settlement Class Members.

9. **Preliminary Approval.** Within a reasonable time after execution of this Settlement Agreement by the Parties, Plaintiff shall apply to the Court for the entry of an Order:

- A. Conditionally certifying the Settlement Class for purposes of this Settlement Agreement;
- B. Appointing Scott M. Lidman, Milan Moore and Tiara Gose-Hardy of Lidman Law, APC and Paul K. Haines of Haines Law Group, APC as Class Counsel;
- C. Appointing Cheryl Garay as Class Representative for the Settlement Class;
- D. Approving Phoenix Settlement Administrators as Settlement Administrator;
- E. Preliminarily approving this Settlement Agreement and its terms as fair, reasonable, and adequate;
- F. Approving the form and content of the Notice Packet (which is comprised of the Notice of Pendency of Class Action and Settlement and Notice of Settlement Award, drafts of which are attached collectively hereto as **Exhibit B**), and directing the mailing of same; and
- G. Scheduling a Final Approval hearing.

10. **Notice to Settlement Class.** Following preliminary approval, the Settlement Class shall be notified as follows:

- A. Within ten (10) business days after entry of an order preliminarily approving this Agreement, Defendant will provide the Settlement Administrator with the names, last known addresses, phone numbers, social security numbers, the dates of employment and the number of workweeks worked by each Settlement Class Member while employed during the Class Period (the "Class Data"). The Class Data shall be provided to the Settlement Administrator in an electronic format satisfactory to the Settlement Administrator.
- B. Within ten (10) business days from receipt of this information, the Settlement Administrator shall (i) run the names of all Settlement Class Members through the National Change of Address ("NCOA") database to determine any updated addresses for Settlement Class Members; (ii) update the address of any Settlement Class member for whom an updated address was found through the NCOA search; (iii) calculate the estimated Settlement Award for each Settlement Class member;

and (iv) mail a Notice Packet to each Settlement Class Member at his or her last known address or at the updated address found through the NCOA search, and retain proof of mailing.

- C. Requests for Exclusion. Any Settlement Class Member who wishes to opt-out of the Settlement must complete and mail a Request for Exclusion (defined below) to the Settlement Administrator within sixty (60) calendar days of the date of the initial mailing of the Notice Packets (the "Response Deadline").
- i. The Notice Packet shall state that Settlement Class Members who wish to exclude themselves from the Settlement must submit a Request for Exclusion by the Response Deadline. The Request for Exclusion must: (1) contain the name, address, telephone number and the last four digits of the Social Security number of the Settlement Class Member; (2) contain a statement that the Settlement Class Member wishes to be excluded from the Settlement; (3) be signed by the Settlement Class Member; and (4) be postmarked by the Response Deadline and mailed to the Settlement Administrator at the address specified in the Class Notice. If the Request for Exclusion does not contain the information listed in (1)-(3), it will not be deemed valid for exclusion from the Settlement, except a Request for Exclusion not containing a Class Member's telephone number and/or last four digits of the Social Security number will be deemed valid. The date of the postmark on the Request for Exclusion shall be the exclusive means used to determine whether a Request for Exclusion has been timely submitted. Any Settlement Class Member who requests to be excluded from the Settlement Class will not be entitled to any recovery under this Settlement Agreement and will not be bound by the terms of the Settlement or have any right to object, appeal or comment thereon.
 - ii. The Parties agree that there is no statutory or other right for any Settlement Class Member to opt out or otherwise exclude himself or herself from the PAGA portion of the Settlement. A Settlement Class Member who submits a valid and timely Request for Exclusion shall still receive his or her proportionate share of the PAGA Amount.
- D. Objections. Members of the Settlement Class who do not request exclusion may object to this Settlement Agreement as explained in the Class Notice by filing a written objection with the Settlement Administrator (who shall serve all objections as received on Class Counsel and Defendant's counsel, as well as file all such objections with the Court). Defendant's counsel and Class Counsel shall file any responses to objections no later than the deadline to file the Motion for Final Approval. To be valid, any written objection must: (1) contain the objecting Settlement Class Member's full name and current address, as well as contact information for any attorney representing the objecting Settlement Class member for purposes of the objection; (2) include all objections and the factual and legal bases for same; (3) include any and all supporting papers, briefs, written evidence, declarations, and/or other evidence; and (4) be postmarked no later than the Response Deadline. Settlement Class Members who do not request exclusion may

also object to the Settlement by appearing at the Final Approval Hearing irrespective of whether they submitted any written objections.

- E. Notice of Settlement Award / Disputes. Each Notice Packet mailed to a Settlement Class Member shall disclose the amount of the Settlement Class Member's estimated Settlement Award as well as all of the information that was used from Defendant's records in order to calculate the Settlement Award, including the Settlement Class Member's number of workweeks worked during the Class Period and the number of pay periods worked during the PAGA Period. Settlement Class Members will have the opportunity, should they disagree with Defendant's records regarding the information stated in the Notice of Settlement Award, to provide documentation and/or an explanation to show contrary information. Any such dispute, including any supporting documentation, must be mailed to the Settlement Administrator and postmarked by the Response Deadline. If there is a dispute, the Settlement Administrator will consult with the Parties to determine whether an adjustment is warranted. The Settlement Administrator shall determine the eligibility for, and the amounts of, any Settlement Awards under the terms of this Settlement Agreement. The Settlement Administrator's determination of the eligibility for and amount of any Settlement Award shall be binding upon the Settlement Class Member and the Parties, unless the Court determines otherwise.
- F. Any Notice Packets returned to the Settlement Administrator as non-delivered on or before the Response Deadline shall be re-mailed to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator shall make reasonable efforts, including utilizing a "skip trace," to obtain an updated mailing address within five (5) business days of receiving the returned Notice Packet. If an updated mailing address is identified, the Settlement Administrator shall resend the Notice Packet to the Settlement Class member immediately, and in any event within three (3) business days of obtaining the updated address. The address identified by the Settlement Administrator as the current mailing address shall be presumed to be the best mailing address for each Settlement Class Member. Settlement Class Members to whom Notice Packets are re-mailed after having been returned as undeliverable to the Settlement Administrator shall have fourteen (14) calendar days from the date of re-mailing, or until the Response Deadline has expired, whichever is later, to submit a Request for Exclusion, Objection, or dispute. Notice Packets that are re-mailed shall inform the recipient of this adjusted deadline. Nothing else shall be required of, or done by, the Parties, Class Counsel, or Defendant's Counsel to provide notice of the proposed settlement.

11. **Final Approval.** Following preliminary approval and the close of the period for filing Requests for Exclusion, objections, or disputes under this Settlement Agreement, Plaintiff shall apply to the Court for entry of an Order:

- A. Granting final approval to the Settlement Agreement and adjudging its terms to be fair, reasonable, and adequate;

- B. Approving Plaintiff's and Class Counsel's application for attorneys' fees and costs, Class Representative Service Award, and settlement administration costs; and
- C. Entering judgment pursuant to California Rule of Court 3.769.

12. **Non-Admission of Liability.** Nothing in this Settlement Agreement shall operate or be construed as an admission of any liability or that class certification is appropriate in any context other than this Settlement. In particular, but without limiting the generality of the foregoing, nothing about this Settlement Agreement shall be offered or construed as an admission of liability, wrongdoing, impropriety, responsibility, or fault whatsoever on the part of Defendant and/or the Released Parties, and it shall not be construed as or deemed to be evidence of, or an admission or concession that the any Settling Class member has suffered any damage. Each of the Parties has entered into this Settlement Agreement to avoid the burden and expense of further litigation. Pursuant to California Evidence Code Section 1152, this Settlement Agreement is inadmissible in any proceeding, except a proceeding to approve, interpret, or enforce this Settlement Agreement. If Final Approval does not occur, the Parties agree that this Settlement Agreement is void, but remains protected by California Evidence Code Section 1152.

13. **Non-disclosure and Non-publication.** Plaintiff and Class Counsel agree not to disclose or publicize the Settlement Agreement contemplated herein, the fact of the Settlement Agreement, its terms or contents, or the negotiations underlying the Settlement Agreement, in any manner or form, directly or indirectly, to any person or entity, except to Settlement Class Members and as shall be contractually required to effectuate the terms of the Settlement Agreement as set forth herein. However, for the limited purpose of allowing Class Counsel to prove adequacy as class counsel in other actions, Class Counsel may disclose the names of the Parties in this Action, the venue/case number of this Action, and a general description of the Action, to a court in a declaration by Class Counsel. Class Counsel may also include a general description of the Settlement on their respective websites but may not include the name(s) of any of the Parties, or the case name or case number of the Action. The Parties will, to the maximum extent possible, maintain the confidentiality of the terms of the Confidential Individual Settlement. Should the Court require disclosure of the amount of the Confidential Individual Settlement, the Parties agree that such disclosure should be made under seal and/or that any examination by the Court of the Confidential Individual Settlement be conducted *in camera*. Defendant shall be responsible for making such request to the Court.

14. **Legal Developments.** The Parties agree that Plaintiff will submit to the Court a motion for preliminary approval of this Settlement containing all of the terms and conditions contained herein notwithstanding any new legal developments regarding the Released Claims.

15. **Waiver and Amendment.** The Parties may not waive, amend, or modify any provision of this Settlement Agreement except by a written agreement signed by all of the Parties, and subject to any necessary Court approval. A waiver or amendment of any provision of this Settlement Agreement will not constitute a waiver of any other provision.

16. **Attorneys' Fees:** In the event of any dispute arising out of the interpretation, performance, or breach of any provision of this Settlement Agreement, the prevailing party in such dispute(s) shall be entitled to recover her and/or its reasonable attorneys' fees and costs incurred arising from

such dispute. The Parties further agree that the time within which to bring the Action to trial under CCP Section 583.310 shall be tolled from the date of the signing of this Agreement by all Parties until the entry of the final approval order and judgment or the Court's denial of a preliminary approval motion or final approval motion, whichever is later.

17. **Notices.** All notices, demands, and other communications to be provided concerning this Settlement Agreement shall be in writing and delivered by receipted delivery and by e-mail at the addresses set forth below, or such other addresses as either Party may designate in writing from time to time:

if to Defendant: Jacob G. Reinhardt of Gould, Hanh & Reinhardt, PLC, 2550 Ninth Street, Suite 101, Berkeley, California 94710; jake@gouldhahn.com

if to Plaintiff: Scott M. Lidman, Milan Moore, and Tiara Gose-Hardy of Lidman Law, APC, 2155 Campus Drive, Suite 150, El Segundo, California 90245; slidman@lidmanlaw.com, mmoore@lidmanlaw.com, and tgose@lidmanlaw.com

Paul K. Haines, Haines Law Group, APC, 2155 Campus Drive, Suite 180, El Segundo, California 90245; phaines@haineslawgroup.com

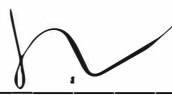
18. **Cooperation.** The Parties agree to work cooperatively, diligently and in good faith to ensure that all documents necessary to effectuate this Settlement are properly and timely filed.

19. **Entire Agreement.** This Settlement Agreement contains the entire agreement between the Parties with respect to the transactions contemplated hereby, and supersedes all negotiations, presentations, warranties, commitments, offers, contracts, and writings prior to the date hereof relating to the subject matters hereof.

20. **Counterparts.** This Settlement Agreement may be executed by one or more of the Parties on any number of separate counterparts by facsimile, electronic signature, scan or email, and delivered electronically, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

DATED: July 23, 2025

DEFENDANT MARNA HEALTH SERVICES, INC.

By: 

Its: CEO

DATED:

PLAINTIFF CHERYL GARAY

By:  _____
Cheryl Garcia (Jul 18, 2025 11:31 PDT)
Plaintiff and Settlement Class Representative

APPROVED AS TO FORM:

DATED: GOULD, HAHN, & REINHARDT, PLC

By: _____
Jacob G. Reinhardt
Attorneys for Defendant

DATED: WORKPLACE LEGAL, APLC

By: _____
Cari A. Cohorn
Attorneys for Defendant

DATED: LIDMAN LAW, APC

By: _____
Scott M. Lidman
Attorneys for Plaintiff

DATED: HAINES LAW GROUP, APC

By: _____
Paul K. Haines
Attorneys for Plaintiff

By: _____
Plaintiff and Settlement Class Representative

APPROVED AS TO FORM:

DATED: 07 / 24 / 2025

GOULD, HAHN, & REINHARDT, PLC

By:  _____
Jacob G. Reinhardt
Attorneys for Defendant

DATED: 07 / 24 / 2025

WORKPLACE LEGAL, APLC

By:  _____
Cari A. Cohorn
Attorneys for Defendant

DATED: July 24, 2025

LIDMAN LAW, APC

By:  _____
Scott M. Lidman
Attorneys for Plaintiff

DATED: July 24, 2025

HAINES LAW GROUP, APC

By:  _____
Paul K. Haines
Attorneys for Plaintiff

EXHIBIT A

LIDMAN LAW

2155 CAMPUS DRIVE, SUITE 150, EL SEGUNDO, CA 90245

OFFICE: (424) 322-4772

FAX: (424) 322-4775

June 11, 2024

VIA LWDA WEBSITE

Labor and Workforce Development Agency
Attn: PAGA Administrator
1515 Clay Street, Suite 801
Oakland, CA 94612

**VIA U.S. CERTIFIED MAIL – RETURN
RECEIPT REQUESTED**

Marna Health Services, Inc.
4280 Cypress Dr.
San Bernardino, CA 92407

Re: *Cheryl Garay v. Marna Health Services, Inc. dba Hillcrest Nursing Home*

To Whom It May Concern:

Please be advised that this law firm represents Cheryl Garay (“Ms. Garay”) in claims arising from her employment with Marna Health Services, Inc. dba Hillcrest Nursing Home (“Defendant”). Ms. Garay is an “aggrieved employee” as defined by Labor Code sections 2699, *et seq.* due to Defendant’s numerous violations of the Labor Code as set forth below. The purpose of this letter is to comply with Labor Code section 2699.3, which requires aggrieved employees to notify their employer and the Labor and Workforce Development Agency (“LWDA”) of the specific provisions of the Labor Code allegedly violated. For purposes of this letter, an “aggrieved employee” should be considered to include all current and former hourly, non-exempt employees working for Defendant in California during the one year immediately preceding the date of this letter through the present date, and continuing through a civil judgment if the LWDA takes no action and Ms. Garay files a civil lawsuit seeking civil penalties.

Defendant does business by being a long term care nursing facility. Ms. Garay, a former employee, was employed by Defendant as a non-exempt employee from approximately August 1, 2023 through approximately May 21, 2024. During her employment with Defendants, Plaintiff held the job title of Certified Nursing Assistant. Her duties included taking care of and monitoring patients daily. Her job consisted of feeding, changing, showering, dressing and transferring patients. Plaintiff performed her work duties at Defendants’ location in San Bernardino, California.

Ms. Garay was generally scheduled to work four days a week, with a schedule from 2:30 p.m. to 10:30 p.m., but would sometimes work additional days during the week depending on the work. Despite her scheduled hours, Plaintiff often worked additional time both before and after her scheduled shift such that she would often work more than 8 hours in a workday.

During Ms. Garay’s employment with Defendant, Defendant maintained a uniform policy or practice of failing to accurately record all time worked by Ms. Garay and other non-exempt employees.

Throughout Ms. Garay's employment with Defendant, Defendant would keep track of Ms. Garay's time worked and would unlawfully shave Ms. Garay's work time and/or round Ms. Garay's work time such that Ms. Garay would not be fully paid for all time worked. This time shaving/rounding practice utilized by Defendant was not-even handed over time and would round and shave in Defendant's favor such that Ms. Garay was routinely underpaid for her time worked. Further, during Ms. Garay's employment with Defendant, she often worked in excess of 8 hours per workday and/or 40 hours per work week, and therefore, had Ms. Garay been properly paid for all of the time that she actually worked, she would have been paid additional minimum and/or overtime wages. This practice by Defendant resulted in Defendant not properly tracking the time worked by Ms. Garay, and also resulted in Defendant paying Ms. Garay less than she was owed for the work he performed, including failing to pay her all required minimum and overtime wages.

Throughout Ms. Garay's employment with Defendants, she was not provided all required meal periods due to Defendants' meal period policies and practices, which fail to provide 30-minute first meal periods before the end of the fifth hour of work. Specifically, due to the work demands imposed by Defendants and the nature of the work of caring for elderly patients, Plaintiff's meal periods were missed, untimely, short, interrupted and/or otherwise unlawful.

Although Ms. Garay was not provided with all legally-compliant meal periods to which she was entitled, Defendant failed to compensate Ms. Garay with the required meal period premium for each workday in which she experienced a meal period violation as mandated by Labor Code § 226.7.

In addition, throughout Ms. Garay's employment with Defendant, Ms. Garay was not authorized and permitted to take legally required rest periods due to Defendant's unlawful rest period policies and practices. Defendant's rest period policies and practices fail to authorize and permit paid rest periods for every four hours worked, or major fraction thereof, and Ms. Garay's work duties prevented her from being able to take off-duty rest periods at all times required by law.

On those occasions when Ms. Garay was not authorized and permitted to take all legally-compliant rest periods to which she was entitled, Defendant failed to compensate Ms. Garay with the required rest period premium for each workday in which she experienced a rest period violation as mandated by Labor Code § 226.7.

During Ms. Garay's employment with Defendant, Ms. Garay was required to use her personal cellular phone to discharge his duties as well as incur expenses on various materials necessary to perform her job, including a thermometer and a pulse oximeter. Specifically, Ms. Garay and other non-exempt employees were required to use their personal cellular phone for a variety of required work activities, including, but not limited to communicating with supervisors and other employees. She also had to purchase such materials. Defendant knew or should have known that Ms. Garay was necessarily incurring expenses due to the use of her personal cellular phone and purchase of materials in the direct discharge of her duties. Yet, despite the necessity of Ms. Garay and other non-exempt employees using their personal cellular phone and purchasing materials for work activities and Defendant knowing or should have knowing about same, they were not reimbursed for a reasonable portion of their cellular phone expenses by Defendant, as mandated by *Cochran v. Schwan's Home Service, Inc.* (2014) 228 Cal.App.4th 1137, and not reimbursed for any materials they were required to purchase.

As a result of Defendant's failure to pay all minimum and overtime wages, as well as meal and rest period premium wages, Defendant maintained inaccurate payroll records and issued inaccurate wage statements to Ms. Garay.

As a further result of Defendant's failure to pay all overtime and/or minimum wages owed, and failure to pay all meal and rest period premium wages, Defendant failed to provide pay Ms. Garay all wages owed upon his separation of employment with Defendant.

As described above, Defendant committed the following violations of the Labor Code and Industrial Welfare Commission Wage Order No. 5 ("Wage Order 5"):

Minimum Wage Violations

Defendant was required to pay Ms. Garay and other aggrieved employees an hourly rate at least equal to the minimum wage for each hour actually worked. *See* Labor Code §§ 1194; 1194.2, 1197, 1197.1; The Wage Order 5, § 4. Ms. Garay and other aggrieved employees were not paid for all hours worked due to Defendant's unlawful practices and procedures. As alleged above, Defendant's unlawful policies and procedures were to pay pursuant to the scheduled hours, even though Defendant knowingly permitted and required Ms. Garay and other aggrieved employees to be under their direction and control both before and after the scheduled shifts. These practices by Defendant resulted in Defendant not paying Ms. Garay and other aggrieved employees for all wages owed for the work they performed, including failing to pay them all required minimum wages.

Overtime Violations

Defendant was required to pay Ms. Garay and other aggrieved employees overtime wages for all hours worked in excess of eight hours per workday and/or forty hours per workweek. *See* Labor Code §§ 1194(a) and 1198; the Wage Order 5, § 3. According to Labor Code § 510(a), "Any work in excess of eight hours in one workday and any work in excess of 40 hours in any one workweek and the first eight hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee." This Section further provides, "Any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee." As alleged above, Defendant's unlawful policies and procedures were to pay pursuant to the rounded/shaved hours, even though Defendant knowingly permitted and required Ms. Garay and other aggrieved employees to be under their direction and control both before and after their scheduled shifts. As a result of Defendant's policies and/or practices that fail to compensate for all hours worked, Ms. Garay and other aggrieved employees were deprived of all required overtime wages earned.

Meal Period Violations

As alleged above, Defendant failed to provide the aggrieved employees with all required and compliant meal periods. *See* Labor Code §§ 226.7 and 512; Wage Order 5, § 11. As described above, due to the work demands, Defendant failed to provide Ms. Garay and other aggrieved employees with all legally compliant meal periods. In addition, Defendant failed to provide Ms. Garay or other aggrieved employees with second meal periods on shifts over 10.0 hours. Therefore, the aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday they experienced a meal period violation. *See* Labor Code § 226.7 ("If an employer fails to provide an

employee a meal or rest or recovery period in accordance with ... [an] order of the Industrial Welfare Commission ... the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest or recovery period is not provided.""). Although Ms. Garay and other aggrieved employees were not provided with all legally-compliant meal periods to which they were entitled, Defendant failed to compensate them with the required meal period premium for each workday in which they experienced a meal period violation as mandated by Labor Code § 226.7.

Rest Period Violations

Defendant also failed to authorize and permit their aggrieved employees to take all required rest periods. *See* Labor Code §§ 226.7 and 516; Wage Order 5, § 12. Specifically, Ms. Garay and other aggrieved employees were not authorized and permitted to take all required rest periods due to Defendant's rest period policies/practices, which upon information and belief, fail to authorize and permit all rest periods for every four hours worked, or major fraction thereof. As a result, Ms. Garay and the aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday that they were not authorized and permitted to take all legally required rest periods. *See* Labor Code § 226.7 ("If an employer fails to provide an employee a meal period or rest period in accordance with an applicable order of the Industrial Welfare Commission, the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest period is not provided.")

Failure to Reimburse Business Expenses

Defendant failed to reimburse Ms. Garay and other Aggrieved Employees for necessary work expenses, including, but not limited to, expenses incurred for the reasonable portion of cellular phone expenses incurred and for the purchase of materials in the direct discharge of the job duties of such employees. Defendant's policy of not providing reimbursement for necessary work-related expenses is in violation of Wage Order 5, § 9, and Labor Code § 2802 ("An employer shall indemnify his or her employees for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer.") Ms. Garay and other Aggrieved Employees are therefore entitled to reimbursement of such unpaid work expenses with interest.

Wage Statement Violations

Defendant knowingly and intentionally, as a matter of uniform practice and policy, failed to furnish Ms. Garay and other aggrieved employees with accurate and complete, itemized wage statements that included, among other requirements, all minimum and/or overtime wages earned, meal and rest period premiums, total gross wages earned, and total net wages earned, in violation of Labor Code § 226 *et seq.* Defendant's failure to furnish Ms. Garay and other aggrieved employees with complete and accurate, itemized wage statements resulted in actual injury, as said failures led to, among other things, the non-payment of all minimum and/or overtime wages earned and meal and rest period premiums, and deprived them of the information necessary to identify discrepancies in Defendant's reported data.

Waiting Time Penalties

Labor Code §§ 201 and 202 require that employees receive all of their final wages at the time of their separation of employment. Defendant failed to timely pay Ms. Garay and other aggrieved employees all of their final wages at the time of separation, which included, among other things, unpaid minimum and/or overtime wages, and meal and rest period premium wages.

As an “aggrieved employee,” Ms. Garay will initiate a civil action on behalf of herself and other aggrieved employees to recover damages, statutory penalties, and civil penalties resulting from the wage and hour violations alleged herein. Based on Ms. Garay’s own investigation, and on information and belief, Defendant committed the following Labor Code violations:

- a) Defendant violated Labor Code §§ 1194, 1194.2, and 1197 by failing to pay Ms. Garay and other aggrieved employees the statutory minimum wage for all hours worked;
- b) Defendant violated Labor Code §§ 204, 510, 558, 1194, and 1198 by failing to pay Ms. Garay and other aggrieved employees all overtime compensation earned;
- c) Defendant violated Labor Code §§ 226.7, 512, and 558 by failing to provide all legally required meal periods and failing to pay meal period premiums to Ms. Garay and the aggrieved employees;
- d) Defendant violated Labor Code §§ 226.7, 516, and 558 by failing to provide all legally required rest periods and failing to pay rest period premiums to Ms. Garay and the aggrieved employees;
- e) Defendant violated Labor Code § 2802 by failing to reimburse Ms. Garay and other Aggrieved Employees for necessary work expenditures;
- f) Defendant violated Labor Code § 226 by failing to furnish Ms. Garay and other aggrieved employees with accurate and compliant itemized wage statements;
- g) Defendant violated Labor Code §§ 204 and 210 by failing to pay Ms. Garay and other aggrieved employees all earned wages at least twice during each calendar month;
- h) Defendant violated Labor Code §§ 201, 202 and 203 by failing to timely pay all final wages due to Ms. Garay and other aggrieved employees; and
- i) Defendant violated Labor Code § 1174 by failing to maintain accurate records on behalf of Ms. Garay and other aggrieved employees.

Pursuant to Labor Code section 2699.3(a)(2)(A), please notify us and Defendant if the LWDA intends to investigate these alleged violations of the Labor Code. Please contact me should you require additional information.

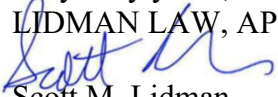
Very truly yours,
LIDMAN LAW, APC

Scott M. Lidman

EXHIBIT B

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO

CHERYL GARAY,

Plaintiff,

vs.

MARNA HEALTH SERVICES, INC. dba
HILLCREST NURSING HOME, a California
corporation; and Does 1 through 100,

Defendants.

Case No. CIVSB2419464

**NOTICE OF PENDENCY OF CLASS
ACTION AND PROPOSED SETTLEMENT**

To: All current and former non-exempt, hourly employees of Defendant Marna Health Services, Inc. (“Defendant”) who worked at any time in California between June 11, 2020 and [August 9, 2025 or the date of preliminary approval by the Court, whichever is earlier]. Collectively, these employees will be referred to as “Settlement Class Members.”

**PLEASE READ THIS NOTICE CAREFULLY
YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR NOT**

Why should you read this notice?

The Court has granted preliminary approval of a proposed class action settlement (the “Settlement”) in the consolidated action entitled *Cheryl Garay v. Marna Health Services, Inc. dba Hillcrest Nursing Home*, Case No. CIVSB2419464 (the “Lawsuit”). Because your rights may be affected by the Settlement, it is important that you read this notice carefully.

You may be entitled to money from this Settlement. Defendant’s records show that you were employed as a non-exempt, hourly employee in California between June 11, 2020 and [August 9, 2025 or the date of preliminary approval by the Court, whichever is earlier] (the “Class Period”). The Court ordered that this Notice be sent to you because you may be entitled to money under the Settlement and because the Settlement affects your legal rights.

The purpose of this notice is to provide you with a brief description of the Lawsuit, to inform you of the terms of the Settlement, to describe your rights in connection with the Settlement, and to explain what steps you may take to participate in, object to, or exclude yourself from the Settlement. If you do not exclude yourself from the Settlement and the Court finally approves the Settlement, you will be bound by the terms of the Settlement and any final judgment.

What is this case about?

Plaintiff Cheryl Garay (“Plaintiff”) brought this Lawsuit against Defendant, seeking to assert claims on behalf of a class of current and former non-exempt, hourly employees who worked for Defendant in California at any time between June 11, 2020 and [August 9, 2025 or the date of preliminary approval by the Court, whichever is earlier]. Plaintiff Cheryl Garay is known as the “Class Representative,” and her attorneys, who also represent the interests of all Settlement Class members, are known as “Class Counsel.”

The Lawsuit alleges that Defendant (i) failed to pay all overtime wages owed; (ii) failed to pay all minimum wages owed; (iii) failed to provide meal periods; (iv) failed to authorize and permit all rest periods; (v) failed to reimburse necessary business expenses; (vi) failed to provide accurate, itemized wage statements; and (vii) failed to pay all wages upon termination of employment. As a result of the foregoing alleged violations, Plaintiff also alleges that Defendant engaged in unfair competition and is liable for civil penalties under the Labor Code Private Attorney General Act (“PAGA”).

Defendant denies that it has done anything wrong. Defendant further denies that it owes Settlement Class Members

any wages, restitution, penalties, or other damages. Accordingly, the Settlement constitutes a compromise of disputed claims and should not be construed as an admission of liability on the part of Defendant, which expressly denies all liability.

The Court has not ruled on the merits of Plaintiff's claims or Defendant's defenses. However, to avoid additional expense, inconvenience, and interference with their business operations, Defendant has concluded that it is in its best interests and the interests of Settlement Class members to settle the Lawsuit on the terms summarized in this Notice. After Defendant provided relevant information to Class Counsel, the Settlement was reached after mediation between the parties.

The Class Representative and Class Counsel support the Settlement. Among the reasons for support are the defenses to liability potentially available to Defendant, the risk of denial of class certification, the inherent risks of trial on the merits, and the delays and uncertainties associated with litigation.

If you are still employed by Defendant, your decision about whether to participate in the Settlement will not affect your employment. California law and Defendant's policies strictly prohibit unlawful retaliation. Defendant will not take any adverse employment action against or otherwise target, retaliate, or discriminate against any Settlement Class member because of the Settlement Class member's decision to either participate or not participate in the Settlement.

Who are the Attorneys?

Attorneys for the Plaintiff / Settlement Class Members: LIDMAN LAW, APC Scott M. Lidman slidman@lidmanlaw.com Milan Moore mmoore@lidmanlaw.com Tiara Gose-Hardy tgose@lidmanlaw.com 2155 Campus Drive, Suite 150 El Segundo, California 90245 Tel: (424) 322-4772 Fax: (424) 322-4775 www.lidmanlaw.com HAINES LAW GROUP, APC Paul K. Haines phaines@haineslawgroup.com 155 Campus Drive, Suite 180 El Segundo, California 90245 Tel: (424) 292-2350 Fax: (424) 292-2355 www.haineslawgroup.com	Attorneys for Defendant Marna Health Services, Inc. GOULD, HAHN, & REINHARDT, PLC Jacob G. Reinhardt 2550 Ninth Street, Suite 101 Berkeley, California 94710 Tel: (510) 665-1800 Fax: (510) 665-1801 WORKPLACE LEGAL, APLC Cari A. Cohorn 870 Market Street, Suite 1152 San Francisco, California 94102 Tel: (415) 851-8900 Fax: (415) 660-9728
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What are the terms of the Settlement?

On [INSERT DATE OF PRELIMINARY APPROVAL], the Court preliminarily certified a class, for settlement purposes only, of all current and former non-exempt, hourly employees who worked for Defendant in California at any time between June 11, 2020 and [August 9, 2025 or the date of preliminary approval by the Court, whichever is earlier]. Settlement Class members who do not opt out of the Settlement pursuant to the procedures set forth in this Notice will be bound by the Settlement and will release their claims against Defendant as described below.

Defendant has agreed to pay \$758,900.00 (the “Gross Settlement Amount”) to fully resolve all claims in the Lawsuit, which includes payments to Settlement Class members, attorneys’ fees and expenses, payment to the Labor Workforce Development Agency (“LWDA”), settlement administration costs, the Class Representative’s Service Award and monies to be paid to the LWDA. Defendant’s share of employer-side payroll taxes associated with any wage payments to Settlement Class members shall be paid by Defendant separately from, and in addition to, the Gross Settlement Amount.

The following deductions from the Gross Settlement Amount will be requested by the parties:

Settlement Administration Costs. The Court has approved Phoenix Settlement Administrators to act as the “Settlement Administrator,” who is sending this Notice to you and will perform many other duties relating to the Settlement. The Court has approved setting aside up to \$8,750.00 from the Gross Settlement Amount to pay the Settlement administration costs.

Attorneys’ Fees and Expenses. Class Counsel have been prosecuting the Lawsuit on behalf of the Settlement Class Members on a contingency fee basis (that is, without being paid any money to date) and have been paying all litigation costs and expenses. The Court will determine the actual amount awarded to Class Counsel as attorneys’ fees, which will be paid from the Gross Settlement Amount. Settlement Class members are not personally responsible for any of Class Counsel’s attorneys’ fees or expenses. Class Counsel will ask for fees of up to one-third of the Gross Settlement Amount, which is currently estimated to be \$252,966.66, as reasonable compensation for the work Class Counsel performed and will continue to perform in this Lawsuit through Settlement finalization. Class Counsel also will ask for reimbursement in an amount not to exceed \$20,000.00 for verified costs Class Counsel incurred in connection with the Lawsuit.

Service Award to Class Representative. Class Counsel will ask the Court to award the Class Representative a service award in the amount not to exceed \$7,000.00, to compensate her for her service and extra work provided on behalf of the Settlement Class members.

LWDA Payment. Class Counsel will ask the Court to approve a payment in the total amount of \$30,000.00 as and for alleged civil penalties, payable pursuant to the California Labor Code Private Attorney General Act (“PAGA”). Per Labor Code § 2699(i), seventy-five percent (75%) of such penalties, or \$22,500.00 will be payable to the LWDA, and the remaining twenty-five percent (25%), or \$7,500.00, will be payable to certain Settlement Class members as the “PAGA Amount,” as described below.

Calculation of Individual Settlement Class Members’ Settlement Award. After deducting the Court-approved amounts above, the balance of the Gross Settlement Amount will form the Net Settlement Amount (“NSA”), which will be distributed to all Settlement Class members who do not submit a valid and timely Request for Exclusion (described below). The NSA is estimated at approximately <<\$ >> to be shared among an up to << >> estimated Settlement Class members.

The NSA will be divided as follows: Each participating Settlement Class Member shall receive a proportionate settlement share based upon the number of workweeks the Settlement Class Member worked during the Class Period, the numerator of which is the Settlement Class Member’s total workweeks worked during the Class Period, and the denominator of which is the total workweeks worked by all Settlement Class Members (who do not opt out) who worked during the Class Period.

In addition, Thirty Thousand Dollars and Zero Cents (\$30,000.00) of the Gross Settlement Amount has been designated as the “PAGA Amount” as described above. Each Settlement Class Member who was employed by Defendant at any time from June 11, 2023 through [August 9, 2025 or the date of preliminary approval by the Court, whichever is earlier] is a PAGA Employee and shall receive a portion of the PAGA Amount proportionate to the number of pay periods that he or she worked during the period from June 11, 2023 through [August 9, 2025 or the date of preliminary approval by the Court, whichever is earlier], and which will be calculated by multiplying the PAGA Amount by a fraction, the numerator of which is the PAGA Employee’s number of pay periods worked during the time period from June 11, 2023 through [August 9, 2025 or the date of preliminary approval by the Court, whichever is earlier], and the denominator of which is the total number of pay periods worked by all PAGA Employees

during the time period of June 11, 2023 through [August 9, 2025 or the date of preliminary approval by the Court, whichever is earlier].

Payments to Settlement Class Members. If the Court grants final approval of the Settlement, Settlement Awards will be mailed to all Settlement Class Members who did not submit a valid and timely Request for Exclusion in approximately << >>.

If you submit a Request for Exclusion, you will still receive a proportionate share of the PAGA Payment regardless of whether you exclude yourself from the Settlement if you are a PAGA Employee.

Each Settlement Class Member and PAGA Employee who receives a Settlement Award must cash the check within 180 days from the date the Settlement Administrator mails it. Any funds payable to Settlement Class Members or PAGA Employees who checks were not cashed within 180 days after mailing will be transferred to the California State Controller's Office - Unclaimed Property Fund in the name of the Settlement Class Member or PAGA Employee.

Payment by Defendant of the Gross Settlement Amount. The Gross Settlement Amount shall be paid by Defendant to the Settlement Administrator in three separate payments: (1) \$455,340.00 within 65 days following final approval; (2) \$151,780.00 within 90 days of the first payment; and (3) \$151,780.00 within 60 days of the second payment.

Based on the above, the Gross Settlement Amount is expected to be paid by approximately << >>.

Within ten (10) calendar days following Defendant's final deposit of the Gross Settlement Amount and required employer-side payroll taxes with the Settlement Administrator, the Settlement Administrator will calculate Settlement Award amounts and provide the same to counsel for the Parties for review and approval. Within seven (7) calendar days of approval by counsel for the Parties, the Settlement Administrator will prepare and mail Settlement Awards, less applicable taxes and withholdings, to Participating Settlement Class members.

Allocation and Taxes. For tax purposes, each Settlement Award shall be allocated as follows: eighty percent (80%) as penalties and interest; and twenty percent (20%) as wages. The Settlement Administrator will be responsible for issuing to participating Settlement Class members IRS Forms W-2 for amounts deemed "wages" and IRS Forms 1099 for the amounts allocated as penalties and interest. Settlement Class members are responsible for the proper income tax treatment of the Individual Settlement Awards. The Settlement Administrator, Defendant and their counsel, and Class Counsel cannot provide tax advice. Accordingly, Settlement Class members should consult with their tax advisors concerning the tax consequences and treatment of payments they receive under the Settlement.

Release. If the Court approves the Settlement, the Settlement Class, and each Settlement Class Member except those who timely and properly submit a Request for Exclusion as set forth below) will fully and forever completely release and discharge Defendant, and all of its past and present owners, officers, directors, shareholders, managers, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, and its respective successors and predecessors in interest, subsidiaries, affiliates, parents and attorneys (collectively the "Released Parties") from any and all claims, demands, rights, liabilities and causes of action that were pled in the operative Complaint or arising from the same operative facts and/or allegations as those set forth in the operative Complaint in the consolidated Action, that arose during the Class Period defined above including with respect to the following claims: (i) failure to pay all overtime wages owed; (ii) failure to pay all minimum wages owed; (iii) failure to provide meal periods; (iv) failure to authorize and permit all rest periods; (v) failure to reimburse necessary business expenses; (vi) failure to provide accurate, itemized wage statements; (vii) failure to pay all wages upon termination of employment; and (viii) all claims for unfair competition that could have been premised on the facts, claims, causes of action or legal theories described above (collectively, the "Released Claims").

The time period of the Release shall be the same time as the Class Period.

PAGA Release and PAGA Employees. If the Court approves the Settlement, all PAGA Employees (including employees who submit a Request for Exclusion and Plaintiff), will release and forever discharge all claims, demands, rights, liabilities and causes of action under the California Labor Code Private Attorneys General Act of 2004 against the Released Parties based on the following (and as alleged in the letter to the LWDA dated June 11, 2024): (i) failure to pay all overtime wages owed; (ii) failure to pay all minimum wages owed; (iii) failure to provide meal periods; (iv)

failure to authorize and permit all rest periods; (v) failure to reimburse necessary business expenses; (vi) failure to provide accurate, itemized wage statements; (vii) failure to pay all wages upon termination of employment; and (viii) failure to maintain accurate records, that occurred during the PAGA Period (collectively, “PAGA Released Claims”)

“PAGA Employees” includes all current and former non-exempt, hourly employees employed by Defendant in California at any time between June 11, 2023 and [August 9, 2025 or the date of preliminary approval by the Court, whichever is earlier]. The time period of the PAGA Released Claims is from June 11, 2023 through [August 9, 2025 or the date of preliminary approval by the Court, whichever is earlier] (“PAGA Period”).

The releases are null and void if Defendant fails to fully fund the Gross Settlement Amount.

Conditions of Settlement. The Settlement is conditioned upon the Court entering an order at or following the Final Approval Hearing finally approving the Settlement as fair, reasonable, adequate and in the best interests of the Settlement Class, and the entry of Judgment.

How can I claim money from the Settlement?

Do Nothing. If you do nothing, you will be entitled to your share of the Settlement based on the proportionate number of workweeks you worked during the Class Period (as explained above), and as stated in the accompanying Notice of Settlement Award. You also will be bound by the Settlement, including the release of claims stated above.

What other options do I have?

Dispute Information in Notice of Settlement Award. Your award is based on the proportionate number of workweeks you worked during the Class Period. The information contained in Defendant’s records regarding all of these factors, along with your estimated Settlement Award, is listed on the accompanying Notice of Settlement Award. If you disagree with the information in your Notice of Settlement Award, you may submit a dispute, along with any supporting documentation, in accordance with the procedures stated in the Notice of Settlement Award. Any disputes, along with supporting documentation, must be postmarked no later than <<RESPONSE DEADLINE>>. **DO NOT SEND ORIGINALS; DOCUMENTATION SENT TO THE SETTLEMENT ADMINISTRATOR WILL NOT BE RETURNED OR PRESERVED.**

The Parties and the Settlement Administrator will evaluate the evidence submitted and discuss in good faith how to resolve any disputes submitted by Settlement Class members. The Settlement Administrator’s decision regarding any dispute will be final.

Exclude Yourself from the Settlement. If you **do not** wish to take part in the Settlement, you may exclude yourself by sending to the Settlement Administrator a written “Request for Exclusion from the Class Action Settlement” letter or card postmarked no later than <<RESPONSE DEADLINE>>, with your name, address, telephone number, last four digits of your social security number, and your signature. The Request for Exclusion should state:

“I WISH TO BE EXCLUDED FROM THE SETTLEMENT CLASS IN THE GARAY V. MARNA HEALTH SERVICES, INC. LAWSUIT. I UNDERSTAND THAT IF I ASK TO BE EXCLUDED FROM THE SETTLEMENT CLASS, I WILL NOT RECEIVE ANY MONEY FROM THE CLASS ACTION SETTLEMENT OF THIS LAWSUIT.”

Send the Request for Exclusion directly to the Settlement Administrator at <<INSERT ADMINISTRATOR CONTACT INFO>>. Any person who files a timely Request for Exclusion from the Settlement shall, upon receipt by the Settlement Administrator, no longer be a Settlement Class member, shall be barred from participating in any portion of the Settlement, and shall receive no benefits from the Settlement. **Do not submit both a Dispute and a Request for Exclusion.** If you do, the Request for Exclusion will be invalid, you will be included in the Settlement Class, and you will be bound by the terms of the Settlement.

You will still receive a portion of the PAGA Amount if you submit a Request for Exclusion and be bound by the PAGA Release.

Objecting to the Settlement. You also have the right to object to the terms of the Settlement. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement. If you wish to object to the Settlement, or any portion of it, you may mail a written objection to the Settlement Administrator. Your written objection must include your name, address, as well as contact information for any attorney representing you regarding your objection, the case name and number, each specific reason in support of your objection, and any legal or factual support for each objection together with any evidence in support of your objection. Written objections must be postmarked on or before <<RESPONSE DEADLINE>>.

If you choose to object to the Settlement, you may also appear at the Final Approval Hearing scheduled for <<FINAL APPROVAL HEARING DATE/TIME>> in Department S31 of the San Bernardino County Superior Court, located at 247 West Third Street, San Bernardino, California 92415. You have the right to appear either virtually, in person or through your own attorney at this hearing. Any attorney who intends to represent an individual objecting to the Settlement must file a notice of appearance with the Court and serve counsel for all parties on or before <<RESPONSE DEADLINE>>. All objections or other correspondence must state the name and number of the case: *Cheryl Garay v. Marna Health Services, Inc. dba Hillcrest Nursing Home*, Case No. CIVSB2419464.

For information on how to access a hearing virtually, please visit the Court's website at [website] or visit [remote appearance informational link]

If you object to the Settlement, you will remain a member of the Settlement Class, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Settlement Class members who do not object.

What is the next step?

The Court will hold a Final Approval Hearing on the adequacy, reasonableness, and fairness of the Settlement on <<FINAL APPROVAL HEARING DATE/TIME>>, in Department S31 of the San Bernardino County Superior Court, located at 247 West Third Street, San Bernardino, California 92415. The Court also will be asked to rule on Class Counsel's request for attorneys' fees and reimbursement of documented costs and expenses and the Service Award to the Class Representative. The Final Approval Hearing may be postponed without further notice to Settlement Class members. **You are not required to attend the Final Approval Hearing, although any Settlement Class Member is welcome to attend the hearing.**

The Court's final judgment and any changes to the date, time, or location of the Final Approval Hearing will be posted on the Settlement Administrator's website at (<http://.com>).

How can I get additional information?

This Notice is only a summary of the Lawsuit and the Settlement. For more information, you may inspect the Court's files and the Settlement Agreement at the Office of the Clerk of the San Bernardino County Superior Court, located at 247 West Third Street, San Bernardino, California 92415, during regular court hours. For more information on how to view the file online, request a copy of the file to be mailed to you, or viewing the filing in person, please visit the Court's website at [court website], and click on "General Info", "Access Court Records", and "Obtain a Copy of File". You may also contact Class Counsel using the contact information listed above for more information.

PLEASE DO NOT CALL OR WRITE THE COURT, DEFENDANT, OR ITS ATTORNEYS FOR INFORMATION ABOUT THIS SETTLEMENT OR THE SETTLEMENT PROCESS

REMINDER AS TO TIME LIMITS

The deadline for submitting any Disputes, Requests for Exclusion, or Objections is <<RESPONSE DEADLINE>>. These deadlines will be strictly enforced.

BY ORDER OF THE COURT ENTERED ON <<PRELIM APPROVAL DATE>>.

NOTICE OF INDIVIDUAL SETTLEMENT AWARD

CHERYL GARAY V. MARNA HEALTH SERVICES, INC. DBA HILLCREST NURSING HOME

SAN BERNARDINO COUNTY SUPERIOR COURT CASE NO. CIVSB2419464

Please complete, sign, date and return this form to <<ADMINISTRATOR CONTACT INFO>> **ONLY IF** (1) your personal contact information has changed, and/or (2) you wish to dispute any of the items listed in Section (III), below. It is your responsibility to keep a current address on file with the Settlement Administrator.

(I) Please type or print your name:

(First, Middle, Last)

(II) Please type or print the following identifying information if your contact information has changed:

Former Names (if any)

New Street Address

City

State

Zip Code

(III) Information Used to Calculate Your Individual Settlement Award:

According to the records of Marna Health Services, Inc. ("Defendant"):

(a) You were employed by Defendant and worked a total of [] workweeks between June 11, 2020 and [August 9, 2025 or the date of preliminary approval by the Court, whichever is earlier]; and

(b) You were employed by Defendant and worked a total of [] pay periods between June 11, 2023 and [August 9, 2025 or the date of preliminary approval by the Court, whichever is earlier].

Based on the above, your Individual Settlement Award is estimated to be \$ [].

(IV) If you disagree with items (a) – (b) in Section (III) above, please explain why in the space provided below and include copies of any supporting evidence or documentation with this form:

If you dispute the above information from Defendant's records, Defendant's records will control unless you are able to provide documentation that establishes that Defendant's records are mistaken. If there is a dispute about whether Defendant's information or yours is accurate, and the dispute cannot be resolved informally, the dispute will be resolved by the Parties and the Settlement Administrator as described in the "Notice of Pendency of Class Action and Proposed Settlement" that accompanies this Form. Any unresolved disputes will be submitted to the Court for a final determination.

**ANY DISPUTES, ALONG WITH ANY SUPPORTING DOCUMENTATION, MUST BE POSTMARKED
NO LATER THAN <<RESPONSE DEADLINE>>.**