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**SUPERIOR COURT OF THE STATE OF CALIFORNIA**

**FOR THE COUNTY OF SAN BERNARDINO**

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| VALERIA CHAVEZ and JESSE RAMIREZ, individually, and on behalf of the State of California and other aggrieved persons,<br><br>Plaintiffs,<br><br>vs.<br><br>PACIFIC DERMATOLOGY INSTITUTE INC., a California corporation; and DOES 1 through 10, inclusive,<br><br>Defendants. | Case No. CIVSB2426370<br><br>*Assigned for all purposes to: Hon. Stephanie Thornton-Harris, Dept. S31*<br><br>**PAGA SETTLEMENT AGREEMENT** |

This binding Settlement Agreement ("Agreement") is made by and between Plaintiff Valeria Chavez, and Jesse Ramirez ("Plaintiffs") and Defendant Pacific Dermatology Institute Inc. ("Defendants") under the California Labor Code Private Attorneys General Act of 2004 (Cal. Lab. Code §§ 2698, *et seq*., "PAGA"). The Agreement refers to Plaintiffs and Defendants collectively as "Parties," or individually as "Party."

**1. DEFINITIONS.**

1.1. "Administrator" means, Apex Class Action Administration.

1.2. "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 the approval of the Settlement.

1.3. "Aggrieved Employee" means all non-exempt, hourly individuals that worked for Defendant in California at any time during the period beginning January 23, 2024, to March 23, 2025.

1.4. "Aggrieved Employee Data" means Aggrieved Employee identifying information in Defendants' possession including the Aggrieved Employee's name, last-known mailing address, Social Security number, and number of PAGA Pay Periods.

1.5. "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.

1.6."Court" means the Superior Court of the State of California, County of San Bernardino.

1.7."Defendant" means named Defendant Pacific Dermatology Institute Inc.

1.8."Defense Counsel" means FISHER & PHILLIPS LLP.

1.9."Effective Date" shall be the date when all of the following occurs: (1) the Agreement is fully executed; and (2) the Court approves this Agreement through entry of an Order and Judgment. No money will be distributed unless and until the Effective Date occurs.

1.10."Final Judgment" means the Judgment entered by the Court upon granting approval of the Settlement.

1.11. "Gross Settlement Amount" means $127,500.00, which is the total amount Defendants agree to pay under the Settlement. The Gross Settlement Amount will be used to pay Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees, PAGA Counsel Expenses, the PAGA Representative Service Payment and the Administrator's Expenses.

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

1.13. "Judgment" means the judgment entered by the Court based upon the PAGA Approval.

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

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

1.16. "Net Settlement Amount" means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: PAGA Representative Service Payment, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, and the Administration Expenses Payment.

1.17. "PAGA" means the Labor Code Private Attorneys General Act of 2004 (Lab. Code, § 2698 et seq.).

1.18. "PAGA Action" means the Plaintiffs' lawsuits alleging wage-and-hour violations against Defendants captioned, *Chavez et al. v. Pacific Dermatology Institute Inc.* San Bernardino Superior Court Case No. CIVSB2426370.

1.19. "PAGA Approval" means the Court's order granting approval of the Settlement.

1.20. "PAGA Counsel" means John G. Yslas, Samantha A. Smith, Eugene Zinovyev, John Brown and Gabriella Sole of the Wilshire Law Firm, P.L.C.

1.21. "PAGA Notices" mean Plaintiff Valeria Chavez's June 11, 2024, letter to Defendant and the LWDA, and Plaintiff Jesse Ramirez's January 27, 2025, letter to Defendant and the LWDA, providing notice pursuant to Labor Code section 2699.3, subdivision (a).

1.22. "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 PAGA Action.

1.23. "PAGA Pay Period" means any Pay Period during which an Aggrieved Employee worked for Golden Queen for at least one day during the PAGA Period.

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

1.25. "PAGA Period" means the period from January 23, 2024, to March 18, 2025.

1.26. "PAGA Representatives" or "Plaintiffs" means plaintiffs Valeria Chavez and Jesse Ramirez.

1.27. "PAGA Representative Service Payment" means the payment to the PAGA Representative for initiating the PAGA Action and providing services in support of the PAGA Action.

1.28. "PAGA Settlement Notice" means the COURT APPROVED NOTICE OF PAGA SETTLEMENT, to be mailed to Aggrieved Employees in English without material variation, attached as Exhibit A and incorporated by reference into this Agreement.

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

1.30. "Released Parties" means Defendant and its former, present, and future owners, parents, and subsidiaries, and all of its current, former, and future officers, directors, employees, agents, members, managers, partners, shareholders, joint venturers, successors, assigns, accountants, insurers, or legal representatives..

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

**2. RECITALS.**

2.1. On August 27, 2024, Plaintiff Valeria Chavez filed a complaint for civil penalties under PAGA, alleging Defendant: (1) failed to pay for all hours worked, including minimum, straight time, and overtime wages; (2) failed to provide meal periods; (3) failed to authorize and permit rest periods; (4) failed to pay all earned wages twice per month; (5) failed to maintain accurate records of hours worked and meal periods; (6) failed to timely pay all wages at termination; (7) failed to furnish accurate itemized wage statements; (8) failed to indemnify for necessary expenditures; and (9) failed to produce requested employment records. Pursuant to Labor Code section 2699.3, subdivision (a), Plaintiff Valeria Chavez gave timely written notice to Defendant and the LWDA by sending the PAGA Notice on June 11, 2024 (LWDA-CM-1033192-24). On May 5, 2025, Plaintiff Valeria Chavez filed a First Amended Complaint to add Plaintiff Jesse Ramirez to the Action. Pursuant to Labor Code section 2699.3, subdivision (a), Plaintiff Jesse Ramirez gave timely written notice to Defendant and the LWDA by sending the PAGA Notice on January 27, 2025 (LWDA-CM-1075935-25).

2.2.Defendants deny the allegations in the Actions, deny any failure to comply with the laws identified in the complaints and deny any liability for the causes of action alleged.

2.3. On February 21, 2025, the Parties engaged in arms-length negotiations where they participated in a full-day mediation presided over by respected mediator Daniel Turner. With the help of Mr. Turner, the Parties were able to reach an agreement on general settlement terms at mediation.

2.4. In advance of mediation, PAGA Counsel conducted a thorough investigation into the facts of, and applicable law to, the PAGA Action. Prior to mediation, Plaintiffs obtained through informal discovery a representative sampling of time and payroll data for Aggrieved Employees and the necessary policy documents to properly evaluate the strengths and weakness of the claims and engage in meaningful settlement discussions.

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. <u>Gross Settlement Amount</u>. Except as otherwise provided by Paragraph 8 below, Defendants promise to pay $127,500.00 and no more as the Gross Settlement Amount.

Defendants have no obligation to pay the Gross Settlement Amount prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendants. Because the payments made under this Agreement will be made with respect to only the PAGA claims for all Aggrieved Employees, this Agreement is not subject to the rules governing the settlement of class or collective actions. Accordingly, the settlement payments shall be distributed without a claims process or an opportunity to object or opt out.

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 PAGA Approval:

3.2.1 To Plaintiffs: PAGA Representative Service Payment to the PAGA Representatives of $6,000.00 to Plaintiff Valeria Chavez, and $4,000.00 to Plaintiff Jesse Ramirez (in addition to any Individual PAGA Payment the PAGA Representatives are entitled to receive as Aggrieved Employees). Defendants will not oppose Plaintiffs' request for a PAGA Representative Service Payment that does not exceed this amount. If the Court approves a PAGA Representative Service Payment less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the PAGA Representative Service Payment using IRS Form 1099. Plaintiffs assume full responsibility and liability for employee taxes owed on the PAGA Representative Service Payment.

3.2.2 To PAGA Counsel: A PAGA Counsel Fees Payment of not more 1/3 (one-third) of the GSA, which is currently estimated to be $42,500.00, and a PAGA Counsel Litigation Expenses Payment for actual costs. Defendants will not oppose requests for these payments provided that they do not exceed these amounts. If the Court approves a PAGA Counsel Fees Payment and/or a PAGA Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to PAGA 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 Expenses Payment using one or more IRS 1099 Forms.

3.2.3 To the Administrator: An Administrator Expenses Payment not to exceed $4,790.00 except for a showing of good cause and as approved by the Court. If the Court approves Administrator Expenses Payment of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount.

3.2.4 Payments from the Net Settlement Amount ("NSA"). The NSA will be distributed as PAGA Penalties with 75% of the NSA allocated to the LWDA PAGA Payment and 25% of the NSA allocated to the Individual PAGA Payments.

Individual PAGA Payments: The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties 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. 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 there are 168 Aggrieved Employees who worked a total of 3,657 PAGA Pay Periods.

4.2. Aggrieved Employee Data. Not later than seven (7) Court days after the Court grants PAGA Approval, Defendant will deliver the Aggrieved Employee Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Aggrieved Employees' privacy rights, the Administrator must maintain the Aggrieved Employee Data in confidence, use the Aggrieved Employee Data only for purposes of this Settlement and for no other purpose, and restrict access to the Aggrieved Employee Data to Administrator employees who need access to the Aggrieved Employee Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify PAGA Counsel if it discovers that the Aggrieved Employee Data omitted Aggrieved Employee identifying information and to provide corrected or updated Aggrieved

Employee Data as soon as reasonably feasible. 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 twenty-one (21) calendar days after the Effective Date.

4.4. Payments from the Gross Settlement Amount. Within fourteen (14) calendar days after Defendant funds the Gross Settlement Amount, the Administrator will mail checks for all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the PAGA Counsel Fees Payment, the PAGA Counsel Litigation Expenses Payment, and the PAGA Representative Service Payment. Disbursement of the PAGA Counsel Fees Payment, the PAGA Counsel Litigation Expenses Payment and the PAGA Representative Service Payment shall not precede disbursement of Individual PAGA Payments.

4.4.1. The Administrator will issue checks for the Individual PAGA Payments and send them to 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 Individual PAGA payments will expire one hundred eighty (180) calendar days from the date they are issued by the Administrator. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees along with the PAGA Settlement Notice. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.4.2 The Administrator must conduct an Aggrieved Employee Address Search for all other Aggrieved Employees whose checks are returned undelivered without United States Postal Service ("USPS") forwarding address. Within seven (7) calendar days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Aggrieved Employee Address Search. The Administrator need not take further steps to deliver checks to Aggrieved Employees whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, requested by the Aggrieved Employee prior to the void date.

4.4.3 For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Aggrieved Employee.

4.4.4 Payments to Aggrieved Employees, including Plaintiffs, as referenced herein will not be utilized to calculate any additional benefits under any benefit plans to which any Aggrieved Employee may be eligible, including, but not limited to profit-sharing plans, bonus plans, 401 (k) or 403(b) plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan. Rather, it is the Parties' intention that this Agreement will not affect any rights, contributions, or amounts to which any Aggrieved Employee may be entitled under any benefit plans.

**5. RELEASES OF CLAIMS.** Effective on the date when Defendants fully fund the entire Gross Settlement Amount, Plaintiffs, Aggrieved Employees, LWDA and PAGA Counsel will release claims against all Released Parties as follows:

5.1 <u>Plaintiffs' Release</u>. Plaintiffs and Plaintiffs' respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors and assigns generally, release and discharge Released Parties from all claims that occurred during the PAGA Period, including all claims that were, or reasonably could have been, alleged, based on the facts contained in the PAGA Action; and claims under the Fair Employment and Housing Act, Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, the California Labor Code, and all equivalent claims under federal law ("Plaintiffs' Release"). Plaintiffs' 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. Plaintiffs acknowledge that Plaintiffs may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believe to be true but agree, nonetheless, that Plaintiffs' Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs' discovery of them.

5.1.1 Plaintiffs' Waiver of Rights Under California Civil Code Section 1542. For purposes of Plaintiffs' Release, Plaintiffs expressly waive and relinquish 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, in the PAGA Action and the PAGA Notices, including but not limited to, claims for PAGA civil penalties for: (1) failure to pay for all hours worked, including minimum, straight time, and overtime wages; (2) failure to provide meal periods; (3) failure to authorize and permit rest periods; (4) failure to pay all earned wages twice per month; (5) failure to maintain accurate records of hours worked and meal periods; (6) failure to timely pay all wages at termination; (7) failure to furnish accurate itemized wage statements; (8) failed to indemnify for necessary expenditures; and (9) failure to produce requested employment records. Aggrieved Employees, other than Plaintiffs, will not be deemed to have released any non-PAGA individual claims by virtue of this Agreement. This release applies only to PAGA penalty claims that accrued during the PAGA Period.

**6. MOTION FOR PAGA APPROVAL.** The Parties agree to jointly prepare and file a motion for PAGA approval ("Motion for PAGA Approval") that complies with the Court's current rules.

6.1. Plaintiffs' Responsibilities. Plaintiffs will prepare and deliver to Defense Counsel within a reasonable time prior to filing all documents necessary for obtaining approval of the Settlement, including: (i) a draft of the notice, and memorandum in support, of the Motion for PAGA

Approval that includes an analysis of the underlying Labor Code violations giving rise to PAGA civil penalties that is the subject of this Settlement including request for approval of the PAGA Settlement under Labor Code section 2699, subdivision (f)(2); (ii) a draft proposed Order Granting Approval of PAGA Settlement; (iii) a draft proposed PAGA Settlement Notice; (iv) a signed declaration from Plaintiffs confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Aggrieved Employees, [and/or] the Administrator; (v) a signed declaration from PAGA Counsel firm attesting to its competency to represent the Aggrieved Employees; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Lab. Code, § 2699.3, subd. (a))), complaint (Lab. Code, § 2699, subd. (l)(1)), this Agreement (Lab. Code, § 2699, subd. (l)(2)); (vi) all facts relevant to any actual or potential conflict of interest with Aggrieved Employees, and/or the Administrator, if any.

6.2. Responsibilities of Counsel. PAGA Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for PAGA Approval in a timely fashion; obtaining a prompt hearing date for the Motion for PAGA Approval; and for appearing in Court to advocate in favor of the Motion for PAGA Approval. PAGA Counsel is responsible for delivering the Court's PAGA Approval to the Administrator.

6.3. Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for PAGA Approval and/or the supporting declarations and documents, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant PAGA Approval or conditions PAGA Approval on any material change to this Agreement, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns. The Court's decision to award less than the amounts requested for the PAGA Representative Service Payment, PAGA Counsel Fees payment, PAGA Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

6.4. Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, PAGA Action, and the Settlement pursuant to Cal. Code Civ. Proc. § 664.6 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.

6.5. Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically excluding the PAGA Representative Service Payment, PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment and/or Administrator Expenses Payment set forth in this Settlement, 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. In the event of a timely appeal of 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.

6.6. Appellate Court Orders to Vacate, Reverse or Materially Modify Judgment. If the reviewing Court vacates, reverses or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Aggrieved Employees), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain PAGA Approval and entry of Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse or modify the Court's award of the PAGA Representative Service Payment or any payments to PAGA Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

**7. AMENDED JUDGMENT.** If any amended judgment is required by the Court, the Parties will work together in good faith to jointly submit and a proposed amended judgement.

**8. SETTLEMENT ADMINISTRATION.**

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

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

8.3. 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.

8.4. 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.

8.4.1 Final Report by Settlement Administrator. Within ten (10) calendar days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide PAGA Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least 14 days before any deadline set by the Court, the Administrator will prepare, and submit to PAGA Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement, the number of checks and total amount that remains uncashed, and the date (or expected date) when the total amount that remains uncashed is remitted to the California State Controller's Office in the name of the Aggrieved Employee. PAGA Counsel is responsible for filing the Administrator's declaration in Court.

**9. AGGRIEVED EMPLOYEES SIZE ESTIMATE and ESCALATOR CLAUSE.** The GSA is based on Defendant's representation that the Aggrieved Employees will have worked approximately 3,515 pay periods as of the date of mediation, February 21, 2025. In the event the number of pay periods worked by the Aggrieved Employees during the PAGA Period increase by more than 5%, Defendant shall have the option of either: (i) increasing the GSA on a pro-rata basis equal to the percentage increase in the number of pay periods worked by the Aggrieved Employees above 5% (for example, if the number of pay periods increases by 6%, the GSA will increase by 1%), or (ii) shorten the release period end date to an earlier date at which only 3,515 pay periods plus an additional 5% are covered by the PAGA Period.

**10. ADDITIONAL PROVISIONS.**

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

10.2. Confidentiality Prior to PAGA Approval. Plaintiffs, PAGA Counsel, Defendant and Defense Counsel separately agree that, until the Motion for PAGA Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency or other entity except: (1) to the Parties' attorneys, accountants or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiffs, PAGA Counsel, Defendants and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for PAGA Approval, with any third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict PAGA Counsel's communications with Aggrieved Employees in accordance with PAGA Counsel's ethical obligations owed to Aggrieved Employees.

10.3. No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Aggrieved Employee to appeal from the Judgment. Nothing in this paragraph shall be construed to restrict PAGA Counsel's ability to communicate with Aggrieved Employees in accordance with PAGA Counsel's ethical obligations owed to Aggrieved Employees.

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.

10.5. Attorney Authorization. PAGA Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiffs and Defendant, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

10.6. Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the

Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of 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.

10.8. No Tax Advice. Neither Plaintiffs, PAGA Counsel, Defendant nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

10.9. Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed or waived only by an express written instrument signed by all Parties or their representatives and approved by the Court.

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

10.11. 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.

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

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

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

10.15. Invalidity of any Provision. Before declaring any provision of this Settlement

Agreement invalid, the Court will first attempt to construe the provision as valid to the fullest extent possible consistent with applicable precedents so as to define all provisions of this Settlement Agreement valid and enforceable.

10.16. Waiver. No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a further waiver by such party of the same or any other condition, covenant, right or remedy.

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

To Plaintiffs:

John G. Yslas
jyslas@wilshirelawfirm.com
Samantha A. Smith
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**Wilshire Law Firm, PLC**
3055 Wilshire Boulevard, 5th Fl
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To Defendants:

Jeffrey R. Thurrell
jthurrell@fisherphillips.com
Kristina Noel Buan
kbuan@fisherphillips.com
**FISHER & PHILLIPS LLP**
2050 Main Street, Suite 1000
Irvine, CA 92614

10.18. Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e., DocuSign), or email which for purposes of this

Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

10.19. Binding Agreement. The Parties warrant that they understand and have full authority to enter into this settlement, and further intended that this Agreement will be fully enforceable and binding on all Parties and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under federal or state law.

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

By the Parties:

DATED: 7/31/2025

Signed by:
Valeria Chavez
A216F820FFBC428...
Plaintiff Valeria Chavez

DATED: 7/31/2025

DocuSigned by:
A190B711F03A4E5...
Plaintiff Jesse Ramirez

DATED: ____________

______________________________

Defendant Pacific Dermatology Institute Inc.
By: ______________________________
Position: ____________________________

///
///
///

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By the Parties:

DATED: ____________ ________________________________

Plaintiff Valeria Chavez

DATED: ____________ ________________________________

Plaintiff Jesse Ramirez

DATED: 8-7-25 J. Bottom

Defendant Pacific Dermatology Institute Inc.
By: Jeffrey Bottomley
Position: Chief Operating Officer

Approved as to form and substance:

DATED: WILSHIRE LAW FIRM, PLC

BY: ______________________________
John G. Yslas
Counsel for Plaintiffs

DATED: August 7, 2025

FISHER & PHILLIPS LLP

BY: ______________________________
Jeffrey R. Thurrell
Kristina Noel Buan
Counsel for Defendant

Approved as to form and substance:

DATED: July 31, 2025

WILSHIRE LAW FIRM, PLC

BY: ______________________
John G. Yslas
Counsel for Plaintiffs

DATED:

FISHER & PHILLIPS LLP

BY: ______________________
Jeffrey R. Thurrell
Kristina Noel Buan
Counsel for Defendant

Exhibit A

**COURT APPROVED NOTICE OF PAGA SETTLEMENT**

*Chavez et al. v. Pacific Dermatology Institute Inc.*
*San Bernardino Superior Court*
Case No. CIVSB2426370

<<EmployeeName>>
<<Address1>>
<<Address2>>
<<City>>, <<State>> <<Zip Code>>
XX - XX - <<W9SSN>>

## I. <u>NOTICE OF PAGA SETTLEMENT</u>

The Superior Court of the State of California, County of San Bernardino (the "Court") has approved a settlement in the above-captioned action filed by Valeria Chavez and Jesse Ramirez ("Plaintiffs") on behalf of themselves and all other aggrieved employees.

In this lawsuit, Plaintiffs claim Defendant Pacific Dermatology Institute Inc. ("Defendant") violated California's wage and hour laws and is therefore liable for penalties under the Private Attorneys General Act ("PAGA"). Specifically, Plaintiffs allege that Defendant: (1) failed to pay for all hours worked, including minimum, straight time, and overtime wages; (2) failed to provide meal periods; (3) failed to authorize and permit rest periods; (4) failed to pay all earned wages twice per month; (5) failed to maintain accurate records of hours worked and meal periods; (6) failed to timely pay all wages at termination; (7) failed to furnish accurate itemized wage statements; (8) failed to indemnify for necessary expenditures; and (9) failed to produce requested employment records and therefore was liable for waiting time penalties pursuant to Labor Code section 203. Plaintiffs are solely seeking civil penalties on behalf of the California Labor and Workforce Development Agency ("LWDA") and other Aggrieved Employees under PAGA.

The Court has not made a determination about Plaintiffs' claims. This Notice is not to be understood as an expression of any opinion by the Court as to the merits of the claim.

Defendants maintain that they were in compliance with the California Labor Code at all times and enters into this Settlement with no admission of liability and solely for the purposes of compromising and settling the action to avoid the cost and operational burden of continued litigation.

You are receiving this Notice because you are in the group of employees referred to as "Aggrieved Employees," which is defined as:

> "All non-exempt, hourly individuals that worked for Defendant in California at any time during the period beginning January 23, 2024, to March 18, 2025."

> The "PAGA Period" is defined as January 23, 2024, to March 18, 2025.

## II. CALCULATION OF INDIVIDUAL PAGA PAYMENT

You worked <<PayPeriods>> pay periods during the PAGA Period. The total amount of pay periods worked by all Aggrieved Employees during the PAGA Period is ______.

Your individual PAGA payment is estimated to be <<CheckAmount>>.

Each individual PAGA payment was calculated on a pro rata basis (i.e., proportional) based on the number of pay periods worked by each Aggrieved Employee in the PAGA Period divided by the total number of pay periods worked by all Aggrieved Employees.

## III. RELEASE

"Released Parties" means Defendant and its former, present, and future owners, parents, and subsidiaries, and all of its current, former, and future officers, directors, employees, agents, members, managers, partners, shareholders, joint venturers, successors, assigns, accountants, insurers, or legal representatives.

The Court has approved the parties' Settlement Agreement ("Settlement"). By operation of the Settlement's terms, all Aggrieved Employees will release the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, in the PAGA Action and the PAGA Notices, including but not limited to, claims for PAGA civil penalties for: (1) failure to pay for all hours worked, including minimum, straight time, and overtime wages; (2) failure to provide meal periods; (3) failure to authorize and permit rest periods; (4) failure to pay all earned wages twice per month; (5) failure to maintain accurate records of hours worked and meal periods; (6) failure to timely pay all wages at termination; (7) failure to furnish accurate itemized wage statements; (8) failed to indemnify for necessary expenditures; and (9) failure to produce requested employment records. Aggrieved Employees, other than Plaintiffs, will not be deemed to have released any non-PAGA individual claims by virtue of this Agreement ("PAGA Released Claims"). This release applies only to PAGA penalty claims that accrued during the PAGA Period.

## IV. SETTLEMENT ADMINISTRATOR

**PLEASE DO NOT CALL THE COURT ABOUT THIS NOTICE.**

You may call the Settlement Administrator, ____________ toll free at 1(___) _________ with any questions. You must inform the Settlement Administrator of any change of address to ensure receipt of your settlement payment.

Settlement checks will be null and void 180 days after issuance if not deposited or cashed. In such event, the Settlement Administrator shall direct all unclaimed funds to the California State Controller's Office in the name of the Aggrieved Employee to whom the check was issued. If your check is lost or misplaced, you should contact the Settlement Administrator immediately to request a replacement.