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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN DIEGO**

FREDDIE BUNCH, ARNULFO LABIOS, and
ASHLEY NICOLE ELLIOTT on behalf of
themselves and all others similarly situated,

Plaintiffs,

vs.

NAPHCARE U.S., INC., an Alabama
corporation; NAPHCARE OF SAN DIEGO
LLC, a California limited liability company;
NAPHCARE PHARMACY, LLC, an Alabama
limited liability company, NAPHCARE US DE,
LLC, a Delaware limited liability company;
NAPHCARE WHOLESALE DISTRIBUTION,
LLC, an Alabama limited liability company;
NAPHCARE, INC., an Alabama corporation;
and DOES 1 through 10, inclusive,

Defendants.

Case No.: 37-2024-00002535-CU-NP-CTL
Assigned to Hon. Judge Matthew C. Braner,
Dept. C-60

Complaint filed: January 19, 2024
Trial date: Not Set

CLASS & REPRESENTATIVE ACTION

**DECLARATION OF LUCY NGUYEN IN
SUPPORT OF PLAINTIFFS' MOTION
FOR PRELIMINARY APPROVAL OF
CLASS ACTION AND PAGA
SETTLEMENT**

*[Filed concurrently with: Plaintiffs' Notice of
Motion and Motion for Preliminary Approval of
Class Action and PAGA Settlement]*

PRELIMINARY APPROVAL HEARING

Date: July 24, 2026
Time: 9:00 a.m.
Dept: C-60

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Attorneys for Plaintiff Ashley Nicole Elliott

1 I, Lucy Nguyen, declare as follows:

2 1. I am admitted, in good standing, to practice as an attorney in the State of California.
3 I am an Attorney at Wilshire Law Firm, PLC (“WLF”), counsel of record for Plaintiffs Arnulfo
4 Labios, Ashley Nicole Elliott, and Freddie Bunch (“Plaintiffs” or “Class Representatives”). I, along
5 with Alan Wilcox and Conor Gomez of WLF, have reviewed the case files for this matter as
6 routinely kept by WLF in the course of litigation and conferred with my colleagues, Tyler Woods,
7 James Yoo, Heriberto Ponce, and Ruby Carrera of WLF (collectively and inclusively “Class
8 Counsel”). Based upon the information available to Class Counsel through WLF’s record-keeping
9 processes, I am competent to make this declaration (this “Declaration”). This Declaration is
10 submitted concurrently with and in support of Plaintiffs’ Motion for Preliminary Approval of Class
11 Action Settlement (the “Motion”).

12 CASE BACKGROUND

13 2. This is a wage and hour class action and Private Attorneys General Act (“PAGA”)
14 (Cal. Lab. Code §§ 2699, *et seq.*) between Plaintiffs and Defendants NaphCare U.S., Inc.,
15 NaphCare of San Diego LLC, NaphCare Pharmacy, LLC, NaphCare US DE, LLC, NaphCare
16 Wholesale Distribution, LLC, and NaphCare, Inc. (“Defendants,” and together with Plaintiffs, the
17 “Parties”) (the “Action”). Plaintiffs and the putative class members worked in California as hourly,
18 non-exempt employees for Defendants (each a “Class Member” and collectively the “Class”)
19 between January 19, 2020, through the day the Court grants preliminary approval of the Settlement
20 or the Alternative End Date set forth in Section 7 below (the “Class Period”). Defendants are a
21 privately held healthcare services company that partners with hospitals, physicians, and
22 government agencies nationwide to provide comprehensive medical care to patients housed in
23 correctional facilities.

24 3. Plaintiffs allege that Defendants’ payroll, timekeeping, and wage and hour
25 practices resulted in Labor Code violations. Plaintiffs allege that Defendants failed to pay for
26 all hours worked, to include time spent during security screenings. Specifically, Plaintiffs
27 further allege that Defendants failed to provide employees with legally compliant meal and rest
28

1 periods, failed to maintain accurate records and Defendants failed to reimburse business
2 expenses.

3 4. Based on these allegations, on January 19, 2024, Plaintiff Bunch filed a complaint
4 in San Diego County Superior Court, Case No. 37- 2024-00002535-CU-NP-CTL, alleging causes of
5 action against Defendants for various California Labor Code violations including claims that
6 Defendants (1) failed to pay minimum wages; (2) failed to pay wages at agreed upon rate; (3) failed
7 to pay overtime wages (4) failed to pay timely wages upon termination of employment; (5) failed to
8 provide accurate itemized wage statements; (6) failed to maintain accurate records; and (7) violated
9 California's Unfair Competition Law, California Business and Professions Code section 17200, et
10 seq. On January 18, 2024, pursuant to Labor Code §2699.3, subd.(a), Plaintiff Bunch gave notice to
11 the LWDA and Defendants that he intended to proceed with a representative action under PAGA
12 (LWDA-CM- 005806-24). On March 25, 2024, after the 65-day statutory period passed, Plaintiff
13 Freddie Bunch filed a first amended complaint adding a representative cause of action for Violation
14 of PAGA (Cal. Labor Code § 2699, et seq.).

15 5. On November 19, 2024, Plaintiff Labios filed a complaint in San Joaquin County
16 Superior Court, Case No. STK-CV-UOE-2024-16214, alleging causes of action against Defendants
17 for various California Labor Code violations including claims that Defendants (1) failed to pay
18 minimum and straight time wages; (2) failed to pay overtime wages; (3) failed to provide meal
19 periods; (4) failed to authorize and permit rest periods; (5) failed to timely pay final wages at
20 termination; (6) failed to provide accurate itemized wage statements; (7) failed to indemnify
21 employees for business expenditures; (8) failed to produce requested employment records; and (9)
22 violated California's Unfair Competition Law, California Business and Professions Code section
23 17200, et seq. On September 20, 2024, pursuant to Labor Code §2699.3, subd. (a), Plaintiff Labios
24 gave notice to the LWDA and Defendants that he intended to proceed with a representative action
25 under PAGA (LWDA-CM-1051782-24). On January 14, 2025, after the 65-day statutory period
26 passed, Plaintiff Labios filed a first amended complaint adding a representative cause of action for
27 Violation of PAGA (Cal. Labor Code § 2699, et seq.).

1 6. On January 24, 2025, Plaintiff Elliott filed a complaint in Mendocino County Superior
2 Court, Case No. 25CV01709, alleging causes of action against Defendants for various California
3 Labor Code violations including claims that Defendants (1) failed to provide meal periods; (2) failed
4 to provide rest periods; (3) failed to pay all wages; (4) failed to timely pay wages due at termination;
5 (5) failed to timely pay employees; (6) failed to reimburse for business expenses; (7) failed to pay
6 for all hours worked, including overtime hours worked; and (8) violated California’s Unfair
7 Competition Law, California Business and Professions Code section 17200, et seq.

8 7. For purposes of settlement and corresponding court approval, the Parties intend to
9 resolve all claims asserted in the Actions through a single settlement proceeding in this Court. To
10 effectuate this process, Plaintiffs filed the Operative Complaint in Bunch for purposes of seeking
11 preliminary approval of the Settlement for the Actions. (the “Operative Complaint”).

12 DISCOVERY, INVESTIGATION, AND SETTLEMENT

13 8. Prior to mediation, the Parties exchanged information, data, and documents, and
14 review of corporate policies and practices before going to mediation. Defendants initially produced
15 a sample of time and pay records for Class Members and later produced electronic versions of all
16 timekeeping and pay statement records. Defendants also provided documents detailing its wage
17 and hour policies and practices during the Class Period, information regarding the total number of
18 current and former employees, and financial records. The Parties have engaged in sufficient
19 informal discovery and investigation to assess the relative merits of the claims and contentions of
20 the Parties.

21 9. After reviewing documents regarding Defendants’ wage and hour policies and
22 practices and analyzing Defendants’ timekeeping and payroll records, Class Counsel evaluated the
23 probability of class certification, success on the merits, and Defendants’ maximum monetary
24 exposure for all claims. Class Counsel also investigated the applicable law regarding the claims
25 and defenses asserted in the Action. Class Counsel reviewed these records personally and through
26 the use of an expert to prepare a damages analysis prior to mediation.

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11. After extensive negotiations and discussions regarding the strengths and weaknesses of Plaintiffs' claims and Defendants' defenses, the Parties reached a settlement for \$2,450,000.00 (the "Gross Settlement Amount"), the material terms of which are encompassed within the Class Action and PAGA Settlement Agreement (the "Settlement" or "Settlement Agreement"). A true and correct copy of the Settlement Agreement is attached as **Exhibit 1**.

13. The Parties requested several bids from experienced class action settlement administrators to serve as the settlement administrator for this Settlement. The Parties accepted the bid for Phoenix Class Action Administration Solutions. (the “Settlement Administrator”) which was the lowest out of the multiple bids sought. The Settlement Administrator has multiple years of experience in the field of Class Action Administration, particularly in the wage and hour arena. In its bid, the Settlement Administrator agreed to cap its costs at \$9,750.00 for 532 Class Members (the Settlement Administration Costs”). The Settlement Administrator’s bid accounts for serving the class notice in English and Spanish. The Settlement Administrator will undertake its best efforts to ensure that the Class Notice is provided to the current addresses of Class Members, including conducting a national change of address search and re-mailing the Class Notice to updated addresses. A true and correct copy of the bid is attached as **Exhibit 2**.

14. Plaintiffs do not have any interest, financial or otherwise, in the Settlement Administrator.

1 15. No one at WLF, Otkupman Law Firm and Rist Law Office, LC (meaning the law
2 firm itself and anyone employed at the law firm) has any interest, financial or otherwise, in the
3 Settlement Administrator.

4 16. WLF has a fee-splitting agreement with Otkupman Law Firm and Rist Law Office,
5 LC.

6 THE PROPOSED SETTLEMENT IS FAIR AND REASONABLE

7 17. As detailed above, Class Counsel has conducted a thorough investigation into the
8 facts of the Action. Based on the foregoing discovery and their own independent investigation and
9 evaluation, Class Counsel is of the opinion that the Settlement is fair, just, reasonable, and adequate
10 and is in the best interests of the Class Members in light of all known facts and circumstances, the
11 risk of significant delay, the defenses that could be asserted by Defendants both to certification
12 and on the merits, trial risk, and appellate risk.

13 18. Based on an analysis of the facts and legal contentions in this case, documents and
14 information from Defendants, Class Counsel evaluated Defendants' maximum exposure. We took
15 into account the risk of not having the claims certified and the risk of not prevailing at trial, even
16 if the claims are certified. After using the data Defendants provided, including Class Member
17 timekeeping and payroll records, as well as Class Member demographics (i.e., the number of Class
18 Members, "Workweeks" (any week during which a Class Member worked for Defendants for at
19 least one day during the Class Period), PAGA Pay Periods (any week during which a PAGA
20 Member worked for Defendants for at least one day during the PAGA Period and average total
21 compensation of the Class), with the assistance of a statistics expert, Class Counsel created a
22 damages model to evaluate the realistic range of potential recovery for the Class. The damages
23 model is based on the following benchmarks:

1 Total Class Members: 532

2 Terminated Class Members during 3-year statute of limitations period: 176

3 Total Workweeks: 25,000

4 PAGA Pay Periods: 6,898

5 PAGA Eligible Employees: 360

6 Avg. Hourly Rate: \$52.91

7 19. Based on Plaintiffs' discovery and investigation, Class Counsel contended that
8 Defendants had a policy and practice of: requiring its employees to enter and exit security
9 screenings without pay; not providing its employees with California compliant meal and rest
10 periods, which it did not pay appropriate premiums for; not factoring incentive payments into
11 overtime premiums; and failing to reimburse its employees for business-related expenses.
12 Defendants deny these claims.

13 20. For purposes of calculating Defendants' liability based on a best-case scenario for
14 Plaintiffs and the Class, we estimate that Defendants' maximum potential exposure by assuming
15 that all unpaid work time should have been paid at the overtime rate, not minimum or straight time
16 wages, and that Defendants are liable for 1 hour of unpaid worktime per workweek. This results in
17 an estimate of \$1,984,125.00 (25,000 weeks $\times$ \$52.91 hourly average rate $\times$ 1.5 overtime rate $\times$ 1
18 hour of unpaid work per week). We discounted this figure by 80% to account for the difficulty of
19 prevailing on a motion for class certification and at trial on the merits, because liability depends
20 on whether Defendants knew or should have known that Class Members were working off-the-
21 clock, yielding a realistic damage estimate of \$396,825.00.¹

22 21. With respect to the meal period claim, Plaintiffs allege that Defendants required
23 Plaintiffs and similarly situated Class Members to either work in lieu of taking meal periods, or
24 their meal periods were untimely or interrupted. Our expert analyzed Defendants' timekeeping
25 records and opined that approximately 78.1% of all meal breaks had violations of short, missed, or

26
27 ¹ An 80% discount for risk at certification and trial is reasonable because the Judicial Council of California
28 found that only 21.4% of all class actions were certified either as part of a settlement *or* as part of a contested
certification motion. *See* Findings of the Study of California Class Action Litigation, 2000-2006, available at <http://www.courts.ca.gov/documents/class-action-lit-study.pdf>.

1 no meal periods (accounting for waivable shifts and meal period premiums paid). Potential liability
2 for the meal period claim is \$3,719,043.90 (25,000 weeks * 78.1% * \$52.91 * reasonable estimated
3 3.6 shifts a week). We discounted this figure by 80% to account for the difficulty of certifying and
4 proving meal period claims, as well as Defendants' contention that the claim lacks merit,
5 particularly in light of its numerous meal period premium payments, yielding a realistic damage
6 estimate of \$743,808.78.

7 22. With respect to the rest period claim, Plaintiffs allege that Defendants required them
8 and similarly situated class members to work in lieu of taking rest periods, or their rest periods
9 were interrupted. Assuming a 50%² violation rate for the class period based on Plaintiffs' and other
10 class members' experience working for Defendants, Defendants' potential liability for the rest
11 period claim is \$2,380,950.00 (25,000 weeks * 50% * \$52.91 * reasonable estimated 3.6 shifts a
12 week); however, we discounted this figure by 80% to account for the difficulty of certifying and
13 proving rest period claims, particularly because rest periods do not have to be recorded, and to
14 account for the possibility of class members voluntarily choosing to forego a rest period, yielding
15 a realistic damage estimate of \$476,190.00.

16 23. Plaintiffs also allege that Defendants failed to reimburse necessary business
17 expenses. Plaintiffs and similarly situated Class Members frequently incurred mileage expenses
18 while performing certain tasks or running errands on behalf of Defendants. For purposes of
19 calculating Defendants' liability based on a best-case scenario for Plaintiffs and the Class, we
20 estimated that Defendants were liable to each Class Member for \$30 per month, or \$7.25 per
21 workweek, in unreimbursed expenses, for a total amount of \$181,250.00 ($\$7.25 \times 25,000$);
22 however, we discounted this figure by 80% to account for the difficulty of certifying and proving
23 expense reimbursement claims, particularly in light of written policies and practices providing a
24 mechanism for class members to seek reimbursement, yielding a realistic damage estimate of
25 \$36,250.00.

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28 ² We assume a 50% violation rate due to rest breaks being unrecorded and it is a "coin toss" as to what a jury
might find given the they-said nature of these claims.

1 24. In sum, we estimated that Plaintiffs’ maximum recovery for the off-the-clock claim,
2 meal period violations, rest period violations, and failure to reimburse expenses is \$13,430,343.90,
3 but, after factoring in the risk and uncertainty of prevailing at certification and trial, we estimate
4 that Plaintiffs’ realistic estimated recovery for the non-penalty claims is \$2,686,068.78.

5 25. With respect to Plaintiffs’ derivative claims for statutory and civil penalties,
6 Plaintiffs estimated that Defendants’ realistic potential liability is \$797,525.82. While Defendants’
7 maximum potential liability for: waiting time penalties is \$2,626,029.12 based on approximately
8 176 terminated class members during the 3-year statute of limitations period ($176 * \$52.91 * 9.4$
9 $\text{hours} * 30 \text{ days}$); inaccurate wage statements is \$671,800.00 based on approximately 360 class
10 members who worked approximately 6,898 pay periods within the 1-year statute of limitations
11 period ($\$50 * 360$) + ($\$100 * 6,538$); and PAGA violations \$689,800.00 based on the Court
12 assessing a \$100 penalty for initial violations for all 6,898 pay periods within the 1-year statute of
13 limitations period, we believe that it would be unrealistic to expect the Court to award the full
14 \$3,987,629.12 in penalties given Defendants’ defenses, the contested nature of Plaintiffs’ claims,
15 and the discretionary nature of penalties. Considering that the underlying claims are realistically
16 estimated to be \$2,686,068.78, such a disproportionate award would also raise due process
17 concerns. Weighing these factors and applying a discount of 80% to account for the risk and
18 uncertainty of prevailing at trial and the Court’s discretionary ability to lower penalties, we arrived
19 at \$797,525.82 for statutory and civil penalties.

20 26. Using these estimated figures, Plaintiffs predicted that the realistic maximum
21 recovery for all claims, including penalties, would be \$3,483,594.60. This means that the
22 \$2,450,000.00 settlement figure represents approximately 70% of the realistic maximum recovery
23 ($\$2,450,000.00 / \$3,483,594.60 = 70\%$). Considering the risk and uncertainty of prevailing at class
24 certification and at trial, this is an excellent result for the Class.³ Indeed, because of the Settlement,

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26 ³ See, e.g., *Wise v. Ulta Salon, Cosmetics & Fragrance, Inc.* (E.D. Cal. Aug. 21, 2019) 2019 WL 3943859 at
27 *8 (granting preliminary approval where the proposed allocation to settle class claims was between 9.53 percent of
28 Plaintiffs’ maximum recovery); *Bravo v. Gale Triangle, Inc.* (C.D. Cal. Feb 16, 2017) 2017 WL 708766 at * 10
(finding that “a settlement for fourteen percent recovery of Plaintiffs’ maximum recovery is reasonable”); *In re*
Omnivision Techs., Inc. (N.D. Cal. 2008) 559 F.Supp.2d 1036, 1042 (approving settlement amount that “is just over
9% of the maximum potential recovery asserted by either party.”).

1 Class Members will receive timely, guaranteed relief and will avoid the risk of an unfavorable
2 judgment.

3 27. While Plaintiffs are confident in the merits of their claims, a legitimate controversy
4 exists as to each cause of action. Plaintiffs also recognize that proving the amount of wages due to
5 each Class Member would be an expensive, time-consuming, and uncertain proposition.

6 28. This Settlement avoids the risks and the accompanying expenses of further
7 litigation. Although the Parties had engaged in a significant amount of investigation, informal
8 discovery and Class-wide data analysis, the Parties had not yet completed formal written discovery.
9 Plaintiffs intended to depose corporate officers and managers of Defendants. Moreover,
10 preparation for a class certification and a trial remained for the Parties as well as the prospect of
11 appeals in the wake of a disputed class certification ruling for Plaintiffs and/or adverse summary
12 judgment ruling. Had the Court certified any claims, Defendants could move to decertify the
13 claims. As a result, the Parties would incur considerably more attorneys' fees and costs through
14 trial.

15 29. As a result of the Settlement, the net Settlement Amount (the "Net Settlement
16 Amount") to be split amongst the Class is the Gross Settlement Amount minus:

- 17 a. \$857,500.00 for Class Counsel's attorneys' fees;
- 18 b. \$19,076.81 for WLF, \$6,367.59 for Otkupman Law Firm, and \$7,400.07 for Rist
19 Law Office, LC., for Class Counsel's litigation expenses (together with the
20 attorneys' fees the "Attorneys' Fees and Costs");
- 21 c. \$9,750.00 for the Settlement Administration Costs;
- 22 d. \$100,000.00 for the PAGA penalties (the "PAGA Amount"), with 65%
23 (\$65,000.00) allocated to pay to the LWDA (the "LWDA Payment") and 35%
24 (\$35,000.00) allocated to pay to all current and former hourly, non-exempt
25 employees employed directly by Defendants who worked for Defendants in the
26 State of California at any time during the PAGA Period (the "PAGA Employee
27 Amount"). The PAGA Period is the period from January 20, 2023, through the
28 earlier of (a) the date on which the Court issues an order granting preliminary

approval of this Settlement, or (b) the date on which the number of Workweeks totals approximately 27,500, so long as that date is not prior to the date of mediation, January 14, 2026 (the “PAGA Period”); and

e. \$15,000.00 for the service awards to each named Plaintiff for serving as the Class Representatives (the “Enhancement Payment”).

30. The Net Settlement Amount is estimated to be \$719,905.53 for the Class. As a result, each Class Member is eligible to receive an average net benefit of approximately \$537.04. When considering the risks of litigation, the uncertainties involved in achieving class certification, the burdens of proof necessary to establish liability, the probability of appeal of a favorable judgment, it is clear that the Settlement is within the “ballpark” of reasonableness, and preliminary settlement approval is appropriate.

CLASS REPRESENTATIVES’ ENHANCEMENT PAYMENT IS REASONABLE

31. Class Counsel represents that Plaintiffs devoted a great deal of time and work assisting Class Counsel in the Action.

32. Throughout the Action, Plaintiffs have cooperated immensely with Class Counsel and have taken many actions to protect the interests of the Class. Plaintiffs provided valuable information regarding the off-the-clock, meal period, and rest period claims. Plaintiffs also informed Class Counsel of developments and information relevant to the Action, participated in decisions concerning the Action, and Plaintiffs were available to answer questions during the mediation. Before Class Counsel filed the Action, Plaintiffs provided Class Counsel with documents regarding the claims alleged in the Action. The information and documentation provided by Plaintiffs were instrumental in establishing the wage and hour violations alleged in the Action, and the recovery provided for in the Settlement Agreement would have been impossible to obtain without Plaintiffs’ participation.

33. At the same time, Plaintiffs faced many risks in serving as the Class Representative in the Action. Plaintiffs faced actual risks with their future employment since being named on public record in an employment lawsuit could also very well affect a person’s ability to procure future employment. Furthermore, as part of the Settlement, Plaintiffs are executing general release

1 of all claims against Defendants, which is broader than that of the other Class Members resulting
2 in greater financial opportunity cost.

3 34. In turn, Class Members will now have the opportunity to participate in the
4 Settlement, which reimburses them for alleged wage violations they may have never known about
5 on their own or been willing to pursue on their own. If the Class Members would have each tried
6 to pursue their legal remedies on their own, that would have resulted in each Class Member
7 expending a significant amount of their own monetary resources and time, which were obviated
8 by Plaintiffs serving as Class Representatives on behalf of the other Class Members.

9 35. In the final analysis, this Action would not have been possible without the aid of
10 Plaintiffs, who put their own time and effort into the Action, sacrificed the value of their own
11 individual claims, and placed assumed risks for the sake of the Class. The Enhancement Payment
12 is a relatively small amount of money given the time and effort Plaintiffs put into the Action and
13 in comparison, to service awards granted to named plaintiffs in similar class actions. The
14 Enhancement Payment is therefore reasonable to compensate Plaintiffs for their active
15 participation in this lawsuit.

16 THE REQUEST FOR ATTORNEYS' FEES AND COSTS IS REASONABLE

17 36. To date, Wilshire Law Firm, PLC has incurred litigation costs in the amount of
18 \$19,076.81 in prosecuting this action. WLF anticipates incurring additional costs of approximately
19 \$350.00 through final approval and post-settlement administration. These costs include, but are
20 not limited to, filing fees, mediation fees, investigation expenses, and litigation support services. I
21 believe that the Attorneys' Fees and Costs are reasonable. The fee percentage requested is less than
22 that charged by Class Counsel for most employment cases. Class Counsel invested significant time
23 and resources into the Action, with payment deferred to the end, and then, of course, contingent
24 on the outcome.

25 37. It is further estimated that Class Counsel will need to expend at least another 10 to
26 15 hours to monitor the process leading up to the final approval and payments made to the Class.
27 Class Counsel also bears the risk of taking the necessary actions if Defendants fail to pay.

28 38. The risk to Class Counsel has been very significant, particularly if we would not be

1 successful in pursuing this Action. In that case, Class Counsel would have been left with no
2 compensation for all the time taken in litigating this Action. Indeed, Class Counsel has taken on a
3 number of class action cases that have resulted in thousands of attorney hours being expended and
4 ultimately having certification denied or the defendants company going bankrupt. The contingent
5 risk in these types of cases is very real and they do occur regularly. Furthermore, Class Counsel
6 was precluded from focusing on, or taking on, other cases which could have resulted in a larger,
7 and less risky, monetary gain.

8 39. Because most individuals cannot afford to pay for representation in litigation on an
9 hourly basis, WLF represents virtually all of its employment law clients on a contingency fee basis.
10 Pursuant to this arrangement, WLF is not compensated for our time unless we prevail at trial or
11 successfully settle our clients' cases. Because Class Counsel is taking the risk that we will not be
12 reimbursed for our time unless our client settles or wins his or her case, we cannot afford to
13 represent an individual employee on a contingency basis if, at the end of our representation, all we
14 are to receive is our regular hourly rate for services. It is essential that we recover more than our
15 regular hourly rate when we win or settle to remain in practice and continue representing other
16 individuals in civil rights employment disputes.

17 PLAINTIFFS' COUNSEL'S EXPERIENCE AND QUALIFICATIONS

18 40. WLF was selected by Best Lawyers and U.S. News & World Report as one of the
19 nation's Best Law Firms for every year since 2020 and is comprised of more than 100 attorneys
20 and over 600 employees. WLF is actively and continuously practicing in employment litigation,
21 representing employees in both individual and class actions in both state and federal courts
22 throughout California.

23 41. WLF is qualified to handle this Action because its attorneys are experienced in
24 litigating Labor Code violations in both individual, class action, and representative action cases.
25 WLF has handled, and is currently handling, numerous wage and hour class action lawsuits, as
26 well as class actions involving consumer rights and data privacy litigation.

1 CLASS COUNSEL’S EXPERIENCE

2 Tyler Woods’s Qualifications

3 42. Tyler J. Woods graduated from the University of California, Davis in 1999 with a
4 Bachelor of Arts degree in Communications with minors in Spanish and Psychology. He received
5 by Juris Doctor from USC Gould School of Law in 2004.

6 43. Upon graduating from law school in 2004, Mr. Woods worked for international firm
7 McDermott Will & Emery LLP practicing general litigation which included employment law
8 matters. Since 2010, and exclusively since 2013, his practice has focused on labor and employment
9 matters including handling wage and hour class, collective, and representative actions (including
10 the California Private Attorneys general Act or “PAGA”), including at the law firms of McDermott
11 Will & Emery LLP (where he was a partner), Pacific Trial Attorneys (where he was a partner), and
12 labor and employment powerhouse Fisher Phillips (where he was a partner and head of Fisher
13 Phillips Class Action Practice Group). At these law firms, he was the lead trial counsel or took a
14 major leading role in defending employers on numerous wage and hour class, collective, and
15 representative actions. Under his leadership as lead counsel during his tenure as defense counsel
16 he successfully defeated class certification of a potential 10,000 plus class as lead counsel on behalf
17 of a nationwide quick service restaurant during his time as defense counsel and negotiated several
18 wage and hour class actions that were subsequently approved by the Courts.

19 44. In late March 2024, Mr. Woods left Fisher Phillips and joined WLF, to represent
20 plaintiff employees. He has been and is handling many wage and hour class and representative
21 actions litigating such matters on behalf of plaintiff employees in numerous Superior Courts. From
22 matters representing both plaintiff and defendants, he has successfully mediated the resolution of
23 many wage and hour class, collective, and representative actions.

24 45. In July 2025, he obtained a jury verdict in excess of \$6,000,000 in a wage and hour
25 case in Los Angeles Superior Court against Javier’s Cantina & Grill (Los Angeles Superior Court
26 Case No. 19STCV36438).

27 46. Mr. Woods has received numerous awards for his legal work. For example, from
28 2009-2011 and 2014, he was listed as a Rising Star in Los Angeles Super Lawyers (Thomas

1 Reuters). He has also served on numerous prominent boards and in other leadership positions,
2 including currently serving on the board of the Orange County Chapter of the California
3 Restaurants Association.

4 47. He has also presented monthly webinars on labor and employment issues to
5 hundreds of participants since 2022, including on wage and hour issues. For example, he presented
6 “10 Reasons Employers Get Sued (and How to Avoid These Mistakes” (while a partner with Fisher
7 Phillips) and “Key Insights for Hospitality Employers: Arbitration Agreements 101” (while a
8 partner with Fisher Phillips).

9 48. His hourly rate is reasonable given his experience and when compared to other
10 similarly experienced attorneys in this practice and geographic location. The reasonableness
11 of Class Counsels’ hourly rates is also supported by several surveys of legal rates, including the
12 following:

- 13 a. The 2022 Real Rate Report survey compiled by Wolters Kluwer, which presents
14 the real market rates of Los Angeles area attorneys who practice litigation. For
15 that category, the third quartile 2022 rate was \$1,045 per hour for partners and
16 \$855 for associates. Likewise, page 32 of the Report describes the rates charged
17 by 183 Los Angeles partners with “21 or more years of experience” and “Fewer
18 than 21 years.” For those categories, the third quartile Los Angeles partner rate
19 in 2022 were \$1,133 per hour for 21 or more years and \$1,075 for attorneys with
20 fewer than 21 years. A true and correct copy of portions of the 2022 Real Rate
21 Report is attached hereto as **Exhibit 3**.
- 22 b. In an article entitled “Big Law Rates Topping \$2,000 Leave Value ‘In Eye of
23 Beholder,’” written by Roy Strom and published by Bloomberg Law on June 9,
24 2022, the author describes how Big Law firms have crossed the \$2,000-per hour
25 rate. The article also notes that law firm rates have been increasing by just under
26 3% per year. A true and correct copy of this article is attached hereto as **Exhibit**
27 **4**.

Alan Wilcox's Qualifications

49. Alan Wilcox obtained his Bachelor's degree from the University of California, Berkeley in 2007. He graduated from Pepperdine University's School of Law and became a member of the California State Bar in 2012.

50. Throughout Mr. Wilcox's career up until his employment at WLF, he was essentially continuously employed as a civil litigation attorney at multiple law firms. He has represented clients in both state and federal Courts in a wide variety of matters, including contract disputes, wrongful foreclosure, unlawful detainer, divorce, product defect, tort, and employment.

51. From 2014 to the present, Mr. Wilcox has been exclusively practicing complex civil litigation representing plaintiff employees in employment matters. In that time, he has become an expert in the field. Mr. Wilcox has handled both individual wrongful discharge and collective wage and hour actions, with class action and PAGA matters including *Flores v. Aqua Terra Culinary, Inc.*, Monterey Superior Court Case No. 17CV002672, *Garcia v. Construction Innovations Group, LLC*, Sacramento Superior Court Case No. 34-2020-00285239, *Kim v. Sheraton Operating Corp.*, Central District of California Case No. 2:17-cv-09247-FMO-E, *Pease v. Wattrans, Inc.*, San Bernardino Superior Court Case No. CIVDS1919832, and *Lachman v. Berlitz Languages, Inc.*, Los Angeles Superior Court Case No. 19STCV01533, among others.

52. Mr. Wilcox used his programming skills to create complex systems for automatically performing in-depth analyses of employment records to identify wage and hour violations in both individual and collective action settings. He has tried several matters, including multiple employment cases and multiple non-employment cases. His expertise has resulted in obtaining multiple millions of dollars for his clients. He strives to represent individuals struggling to enforce their rights and recover what is owed to them from employers who violate California law. At WLF, he is a Senior Attorney charged with taking resolved class action and PAGA matters and ensuring that they are carried through the approval and distribution process in an efficient manner and in compliance with Court orders.

53. Mr. Wilcox's current hourly billing rate is \$900.00 per hour. This hourly rate is reasonable and appropriate, given his background and experience. He is generally familiar with

1 hourly rates charged by attorneys in both Southern and Northern California whose training and
2 experience are similar, and believes this rate is competitive in both markets for attorneys.

3 54. Indeed, a commonly used metric for determining reasonable attorney fee rates based
4 upon years of experience, the Laffey Matrix (<http://www.laffeymatrix.com/see.html>), indicates
5 that it would be reasonable for Mr. Wilcox to charge approximately \$948.00 per hour. Prior to
6 taking on a Senior Attorney role at WLF, for multiple years his hourly billing rate stagnated at
7 \$650.00 per hour, following Judge Upinder S. Kalra granting the plaintiff's post-trial motion for
8 attorneys' fees and approving hours and rate billed in the matter of *Parker v. Innovative Speech*
9 *Therapy and Communications Servs., Inc.*, Los Angeles Superior Court Case No. 19STCV36310,
10 and when Judge Kory Mathewson approved Mr. Wilcox's fee rate for a default judgment in *Segura*
11 *v. Beyond Staffing Solutions, Inc.*, San Bernardino Superior Court Case No. CIVDS1908672.
12 While working for WLF, Mr. Wilcox has been repeatedly approved as class counsel and his hourly
13 billing rate has been approved for many class and PAGA action settlements.

14 Heriberto Ponce's Qualifications

15 55. Heriberto Ponce is an Attorney at WLF, where he focuses his practice on complex
16 employment litigation, including class and representative actions under the California Private
17 Attorneys General Act ("PAGA"). He graduated from the University of Iowa College of Law in
18 2021 and was admitted to practice law in the State of California the same year. Before
19 joining WLF, Mr. Ponce practiced at Fisher Phillips LLP, where he represented private employers
20 in a broad range of labor and employment matters, including wage and hour disputes,
21 discrimination, retaliation, and other FEHA related claims. Prior to entering private practice,
22 Mr. Ponce served as a Deputy District Attorney with the Riverside County District Attorney's
23 Office, where he prosecuted criminal matters and gained extensive courtroom experience.

24 James Yoo's Qualifications

25 56. James Yoo is a Senior Attorney at WLF. He graduated from the University of
26 California, Los Angeles with a Bachelor of Arts in Philosophy and earned his Juris Doctor degree
27 from UCLA School of Law. He was admitted to practice law in the State of California in 2016.
28 Before joining WLF, he served as head of the Wage and Hour Department at Warmuth Law, where

1 he gained extensive experience managing wage and hour matters and negotiating settlements on
2 behalf of employees. As a Senior Attorney at WLF he leads and manages multiple complex wage
3 and hour class and representative actions under the California Private Attorneys General Act
4 (“PAGA”). He is currently overseeing more than one hundred active class action and PAGA
5 representative matters pending in courts throughout the State of California.

6 Conor Gomez’s Qualifications

7 57. Conor J.D. Gomez is a fifth-year Settlement Attorney at WLF. Mr. Gomez is
8 responsible for finalizing resolved class action and PAGA matters, ensuring that they are carried
9 through the approval and distribution process in an efficient manner and in compliance with court
10 orders. He graduated from the University of California, Los Angeles School of Law in May 2020.
11 Mr. Gomez passed the California Bar Examination on his first attempt and was admitted to practice
12 in May 2021. He is admitted to practice law in the State of California and before the Northern
13 District of California. Mr. Gomez also serves as an adjunct professor at the Thomas Jefferson
14 School of Law in San Diego, California, and he acts as a Bar Exam Preparation mentor to law
15 students throughout San Diego. He graduated from the University of California, San Diego in 2017
16 with a Bachelor of Arts in Sociology, concentrating in Law & Society. During law school, Mr.
17 Gomez obtained credentials in course design, teaching innovation and technology, and business
18 administration from the University of California, Irvine. He was awarded the Masin Family
19 Foundation Gold Award in recognition of his academic performance in law school. Mr. Gomez
20 began his legal career representing both for-profit and non-profit/tax-exempt organizations. He
21 draws on that experience to achieve strong results for his clients, having represented businesses
22 and understanding their perspectives. He has practiced plaintiff-side employment litigation for
23 several years and has a strong record of securing settlements in individual wage-and-hour and
24 FEHA matters, with results regularly reaching the six-figure range. Throughout his career, Mr.
25 Gomez has worked with multiple firms, taking on increasing responsibility and mentoring dozens
26 of new attorneys in employment law fundamentals and litigation strategies to achieve efficient and
27 favorable outcomes. He transitioned into his current role at WLF to capitalize on his strengths in
28 settlement negotiations, workflow optimization, and drafting clear and concise agreements and

1 motions, with the goal of achieving maximal results for larger classes of workers. Mr. Gomez has
2 served on the board of directors for local arts organizations and regularly hosts workshops
3 throughout Southern California. He has guest lectured at the University of California, Irvine on
4 various legal topics. He is also a certified mediator and serves on the California Lawyers for the
5 Arts mediation panel, where he volunteers his time to mediate a wide range of disputes, including
6 artistic business and ownership matters as well as employment disputes. Mr. Gomez has been
7 appointed as class counsel in wage-and-hour matters throughout California, including most
8 recently in *Canady v. Sheffield Platers, Inc.*, 37-2024-00014952-CU-OE-CTL; Motion for
9 Preliminary Approval Granted March 4, 2026; *Molina v. CCN Framing, Inc.*, 22STCV10819;
10 Motion for Preliminary Approval Granted on March 4, 2026; and *Lucero v. Nissho of California,*
11 *Inc.*, Case No. 37-2021-00001528-CU-OE-CTL, consolidated with Case No. 37-2022-00012006-
12 CU-OE-CTL; Motion for Final Approval granted on February 20, 2026.

13 Lucy Nguyen's Qualifications

14 58. I am an attorney at Wilshire Law Firm, PLC, where I represent employees in
15 complex wage-and-hour class and representative actions under California and federal law. My
16 practice focuses on wage and hour violations, Private Attorneys General Act ("PAGA") matters,
17 retaliation, discrimination, wrongful termination, and class action settlements. I earned my Juris
18 Doctor from John F. Kennedy University, School of Law, and was admitted to the State Bar of
19 California in 2021. I also earned a Bachelor of Science degree in Business Management from San
20 Francisco State University.

21 59. I bring more than five years of litigation experience, including substantial
22 experience in employment and family law. I have managed high-volume caseloads involving
23 wage-and-hour, discrimination, harassment, retaliation, and wrongful termination matters, and
24 have drafted and negotiated numerous demand letters, analyzed complex statutory violations, and
25 assisted in securing significant settlements for employees. I have also trained and mentored junior
26 attorneys and advised colleagues on statutory compliance and case valuation.

27 60. Earlier in my career, I practiced family law litigation, managing contested matters
28 through discovery, motion practice, mediation, and trial preparation. I also served as a Self-Help

1 Attorney with the Alameda County Superior Court, where I assisted self-represented litigants and
2 worked closely with court personnel to ensure compliance with procedural requirements. These
3 experiences strengthened my understanding of court processes and judicial expectations.

4 61. I am also a Certified Information Privacy Professional (CIPP/US) and have advised
5 businesses on compliance with federal and state regulatory requirements. I apply my litigation and
6 analytical skills to evaluating claims, reviewing payroll and timekeeping records, and ensuring that
7 class and representative settlements comply with California law and court approval standards.

8 62. Through this work, I have developed familiarity with the legal standards governing
9 class certification and settlement approval, as well as the practical considerations involved in
10 evaluating and resolving wage-and-hour disputes on a representative basis.

11 Arsiné Grigoryan's Qualifications

12 63. Arsiné Grigoryan was an Associate Attorney at Wilshire Law Firm who was
13 actively involved in the litigation and resolution of this matter from its inception through December
14 2024. She earned two Bachelor of Arts degrees from the University of California, Berkeley in (1)
15 Political Science with an emphasis on international relations and (2) Media Studies. She obtained
16 her Juris Doctor degree from Southwestern Law School. She is presently admitted to practice in
17 all state courts of California (admitted in 2017) and before all federal district courts in California.
18 The focus of her practice at Wilshire Law Firm is currently on class action wage-and-hour law,
19 including Private Attorneys General Act of 2004 ("PAGA") matters. Prior to joining Wilshire Law
20 Firm, PLC, she worked at a law firm specializing in wage-and-hour class action cases. She is also
21 handling more than a dozen active class action matters currently pending and prosecuting multiple
22 PAGA collective action matters in various courts throughout the State of California.

23 Molly DeSario's Qualifications

24 64. Molly DeSario is a former partner at Wilshire Law Firm, PLC. She graduated cum
25 laude from the Carl H. Lindner School of Business at the University of Cincinnati in 1999 and
26 received her Juris Doctor from Northeastern University School of Law In 2003. Ms. DeSario has
27 over 19 years of experience in litigating class action and mass litigation, and she has spent the past
28 16 years prosecuting class and PAGA actions at well-known plaintiff-side wage and hour firms in

1 California. As a partner, she oversaw the prosecution of hundreds of representative wage and hour
2 actions in California state and federal courts. Ms. DeSario has also donated numerous pro bono
3 hours to many non-profit organizations, including the Whitman-Walker legal Clinic, ABA
4 Coalition for Justice, Alameda Point Collaborative, National Association of Women Judges
5 Storybook Project, and the ACLU. MS. DeSario was also a member of CELA, Queens' Bench,
6 and, and the San Francisco, Alameda, and Montgomery County (Maryland) bar associations.

7 I declare under penalty of perjury under the laws of the State of California and the United
8 States that the foregoing is true and correct.

9 Executed on April 3, 2026, in Livermore, California.

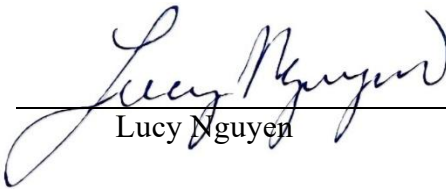
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12 _____
13 Lucy Nguyen
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Exhibit 1

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Attorneys for Defendants

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN DIEGO**

FREDDIE BUNCH, ARNULFO LABIOS, and
ASHLEY NICOLE ELLIOTT on behalf of
themselves and all others similarly situated,

Plaintiffs,

vs.

NAPHCARE U.S., INC., an Alabama
corporation; NAPHCARE OF SAN DIEGO
LLC, a California limited liability company;
NAPHCARE PHARMACY, LLC, an Alabama
limited liability company, NAPHCARE US DE,
LLC, a Delaware limited liability company;
NAPHCARE WHOLESALE DISTRIBUTION,
LLC, an Alabama limited liability company;
NAPHCARE, INC., an Alabama corporation;
and DOES 1 through 10, inclusive,

Defendants.

CASE NO. 37-2024-00002535-CU-NP-CTL

CLASS ACTION

*[Assigned for all purposes to Judge Matthew
C. Braner, Dept. C-60]*

**CLASS ACTION AND PAGA
SETTLEMENT AGREEMENT**

Complaint filed: January 19, 2024
Trial date: Not set

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between plaintiffs Arnulfo Labios (“Labios”), Ashley Nicole Elliott (“Elliot”), and Freddie Bunch (“Bunch”) (collectively “Plaintiffs”) and defendant(s) NaphCare U.S., Inc., NaphCare of San Diego LLC, NaphCare Pharmacy, LLC, NaphCare US DE, LLC, NaphCare Wholesale Distribution, LLC, and NaphCare, Inc. (Collectively “Defendants”) (Plaintiffs and Defendants are referred to collectively as the “Parties”).

1. **DEFINITIONS.**

1.1 “Actions” means the lawsuit(s) entitled *Arnulfo Labios v. Naphcare U.S., Inc. et al.*, San Joaquin County Superior Court, Case No. STK-CV-UOE-2024-16214 (“*Labios*”), *Ashley Nicole Elliott v. Naphcare U.S., Inc.*, Mendocino County Superior Court, Case No. 25CV01709 (“*Elliot*”) and *Freddie Bunch v. Naphcare of San Diego, LLC*, San Diego County Superior Court, case No. 37- 2024-00002535-CU-NP-CTL (“*Bunch*”).

1.2 “Administrator” means Phoenix Settlement Administrators, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.

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

1.4 “Aggrieved Employee” means all current and former hourly, non-exempt employees employed by Defendants in the State of California during the PAGA Period.

1.5 “Class” means all current and former hourly, non-exempt employees employed by Defendants, in the State of California during the Class Period.

1.6 “Alternative End Date” means any date after January 14, 2026 (the date of mediation), at which point Defendants, at its sole discretion, may choose to end the Settlement Period in lieu of triggering the escalator clause as set forth in Section 7 below.

1.7 “Class Counsel” means Tyler Woods, James Yoo, Heriberto Ponce, and Ruby Carrera of Wilshire Law Firm, PLC; Roman Otkupman of Otkupman Law Firm; and Thomas Rist of Rist Law Office, LC.

1.8 “Class Counsel Fees Payment” means an award of attorneys’ fees granted to Class Counsel and paid from the Gross Settlement Amount. The Parties have agreed Plaintiffs will request approval from the Court of up to thirty five percent (35%) of the GSA (currently \$857,500.00).

1.9 “Class Counsel Litigation Expenses Payment” means the amount allocated to Class Counsel for reimbursement of reasonable expenses and costs incurred to prosecute the Actions and paid from the Gross Settlement Amount.

1.10 “Class Data” means Class Member identifying information in Defendants’ possession including the Class Member’s name, last-known mailing address, Social Security number, and number of Workweeks and PAGA Pay Periods.

1.11 “Class Member” or “Settlement Class Member” means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non-Participating Class Member who qualifies as an Aggrieved Employee).

1.12 “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available sources, methods, and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.

1.13 “Class Notice” means the Court approved Notice of Class Action Settlement and Hearing Date for Final Court Approval, to be mailed to Class Members in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.

1.14 “Class Period” or “Class Settlement Period” means the period from January 19, 2020 through the day the Court grants preliminary approval of the Settlement or the Alternative End Date set forth in Section 7 below (“Settlement Class Period”).

1.15 “Class Representatives” means Arnulfo Labios, Ashley Nicole Elliott, and Freddie Bunch, the named Plaintiffs in the Operative Complaint seeking Court approval to serve as a Class Representative.

1.16 “Class Representative Service Payment(s)” or “Enhancement Award(s)” means the payment to the Class Representatives for initiating the Action and providing services in support of the Action.

1.17 “Court” means the Superior Court of California, County of San Diego.

1.18 “Defendants” means named Defendants NaphCare U.S., Inc., NaphCare of San Diego LLC, NaphCare Pharmacy, LLC, NaphCare US DE, LLC, NaphCare Wholesale Distribution, LLC, and NaphCare, Inc.

1.19 “Defense Counsel” means Talia Delanoy of Weintraub Tobin and Dick Semerdjian and Mikayla Preus of Schwartz Semerdjian Cauley Schena & Bush LLP.

1.20 “Effective Date” means the date by which both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (b) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or (c) if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

1.21 “Final Approval” means the Court’s order granting final approval of the Settlement.

1.22 “Final Approval Hearing” means the Court’s hearing on the Motion for Final Approval of the Settlement.

1.23 “Final Judgment” means the Judgment entered by the Court upon granting Final Approval of the Settlement.

1.24 “Gross Settlement Amount” or “GSA” means \$2,450,000.00, which is the total amount Defendants agrees to pay under the Settlement, except as provided in Paragraph 7 below. Except for employer-side taxes, the Gross Settlement Amount will be used to pay all amounts contemplated in this Agreement, including the Net Settlement Amount, Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees, Class Counsel Expenses, Class Representative Service Payment and the Administrator’s Expenses.

For avoidance of doubt, Defendants shall have no other financial obligations apart from payment of the GSA.

1.25 “Individual Class Payment” means the Participating Class Member’s pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.

1.26 “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 35% of the PAGA Penalties calculated according to the number of PAGA Pay Periods worked during the PAGA Period.

1.27 “Judgment” means the judgment entered by the Court based upon the Final Approval.

1.28 “LWDA” means the California Labor and Workforce Development Agency.

1.29 “LWDA PAGA Payment” means the 65% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (m).

1.30 “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Costs Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.

1.31 “Non-Participating Class Member” means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.

1.32 “Operative Complaint” means the Second Amended Complaint filed in *Bunch* adding Arnulfo Labios and Ashley Nicole Elliott as named Plaintiffs, and Wilshire Law Firm, PLC and Otkupman Law Firm, A Law Corporation, as additional Class Counsel, and all claims asserted in *Labios* and *Elliott*, for purposes of seeking preliminary approval of the Settlement for the Actions. Upon the court accepting the Operative Complaint, the *Bunch*, *Elliott* and *Labios* cases shall be dismissed without prejudice, pending Final Approval, and shall thereafter be dismissed with prejudice.

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

1.34 “PAGA Period” means the period from January 20, 2023, through the earlier of (a) the date on which the Court issues an order granting preliminary approval of this Settlement, or (b) the date on which the number of Workweeks totals approximately 27,500, so long as that date is not prior to the date of mediation, January 14, 2026.

1.35 “PAGA” means the Private Attorneys General Act (Labor Code §§ 2698. *et seq.*).

1.36 “PAGA Notice(s)” means Plaintiff Bunch’s January 18, 2024 letter (LWDA-CM-1005806-24) and Plaintiff Labios’ November 6, 2024 letter (LWDA-CM-1060420-24) to the LWDA and Defendants providing notice pursuant to Labor Code section 2699.3, subd.(a).

1.37 “PAGA Penalties” means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount (\$100,000.00), allocated 35% to the Aggrieved Employees (\$35,000.00) and 65% to LWDA (\$65,000.00) in settlement of PAGA claims.

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

1.39 “Plaintiffs” means Arnulfo Labios, Ashley Nicole Elliott, and Freddie Bunch, the named plaintiffs in the Action.

1.40 “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement.

1.41 “Released Class Claims” means the claims being released as described in Paragraph 5.2 below.

1.42 “Released PAGA Claims” means the claims being released as described in Paragraph 5.3 below.

1.43 “Released Parties” means Defendants and Defendants’ officers, directors, managerial employees, and agents (the “Released Parties”).

1.44 “Released Claims” means the Plaintiffs’ Release, Released Class Claims, and Released PAGA Claims as defined in Section 4 below.

1.45 “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.

1.46 “Response Deadline” means forty-five (45) days after the Administrator mails Notice to Class Members and Aggrieved Employees and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her Objection to the Settlement. Class Members to whom Notice packets are resent after having been returned undeliverable to the Administrator shall have an additional fourteen (14) calendar days beyond the Response Deadline has expired.

1.47 “Settlement” means the disposition of the Action effected by this Agreement and the Judgment.

1.48 “Workweek” means any week in which, during the Class Period, a Class Member provided one or more hours of labor or services for Defendants in California for remuneration.

2. RECITALS.

2.1 On January 19, 2024, Plaintiff Bunch filed a complaint in San Diego County Superior Court, Case No. 37- 2024-00002535-CU-NP-CTL, alleging causes of action against Defendants for various California Labor Code violations including claims that Defendants (1) failed to pay minimum wages; (2) failed to pay wages at agreed upon rate; (3) failed to pay overtime wages (4) failed to pay timely wages upon termination of employment; (5) failed to provide accurate itemized wage statements; (6) failed to maintain accurate records; and (7) violated California’s Unfair Competition Law, California Business and Professions Code section 17200, *et seq.* On January 18, 2024, pursuant to Labor Code §2699.3, subd.(a), Plaintiff Bunch gave notice to the LWDA and Defendants that he intended to proceed with a representative action under PAGA (LWDA-CM- 005806-24). On March 25, 2024, after the 65-day statutory period passed, Plaintiff Freddie Bunch filed a first amended complaint adding a representative cause of action for Violation of PAGA (Cal. Labor Code § 2699, *et seq.*).

2.2 On November 19, 2024, Plaintiff Labios filed a complaint in San Joaquin County Superior Court, Case No. STK-CV-UOE-2024-16214, alleging causes of action against Defendants for various California Labor Code violations including claims that Defendants (1)

1 failed to pay minimum and straight time wages; (2) failed to pay overtime wages; (3) failed to
2 provide meal periods; (4) failed to authorize and permit rest periods; (5) failed to timely pay
3 final wages at termination; (6) failed to provide accurate itemized wage statements; (7) failed
4 to indemnify employees for business expenditures; (8) failed to produce requested employment
5 records; and (9) violated California's Unfair Competition Law, California Business and
6 Professions Code section 17200, *et seq.* On September 20, 2024, pursuant to Labor Code
7 §2699.3, subd.(a), Plaintiff Labios gave notice to the LWDA and Defendants that he intended
8 to proceed with a representative action under PAGA (LWDA-CM-1051782-24). On January 14,
9 2025, after the 65-day statutory period passed, Plaintiff Labios filed a first amended complaint
10 adding a representative cause of action for Violation of PAGA (Cal. Labor Code § 2699, *et*
11 *seq.*).

12 2.3 On January 24, 2025, Plaintiff Elliott filed a complaint in Mendocino County
13 Superior Court, Case No. 25CV01709, alleging causes of action against Defendants for various
14 California Labor Code violations including claims that Defendants (1) failed to provide meal
15 periods; (2) failed to provide rest periods; (3) failed to pay all wages; (4) failed to timely pay
16 wages due at termination; (5) failed to timely pay employees; (6) failed to reimburse for business
17 expenses; (7) failed to pay for all hours worked, including overtime hours worked; and (8)
18 violated California's Unfair Competition Law, California Business and Professions Code
19 section 17200, *et seq.*

20 2.4 For purposes of settlement and corresponding court approval, the Parties intend
21 to resolve all claims asserted in the Actions through a single settlement proceeding in the San
22 Diego County Superior Court. To effectuate this process, Plaintiffs filed the Operative
23 Complaint in *Bunch* for purposes of seeking preliminary approval of the Settlement for the
24 Actions.

25 2.5 Defendants deny the allegations in the Operative Complaint, deny any failure to
26 comply with any laws, and deny any and all liability for the causes of action alleged in the
27 Operative Complaint.
28

2.6 On January 14, 2026, the Parties participated in an all-day mediation presided over by mediator Abe Melamed. The Parties were able to reach an agreement on general settlement terms and executed a Memorandum of Understanding thereafter.

2.7 In advance of mediation, Class Counsel conducted a thorough investigation into the facts of, and applicable law related to the claims as stated in the Actions. Prior to mediation, Plaintiffs obtained and analyzed a representative randomized and reasonable sampling of time and payroll data for Class Members and the necessary policy documents through informal discovery to properly evaluate the strengths and weakness of the claims and engage in meaningful settlement discussions. Plaintiffs' investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.*, 48 Cal.App.4th 1794, 1801 (1996) and *Kullar v. Foot Locker Retail, Inc.*, 168 Cal.App.4th 116, 129-130 (2008) ("*Dunk/Kullar*").

2.8 The Court has not granted class certification because the Parties engaged in mediation before any class certification. For purposes of this Settlement only, the Parties stipulate to certification of a Settlement Class. 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 in 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.

2.9 The Parties, Class 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.

MONETARY TERMS.

2.10 Gross Settlement Amount. Except as otherwise provided by Paragraph 7 below, Defendants will pay \$2,450,000.00 to fully settle, resolve, and extinguish all claims that were or reasonably could have been brought based on the factual allegations asserted in the Actions, including without limitation all facts and claims asserted in the PAGA Notices. The Gross Settlement Amount is non-reversionary and does not include employer payroll taxes owed on

1 the wage portions of the Individual Class Payments, which Defendants will pay separately. The
2 Administrator will disburse the entire Gross Settlement Amount without asking or requiring
3 Participating Class Members or Aggrieved Employees to submit any claim as a condition of
4 payment.

5 2.11 Payments from the Gross Settlement Amount. The Administrator will make and
6 deduct the following payments from the Gross Settlement Amount, in the amounts specified by
7 the Court in the Final Approval:

8 2.11.1 To Plaintiffs: A payment for the Class Representative Service Payment to each
9 Plaintiff of not more than fifteen thousand dollars (\$15,000.00) (in addition to any Individual
10 Class Payment and any Individual PAGA Payment the Class Representatives are entitled to
11 receive as a Participating Class Member). Defendants will not oppose Plaintiffs' request for a
12 Class Representative Service Payment that does not exceed this amount. As part of the motion
13 for the Class Counsel Fees and Litigation Expenses Payments, Plaintiffs will seek Court
14 approval for any Class Representative Service Payments no later than sixteen (16) court days
15 prior to the Final Approval Hearing, or as otherwise ordered by the Court. If the Court approves
16 a Class Representative Service Payment less than the amount requested, the Administrator will
17 retain the remainder in the Net Settlement Amount to be distributed to Participating Class
18 Members. The Administrator will pay the Class Representative Service Payment using IRS
19 Form 1099. Plaintiffs assume full responsibility and liability for employee taxes owed on the
20 Class Representative Service Payment.

21 2.11.2 To Class Counsel: A Class Counsel Fees Payment of not more than thirty five
22 percent (35%) of the GSA, or approximately \$857,500.00, and a Class Counsel Litigation
23 Expenses Payment for actual litigation costs incurred. Plaintiffs and/or Class Counsel will file
24 a motion for Class Counsel Fees and Litigation Expenses Payment no later than sixteen (16)
25 court days prior to the Final Approval Hearing, or as otherwise ordered by the Court. If the
26 Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses
27 Payment less than the amounts requested, the Administrator will allocate the remainder to the
28 Net Settlement Amount for distribution to Participating Class Members. Released Parties shall

1 have no liability to Class Counsel or any other Plaintiffs' counsel arising from any claim to any
2 portion of Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The
3 Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment
4 using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for
5 taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses
6 Payment and holds Defendants harmless, and indemnifies Defendants, from any dispute or
7 controversy regarding any division or sharing of any of these Payments.

8 2.11.3 To the Administrator: An Administrator Costs Payment for actual costs, not to
9 exceed \$10,000.00 except for a showing of good cause and as approved by the Court. To the
10 extent the Administration Costs are less or the Court approves payment of less than requested,
11 the Administrator will retain the remainder in the Net Settlement Amount to be distributed to
12 Participating Class Members.

13 2.11.4 To Each Participating Class Member: An Individual Class Payment is calculated
14 by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all
15 Participating Class Members during the Class Period, and (b) multiplying the result by each
16 individual Participating Class Member's Workweeks.

17 2.11.4.1 Tax Allocation of Individual Class Payments. Ten percent (10%) of each
18 Participating Class Member's Individual Class Payment will be allocated to the Settlement of
19 wage claims (the "Wage Portion"). The Wage Portion is subject to tax withholding and will be
20 reported on an IRS W-2 Form. The remaining ninety percent (90%) of each Participating Class
21 Member's Individual Class Payment will be allocated to the settlement of claims for interest
22 and statutory penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to
23 wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members
24 assume full responsibility and liability for any employee taxes owed on their Individual Class
25 Payment.

26 2.11.4.2 Effect of Non-Participating Class Members on Calculation of Individual
27 Class Payments. Non-Participating Class Members will not receive any Individual Class
28

1 Payments. The Administrator will retain amounts equal to their Individual Class Payments in
2 the Net Settlement Amount for distribution to Participating Class Members on a pro-rata basis.

3 2.11.5 To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of
4 \$100,000.00 to be paid from the Gross Settlement Amount, with 65% (\$65,000.00) allocated to
5 the LWDA PAGA Payment and 35% (\$35,000.00) allocated to the Individual PAGA Payments.

6 2.11.5.1 The Administrator will calculate each Individual PAGA Payment by (a)
7 dividing the amount of the Aggrieved Employees' 35% share of PAGA Penalties (\$35,000.00)
8 by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during
9 the PAGA Period, and (b) multiplying the result by each individual Aggrieved Employee's
10 PAGA Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes
11 owed on their Individual PAGA Payment.

12 2.11.5.2 If the Court approves PAGA Penalties of less than the amount requested,
13 the Administrator will allocate the remainder to the Net Settlement Amount to be distributed to
14 Participating Class Members. The Administrator will report the Individual PAGA Payments on
15 IRS 1099 Forms.

16 **3. SETTLEMENT FUNDING AND PAYMENTS.**

17 3.1 Class Workweeks and Aggrieved Employee Pay Periods. Based on a review of its
18 records, Defendants represents that from January 2020 to January 2025, there are 532 Class
19 Members who collectively worked a total of 25,000 workweeks during the Class Period, and
20 360 Aggrieved Employees who worked a total of 6,898 PAGA Pay Periods during the PAGA
21 Period.

22 3.2 Class Data. Not later than seven (7) business days after the Court grants Preliminary
23 Approval of the Settlement, Defendants will deliver the Class Data to the Administrator, in the
24 form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the
25 Administrator must maintain the Class Data in confidence, use the Class Data only for purposes
26 of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator
27 employees who need access to the Class Data to effect and perform under this Agreement.
28 Defendants has a continuing duty to immediately notify Class Counsel if it discovers that the

Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Defendants must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

3.3 Funding of Gross Settlement Amount. Defendants shall fully fund the Gross Settlement Amount and the amounts necessary to fully pay Defendants' share of payroll taxes by transmitting the funds to the Administrator no later than forty-five (45) calendar days after the Effective Date. At its sole discretion, Defendants shall also have the right to fund all or portions of the settlement prior to preliminary or final approval by the Court to be held in escrow by the Administrator. The Parties expressly agree that should the Court deny Preliminary or Final approval and/or Defendants elect to withdraw under the terms of this Agreement, Defendants shall be entitled to a full refund of all settlement monies held in escrow. The Parties agree to cooperate to expeditiously facilitate the return of the escrowed funds, including providing the Administrator with confirmation that the funds should be released to Defendants.

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

3.4.1 The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail. The face of each check shall prominently state the date (180 days after the date of mailing) when the check will be voided ("Void Date"). The Administrator will cancel all checks not cashed by the Void Date. The Administrator will send checks for Individual Settlement Payments to all

Participating Class Members (including those for whom the Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

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

3.4.3 For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and canceled 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 Class Member thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure Section 384, subd. (b).

3.4.4 The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendants to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

4. **RELEASES OF CLAIMS.** Effective on the date when Defendants fully funds the Gross Settlement Amount and all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiffs, Class Members, Aggrieved Employees, the State of California, and

Class Counsel will be deemed to have released the Released Claims against all Released Parties as follows:

4.1 Plaintiffs' Release. Except as expressly provided for below in Section 5.1, Plaintiffs agree to release and discharge Released Parties from any and all claims they have or may have against Released Parties at this time and waives any and all rights they have or may have under California Civil Code § 1542. Plaintiffs understand that this release includes known and unknown claims and that they, as a result, waive all rights and benefits afforded by Section 1542 of the California Civil Code. More specifically, Plaintiffs discharge Released Parties from all claims, transactions, or occurrences, that occurred during the Class Period, including all claims that were, or reasonably could have been, alleged, based on the facts contained in the Actions. Furthermore, Plaintiffs discharge Released Parties from any and all claims that accrued at any point prior to entering into this Agreement 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 (collectively, the releases set forth above are "Plaintiffs' Release"). Plaintiffs' Release do 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. 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.

4.1.1 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.

4.2 Released Class Claims: Upon Defendants’ payment in full of the GSA and the employer’s taxes for the portion of the Settlement allocated to settlement of wage claims, the claims waived, released, and discharged by Class Members (other than those who submit timely and valid requests for exclusion) as to the Released Parties are all claims arising during the Class Period which were asserted against Defendant in the operative complaint filed in the Actions or which reasonably could have been asserted against Defendants based on the factual allegations stated the Operative Complaint filed in the Actions to include claims related to meal and rest period violations; failure to pay minimum wage; failure to pay overtime, meal and rest periods and sick pay at the regular rate of pay; off-the-clock work; failure to pay wages for time spent in security screenings; and derivative penalties related to wage statements, late or timely payment of wages, wages paid at termination, maintenance and production of personnel and wage records and PAGA penalties.

4.3 Released PAGA Claims: Upon Defendants’ payment in full of the Gross Settlement Amount and the employer’s share of payroll taxes attributable to the portion of the Settlement allocated to settlement of wage claims, the claims waived, released, and discharged by Aggrieved Employees—including Non-Participating Class Members who are Aggrieved Employees—and by the State of California as to the Released Parties are all claims for civil penalties under the California Private Attorneys General Act of 2004 (“PAGA”) arising during the PAGA Period that (a) were asserted against Defendants in Plaintiffs’ PAGA Notices preceding the Action and/or in the Operative Complaint filed in the Actions, or (b) reasonably could have been asserted against Defendants based on the factual allegations stated in Plaintiffs’ PAGA Notices preceding the Actions (and/or any amended notices) and/or the Operative Complaint filed in the Action (collectively, the “Released PAGA Claims”).

5. **MOTION FOR PRELIMINARY APPROVAL**. Plaintiffs will prepare and file a motion for preliminary approval (“Motion for Preliminary Approval”).

5.1 Plaintiffs’ Responsibilities. Plaintiffs will prepare all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar*

1 and a request for approval of the PAGA Settlement under Labor Code Section 2699, subd.
2 (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA
3 Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from Plaintiffs
4 confirming willingness and competency to serve and disclosing all facts relevant to any actual
5 or potential conflicts of interest with Class Members, and/or the Administrator; (v) a signed
6 declaration from Class Counsel firm attesting to its competency to represent the Class Members;
7 its timely transmission to the LWDA of this Agreement (Labor Code section 2699, subd. (l)(2));
8 and (vi) all facts relevant to any actual or potential conflict of interest with Class Members,
9 and/or the Administrator. In their Declarations, Plaintiffs and Class Counsel shall aver that they
10 are not aware of any other pending matter or action asserting claims that will be extinguished
11 or adversely affected by the Settlement. Plaintiffs' Counsel shall provide a draft of all
12 documents to be submitted in connection with the motion to approve this Settlement Agreement
13 to Defense Counsel for review; Defendants' Counsel will be given an opportunity to comment
14 on the papers prior to their being filed with the Court, and such comments will be implemented
15 to the extent reasonable. If there is disagreement regarding how to address or incorporate any
16 such comments, at the election of either Party the Motion will so inform the Court.

17 5.2 Responsibilities of Counsel. Class Counsel shall prepare the Motion for Preliminary
18 Approval and submit a draft to Defense Counsel no later than March 11, 2026. Class Counsel
19 will obtain the first available hearing date for the Motion for Preliminary Approval, file the
20 Motion for Preliminary Approval no later than 16 (sixteen) court days before the hearing, unless
21 otherwise ordered by the Court, and deliver the Court's Preliminary Approval Order to the
22 Administrator.

23 5.3 Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for
24 Preliminary Approval and/or the supporting declarations and documents, Class Counsel and
25 Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person
26 or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant
27 Preliminary Approval or conditions Preliminary Approval on any material change to this
28 Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of

the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

6. SETTLEMENT ADMINISTRATION.

6.1 Selection of Administrator. The Parties have jointly selected Phoenix Settlement Administrators, Inc. as the Administrator and verified that, as a condition of appointment, the Administrator 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 Costs. 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.

6.2 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.

6.3 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 for the funding of the GSA. Any interest that accrues on the GSA sums paid into the QSF prior to distribution by the Administrator will not increase the total GSA under this Agreement. To the extent the total held in escrow exceeds the GSA owed by Defendants pursuant to this Agreement, the Administrator will return any excess amounts to Defendants within fifteen (15) business days of disbursing all funds owed under this Settlement Agreement.

6.4 Notice to Class Members.

6.4.1 No later than seven (7) calendar days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, Aggrieved Employees, Workweeks, and Pay Periods in the Class Data.

6.4.2 Using best efforts to perform as soon as possible, and in no event later than fourteen (14) days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service ("USPS") mail, the Class Notice substantially in the form attached to this Agreement as Exhibit A. The

first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Workweeks and PAGA Pay Periods used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

6.4.3 Not later than five (5) business days after the Administrator's receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

6.4.4 The deadlines for Class Members' written objections, challenges to Workweeks and/or Pay Periods, and Requests for Exclusion will be extended an additional fourteen (14) days beyond the sixty (60) days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.

6.4.5 If the Administrator, Defendants, or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received Class Notice, the Parties will expeditiously meet and confer in person or by telephone, and in good faith in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than fourteen (14) days after receipt of Class Notice, or the deadline dates in the Class Notice, whichever are later.

6.5 Requests for Exclusion (Opt-Outs).

6.5.1 Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not

1 later than sixty (60) days after the Administrator mails the Class Notice (plus an additional
2 fourteen (14) days for Class Members whose Class Notice is re-mailed). A Request for
3 Exclusion is a letter from a Class Member or his/her representative that reasonably
4 communicates the Class Member's election to be excluded from the Settlement and includes the
5 Class Member's name, address and email address or telephone number. To be valid, a Request
6 for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

7 6.5.2 The Administrator may not reject a Request for Exclusion as invalid because it
8 fails to contain all the information specified in the Class Notice. The Administrator shall accept
9 any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of
10 the person as a Class Member and the Class Member's desire to be excluded. The
11 Administrator's determination shall be final and not appealable or otherwise susceptible to
12 challenge. If the Administrator has reason to question the authenticity of a Request for
13 Exclusion, the Administrator may demand additional proof of the Class Member's identity. The
14 Administrator's determination of authenticity shall be final and not appealable or otherwise
15 susceptible to challenge.

16 6.5.3 Every Class Member who does not submit a timely and valid Request for
17 Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all
18 benefits and bound by all terms and conditions of the Settlement, including the Participating
19 Class Members' Releases under paragraphs 5.2 and 5.3 of this Agreement, regardless of whether
20 the Participating Class Member actually receives the Class Notice or objects to the Settlement.

21 6.5.4 Every Class Member who submits a valid and timely Request for Exclusion is a
22 Non-Participating Class Member and shall not receive an Individual Class Payment or have the
23 right to object to the class action components of the Settlement. The Administrator will prepare
24 an Exclusion List identifying each potential Class Member who timely submitted a Request for
25 Exclusion and circulate the Exclusion List to Class and Defense Counsel within 10 calendar
26 days of the deadline to respond to the notice of Settlement. Because future PAGA claims are
27 subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who
28

are Aggrieved Employees are deemed to release the Released PAGA Claims identified in Paragraph 5.3 of this Agreement and are eligible for an Individual PAGA Payment.

6.6 Challenges to Calculation of Workweeks and Pay Periods. Each Class Member shall have 45 (forty-five) days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, email or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to the calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination of the challenges.

6.7 Objections to Settlement.

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

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

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

6.8 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.

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

6.8.2 Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than ten (10) days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion (“Exclusion List”); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

6.8.3 Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks and/or Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments (“Weekly Report”). The Weekly Reports must include the Administrator’s assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.

6.8.4 Workweek and/or Pay Period Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class

Member challenges over the calculation of Workweeks and/or Pay Periods. The Administrator's decision shall be final and not appealable or otherwise susceptible to challenge.

6.8.5 Administrator's Declaration. Not later than fourteen (14) days before the date by which Plaintiffs are required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.

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

7. ESCALATOR CLAUSE. If as of the date of Preliminary Approval, the total number of Workweeks exceeds 27,500, Defendants shall have the option to elect one of the following remedies: (a) shorten the Class Period and PAGA Period to end on the date when the total Workweeks hits approximately 27,500, provided that the resulting period does not end earlier than January 14, 2026 ("Alternative End Date"); or (b) increase the Gross Settlement Amount in accordance with the escalator provisions set forth herein. The GSA was calculated based on Defendants above estimated number of five hundred thirty-two (532) Class Members, twenty-five thousand (25,000) Workweeks, three hundred sixty (360) Aggrieved Employees, and six

thousand eight hundred ninety-eight (6,898) PAGA Pay Periods. If, during the course of this Settlement process, the total number of Workweeks increases by more than 10% (i.e. more than 2,500 Workweeks), then the GSA will be increased by an amount proportional to the increase in Workweeks worked in excess of the estimated Workweeks stated above. For example, if the final number of total Workweeks is 11% more than the estimated number of Workweeks stated above, then the GSA will increase by 1%. Similarly, if during the course of this Settlement process, the total number of PAGA Pay Periods increases by more than 10% (i.e. more than 690 PAGA Pay Periods), then the PAGA Penalties will be increased by an amount proportional to the increase in PAGA Pay Periods worked in excess of the estimated PAGA Pay Periods stated above, whether or not the GSA increases as stated above in this paragraph. For example, if the final number of total PAGA Pay Periods is 11% more than the estimated number of PAGA Pay Periods stated above, then the PAGA Penalties will increase by 1%, whether or not the GSA increases as stated above in this paragraph.

8. **DEFENDANTS'S RIGHT TO WITHDRAW.** If the valid Requests for Exclusion identified in the Exclusion List represent more than an aggregate total of 5% of Class Members (i.e. more than 27 opt-outs), Defendants may, but are not obligated, to elect to withdraw from the Settlement. The Parties agree that, if Defendants withdraw, the Settlement shall be *void ab initio*, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Defendants will remain responsible for paying all Settlement Administration Costs incurred to that point. Defendants must notify Class Counsel and the Court of its election to withdraw not later than seven (7) business days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect.

9. **MOTION FOR FINAL APPROVAL.** Not later than 16 (sixteen) court days before the calendared Final Approval Hearing, unless otherwise scheduled by the Court, Plaintiffs will file in Court, a Motion for Final Approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subd. (l); a Proposed Final Approval Order; and a proposed Judgment (collectively "Motion for Final Approval"). Plaintiffs shall

1 provide drafts of these documents to Defense Counsel prior to filing the Motion for Final
2 Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or
3 by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final
4 Approval.

5 9.1 Response to Objections. Each Party retains the right to respond to any objection raised
6 by a Participating Class Member, including the right to file responsive documents in Court no
7 later than five (5) court days prior to the Final Approval Hearing, or as otherwise ordered or
8 accepted by the Court.

9 9.2 Duty to Cooperate. If the Court does not grant Final Approval or conditions Final
10 Approval on any material change to the Settlement (including, but not limited to, the scope of
11 release to be granted by Class Members), the Parties will expeditiously work together in good
12 faith to address the Court's concerns by negotiating in an effort to revise the Agreement as
13 necessary to obtain Final Approval. The Court's decision to award less than the amounts
14 requested for the Class Representative Service Payment, Class Counsel Fees Payment, Class
15 Counsel Litigation Expenses Payment, and/or Administrator Costs Payment shall not constitute
16 a material modification to the Agreement within the meaning of this paragraph.

17 9.3 Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the
18 Court will retain jurisdiction over the Parties, the Action, and the Settlement solely for purposes
19 of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration
20 matters, and (iii) addressing such post-Judgment matters as are permitted by law.

21 9.4 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and
22 conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class
23 Counsel Litigation Expenses Payment as set forth in this Settlement, the Parties, their respective
24 counsel, and all Participating Class Members who did not object to the Settlement as provided
25 in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-
26 judgment and appellate proceedings, the right to file motions to vacate judgment, motions for
27 new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver
28 of the right to oppose such motions, writs or appeals. If an objector appeals the Judgment, the

Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final.

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

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

11. ADDITIONAL PROVISIONS.

11.1 No Admission of Liability, Class Certification or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendants that any of the allegations in the Operative Complaint have merit or that Defendants has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiffs that Defendants' defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason, the Court does grant Preliminary Approval, Final Approval, or enter Judgment, Defendants reserves the right to contest certification of any class for any reason, Defendants reserves all available defenses to the claims in the Action, and Plaintiffs reserve the right to move for class certification on any grounds available and to contest Defendants' defenses. The

Settlement, this Agreement and Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

11.2 No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Defense Counsel's and Class Counsel's ethical obligations and Class Counsel's fiduciary duties owed to Class Members.

11.3 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.

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

11.5 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.

11.6 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.

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

11.8 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.

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

11.10 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.

11.11 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.

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

11.13 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.

11.14 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.

11.15 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

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660 S. Figueroa St., Sky Lobby
Los Angeles, CA 90017

third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiffs:

Tyler J. Woods, Esq.
tyler.woods@wilshirelawfirm.com

James Yoo, Esq.
james.yoo@wilshirelawfirm.com

Heriberto Ponce, Esq.
eddie.ponce@wilshirelawfirm.com

Ruby Carrera, Esq.
ruby.carrera@wilshirelawfirm.com

WILSHIRE LAW FIRM

660 S. Figueroa Street, Sky Lobby
Los Angeles, CA 90017

Telephone: (213) 381-9988

Facsimile: (213) 381-9989

Thomas A. Rist
tom@sdvictimlaw.com

RIST LAW OFFICE, LC

2221 Camino Del Rio South, Suite 300
San Diego, CA 92108

Roman Otkupman
Roman@OLFLA.com

Nidah Farishta
Nidah@OLFLA.com

OTKUPMAN LAW FIRM, A LAW CORPORATION

5743 Corsa Ave., Suite 123
Westlake Village, CA 91362

To Defendants:

Talia Delanoy
WEINTRAUB TOBIN CHEDIAK COLEMAN GRODIN

400 Capitol Mall, 11th Floor,
Sacramento, California 95814

Tel: 916.558.6000

Emails: TDelanoy@weintraub.com; madams@weintraub.com

11.16 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or by email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to

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Los Angeles, CA 90017

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.

11.17 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. The Parties further agree that upon the signing of this Agreement pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

11.18 Binding Agreement. The Parties intend that this Agreement shall be fully enforceable and binding upon all Parties within the provisions of Cal. Civil Proc. § 664, and that it shall be admissible and subject to disclosure in any proceeding to enforce its terms pursuant to Cal. Evid. Code §§ 1122(a)(1) and 1123(b), notwithstanding the confidentiality provisions that otherwise might apply under federal or state law. The Parties further agree and intend that the Santa Clara County Superior Court may enforce this Agreement pursuant to Code of Civil Procedure § 664.6.

IT IS SO AGREED.

By the Parties:

PLAINTIFFS:

DATED: 3/5/2026

DocuSigned by:
arnulfo labios
231B3E26EFD641E...

Plaintiff Arnulfo Labios

DATED: 03 / 06 / 2026

Ashley Nicole Elliott

Plaintiff Ashley Nicole Elliott

DATED: 03 / 06 / 2026

Freddie Bunch

Plaintiff Freddie Bunch

DEFENDANTS

Mar 6, 2026 | 8:09 AM PST



Dated: _____

NaphCare U.S., Inc., NaphCare of San Diego LLC,
NaphCare Pharmacy, LLC, NaphCare US DE, LLC,
NaphCare Wholesale Distribution, LLC, NaphCare,
Inc.

By: Justin Barkley, Chief Legal Officer

Approved by counsel as to form:

DATED: _____

WILSHIRE LAW FIRM

BY: _____
Tyler Woods
Counsel for Plaintiff Arnulfo Labios

DATED: _____

OTKUPMAN LAW FIRM

BY: _____
Roman Otkupman
Counsel for Plaintiff Ashley Nicole Elliott

DATED: _____

RIST LAW OFFICE, LC

BY: _____
Thomas A. Rist
Counsel for Plaintiff Freddie Bunch

WILSHIRE LAW FIRM, PLC
660 S. Figueroa St., Sky Lobby
Los Angeles, CA 90017

DEFENDANTS

Dated: _____

NaphCare U.S., Inc., NaphCare of San Diego LLC,
NaphCare Pharmacy, LLC, NaphCare US DE, LLC,
NaphCare Wholesale Distribution, LLC, NaphCare,
Inc.

By: Justin Barkley, Chief Legal Officer

Approved by counsel as to form:

DATED: March 5, 2026

WILSHIRE LAW FIRM

BY: _____

Tyler Woods
Counsel for Plaintiff Arnulfo Labios

DATED: 3/6/2026

OTKUPMAN LAW FIRM

BY: _____

Roman Otkupman
Counsel for Plaintiff Ashley Nicole Elliott

DATED: 03 / 06 / 2026

RIST LAW OFFICE, LC

BY: _____

Thomas A. Rist
Counsel for Plaintiff Freddie Bunch

1 DATED: March 6, 2026

WEINTRAUB TOBIN CHEDIAK COLEMAN GRODIN

2
3
4 BY: 

5 Talia Delanoy

6 Counsel for NaphCare U.S., Inc; NaphCare of San
7 Diego, LLC; NaphCare Pharmacy, LLC; NaphCare US
8 DE, LLC; NaphCare Wholesale Distribution, LLC; and
9 NaphCare, Inc.

10 DATED: _____

SCHWARTZ SEMERDJIAN CAULEY SCHENA &
BUSH LLP

11 BY: _____

12 Dick Semerdjian and Mikayla Preus

13 Counsel for NaphCare of San Diego, LLC
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660 S. Figueroa St., Sky Lobby
Los Angeles, CA 90017

Exhibit A

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

Freddie Bunch, et al. v. Naphcare U.S., Inc., et al.
San Diego County Superior Court, Case No. 37-2024-00002535-CU-NP-CTL

***The San Diego County Superior Court authorized this notice. Read it carefully!
It is not junk mail, spam, an advertisement, or solicitation by a lawyer. You are not being sued.***

You may be eligible to receive money from an employee class and representative action lawsuit (“Action”) against NaphCare U.S., Inc., NaphCare of San Diego LLC, NaphCare Pharmacy, LLC, NaphCare US DE, LLC, NaphCare Wholesale Distribution, LLC, and NaphCare, Inc (Collectively “Defendants” or “NAPHCARE”) for alleged wage and hour violations. The Action was filed by former employees, Arnulfo Labios, Ashley Nicole Elliott, and Freddie Bunch (“**Plaintiffs**”) and seeks payment of (1) back wages, penalties, and other relief for a class of non-exempt or hourly-paid employees (“Class Members”) who worked for NAPHCARE during the Class Period (January 19, 2020 to **[INSERT: Date of Preliminary Approval or Escalator Clause]**); and (2) penalties under the California Private Attorney General Act (“PAGA”) for all Class Members who worked for NAPHCARE during the PAGA Period (January 20, 2023 to **[INSERT: Date of Preliminary Approval or Escalator Clause]**) (“Aggrieved Employees”).

The proposed Settlement has two main parts: (1) a Class settlement requiring NAPHCARE to fund Individual Class Payments, and (2) a PAGA settlement requiring NAPHCARE to fund Individual PAGA Payments and pay PAGA Penalties to the California Labor and Workforce Development Agency (“LWDA”).

Based on NAPHCARE’s records, and the Parties’ current assumptions, **your Individual Class Payment is estimated to be \$ [REDACTED] (less withholding) and your Individual PAGA Payment is estimated to be \$ [REDACTED]**. The actual amount you may receive likely will be different and will depend on a number of factors. (If no amount is stated for your Individual PAGA Payment, then according to Defendants’ records you are not eligible for an Individual PAGA Payment under the Settlement because you didn’t work during the PAGA Period.)

The above estimates are based on NAPHCARE’s records showing that **you worked [REDACTED] Workweeks during the Class Period and you worked [REDACTED] Pay Periods during the PAGA Period**. The number of Workweeks attributed to you will be calculated by the Settlement Administrator using NAPHCARE’s records. If you believe that you worked more during either period, you can submit a challenge by the deadline date.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval of the Settlement. Your legal rights are affected whether you act or not act. **READ THIS NOTICE CAREFULLY**. You will be deemed to have read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiffs and Plaintiffs’ attorneys (“Class Counsel”). The Court will also decide whether to enter a judgment that requires NAPHCARE to make payments under the Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against NAPHCARE.

QUESTIONS? CALL 1-800-**[REDACTED]** TOLL FREE

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
DO NOTHING	If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against NAPHCARE that are covered by this Settlement (Released Claims).
EXCLUDE YOURSELF	If you don't want to fully participate in the proposed Settlement, you can opt-out of the Class Settlement by sending the Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual Class Payment. However, even if you exclude yourself from the Class Settlement, you will still receive a portion of the PAGA Settlement and be bound by it if you worked during the PAGA Period. Non-Participating Class Members cannot object to any portion of the proposed Settlement.
OBJECT	All Class Members who do not opt-out ("Participating Class Members") can object to any aspect of the proposed Settlement. The Court's decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Plaintiffs who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiffs, but every dollar paid to Class Counsel and Plaintiffs reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiffs if you think they are unreasonable.
CHALLENGE YOUR NUMBER OF WORKWEEKS AND/OR PAY PERIODS	The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many workweeks you worked at least one day during the Class Period and how many Pay Periods you worked at least one day during the PAGA Period, respectively. The number of Class Period Workweeks and number of PAGA Period Pay Periods you worked according to NAPHCARE's records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by [INSERT DATE] .

NAPHCARE will not retaliate against you for any actions you take with respect to the proposed settlement.

BASIC INFORMATION

1. WHY AM I RECEIVING THIS NOTICE?

NAPHCARE's records indicate that you worked for NAPHCARE at some point(s) between January 19, 2020 and **[INSERT DATE]**, and are therefore a member of the Class for purposes of this Settlement.

QUESTIONS? CALL 1-800-**XXX-XXXX** TOLL FREE

You received this Notice because you have a right to know about a proposed Settlement of the Action, and about all of your options, before the Court decides whether to finally approve the Settlement. The Settlement will resolve all Class Members' claims, which are described below, during the Class Period. The Settlement will also resolve claims for civil penalties brought under the California Private Attorneys' General Act ("PAGA"). If you are a Class Member, you are also an "Aggrieved Employee" if you worked for Defendants during the "PAGA Period," which is January 20, 2023 through **INSERT DATE**.

If the Court grants Final Approval of the Settlement, a settlement Administrator appointed by the Court will issue the payments provided for by the Settlement to Class Members. You are encouraged to always keep your address up to date with the Administrator (the Administrator's contact information can be found in Section 12, below).

This Notice package explains the allegations and background regarding the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to receive those benefits.

2. WHAT IS THE LAWSUIT ABOUT?

The Plaintiffs in the lawsuit allege wage and hour violations against NAPHCARE related to (1) minimum and straight time wages; (2) overtime wages; (3) meal periods and meal period premiums; (4) rest periods and rest period premiums; (5) accurate itemized wage statements; (6) payment of final wages at termination; (7) reimbursement for business expenses; (8) production of requested employment records; (9) unfair business practices; and (10) civil penalties pursuant to PAGA based on the alleged violations of the California Labor Code listed above (the "Claims").

NAPHCARE strongly denies violating any laws or failing to pay any wages and contends it complied with all applicable laws.

3. WHY IS THIS A CLASS ACTION?

In an employment class action, one or more people called "Class Representatives" (in this case, the Plaintiffs) sue on behalf of all workers who they contend have similar claims. All of these workers are a Class or Class Members. Bringing one lawsuit, as opposed to many small ones, saves money, time and court resources. The court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

4. WHY IS THERE A SETTLEMENT?

The Court did not decide in favor of the Plaintiffs or Defendants on the merits of the claims alleged in the lawsuit. Plaintiffs believe Plaintiffs would win at trial. Defendants think that Plaintiffs' lawsuit would not proceed to a trial and/or that Plaintiffs would not win at trial. However, there has been no trial. Instead, in acknowledgement of the risk that both Parties face should the case proceed, the Parties have agreed to a negotiated settlement. This way, all Parties avoid the cost of preparing for and conducting a trial, the risk of losing the right to a trial, and the workers affected by the alleged violations receive compensation. The Settlement represents a compromise and settlement of highly disputed claims. The Plaintiffs, as well as Plaintiffs' lawyers (called "Class Counsel"), believe the Settlement is fair and reasonable and in the best interests of all Class Members.

WHO IS INCLUDED IN THE SETTLEMENT?

QUESTIONS? CALL 1-800-**XXX-XXXX** TOLL FREE

5. WHO IS INCLUDED IN THE SETTLEMENT?

If you received this Notice, you are a Class Member for settlement purposes. The Class includes: all persons who worked for NAPHCARE in California as an hourly-paid or non-exempt employee at any time during the Class Period, including current and former employees.

6. ARE THERE EXCEPTIONS TO BEING INCLUDED?

You are not a Class Member if you already have resolved the claims asserted in this lawsuit, whether by settlement or a separate legal proceeding (i.e., another lawsuit).

THE SETTLEMENT BENEFITS—WHAT YOU GET

7. WHAT DOES THE SETTLEMENT PROVIDE?

NAPHCARE has agreed to pay a Gross Settlement Amount (“Gross Settlement Amount” or “GSA”) of up to \$2,450,000.00 to settle the lawsuit. From the GSA, Class Counsel will apply to the Court for attorneys’ fees of up to thirty-five percent (35%) of the GSA, currently estimated to total \$857,500.00 and reimbursement for actual litigation costs incurred; an Enhancement Award of up to \$15,000.00 to each Plaintiff (for Plaintiffs’ work and efforts prosecuting this case and Plaintiffs’ broader general release); a PAGA Penalties payment of \$100,000.00 to resolve the PAGA claims (“PAGA Penalties”); and Settlement Administration Costs in an amount not to exceed \$9,750.00. The exact amount of the Class Counsel’s Fees and Litigation Expenses, Class Representative Service Payment, and Administration Costs will be determined by the Court at the Final Approval hearing. The remaining portion of the Settlement amount is the “Net Settlement Amount” or the “NSA.” The NSA will be apportioned and paid out as Individual Class Payments to the Settlement Class Members, who are the Class Members that do not request to be excluded (“opt out”) of the Settlement.

PAGA Penalties payment: As part of the PAGA portion of the Settlement, the Parties will ask the Court to approve a \$100,000.00 PAGA Penalties payment in settlement of claims for civil penalties under PAGA. As required under PAGA, 65% of the PAGA Penalties payment, or \$65,000.00, will be paid to the California Labor and Workforce Development Agency. The remaining 35% of the PAGA Penalties payment, or \$35,000.00, will be distributed to the Aggrieved Employees as Individual PAGA Payments.

8. HOW MUCH WILL MY PAYMENT BE?

An approximation of your Individual Class Payment appears on the first page of this Notice. If you are also an Aggrieved Employee, an approximation of your Individual PAGA Payment will also appear on the first page of this Notice.

Individual Class Payment: Your Individual Class Payment is based on the number Workweeks you worked, as represented in NAPHCARE’s records, in comparison to the total number of Workweeks worked by all Class Members during the Class Period (January 19, 2020 through to **[INSERT DATE]**). Ninety percent (90%) of each Class Member’s Individual Class Payment will be treated as a payment in settlement of the alleged claims for penalties and interest and will be reported on a Form 1099 by the Settlement Administrator, and ten percent (10%) of each Class Member’s Individual Class Payment will be treated as a payment in settlement of alleged claims for unpaid wages. The 10% allocated as unpaid

QUESTIONS? CALL 1-800-**XXX-XXXX** TOLL FREE

wages will be reduced by applicable payroll tax withholdings and deductions and reported on a Form W-2.

Individual PAGA Payment: If you worked for NAPHCARE during the PAGA Period, you are also an “Aggrieved Employee” and will receive an Individual PAGA Payment in addition to your Individual Class Payment. The Individual PAGA Payments are based on the number of PAGA Pay Periods worked by each Aggrieved Employee in comparison to the total amount of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period. One hundred percent (100%) of each Aggrieved Employees’ Individual PAGA Payment will be characterized as penalties and will not be reduced by payroll tax withholdings and deductions. The Individual PAGA Payment will be reported on an IRS Form 1099 by the Settlement Administrator. An approximation of your anticipated Individual PAGA Payment appears on the first page of this Notice.

For the Class Members who are also Aggrieved Employees, their Individual Class Payment will be combined with their Individual PAGA Payment, and they will receive a single check for the combined payments. If a Class Member chooses to opt-out of the Settlement, they will still receive an Individual PAGA Payment, as Aggrieved Employees cannot opt-out of the PAGA portion of the Settlement.

HOW YOU GET A PAYMENT

9. HOW DO I RECEIVE A PAYMENT?

You do not need to do anything to receive a payment. However, if you believe that the number of Workweeks or PAGA Pay Periods you worked is incorrect, please correct it and provide any supporting evidence to the settlement Administrator, whose contact information is listed in Section 12 below.

10. WHEN WOULD I GET MY PAYMENT?

The Court will hold a Final Fairness Hearing on [REDACTED], to decide whether to approve the Settlement. If the Judge approves the Settlement, and anyone objects, there may be appeals. It is always uncertain when these objections and appeals can be resolved and resolving them can take time. If there is no objection, the Effective Date of the Settlement will be the date of entry of the Court’s Order granting final approval.

Following the Effective Date and the Court’s approval of the Settlement becoming final, including resolution of any appeals, Individual Class Payments and Individual PAGA Payments will be mailed to Participating Class Members and Aggrieved Employees after the Settlement is fully funded, which will not occur until approximately [REDACTED] days after the Effective Date.

Settlement checks should be cashed promptly upon receipt. Proceeds of checks which remain uncashed after 180 days from the date of issuance will be forwarded to the State of California Unclaimed Property Fund in the name of each Participating Class Member and/or Aggrieved Employee who did not cash his or her settlement check. If your settlement check is lost or misplaced, you should contact the Settlement Administrator immediately to request a replacement. You can search for unclaimed property on the State’s website at: https://www.sco.ca.gov/search_upd.html

For an update on the status of payments, please contact the Settlement Administrator (see Section 12).

11. WHAT AM I GIVING UP TO GET A PAYMENT?

If the Court approves this Settlement and unless you exclude yourself, you will become a Participating Class Member, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against NAPHCARE concerning the legal claims being resolved in this Settlement. Specifically, you will be giving up or “releasing” the Released Class Claims described below against NAPHCARE and NAPHCARE’s officers, directors, managerial employees, and agents (“Released Parties”). The releases become effective once the GSA is fully funded by NAPCHARE.

Released Class Claims: *Upon Defendants’ payment in full of the GSA and the employer’s taxes for the portion of the Settlement allocated to settlement of wage claims, the claims waived, released, and discharged by Class Members (other than those who submit timely and valid requests for exclusion) as to the Released Parties are all claims arising during the Class Period which were asserted against Defendant in the Operative Complaint filed in the Actions or which reasonably could have been asserted against Defendants based on the factual allegations stated the Operative Complaint filed in the Actions to include claims related to meal and rest period violations; failure to pay minimum wage; failure to pay overtime, meal and rest periods and sick pay at the regular rate of pay; off-the-clock work; failure to pay wages for time spent in security screenings; and derivative penalties related to wage statements, late or timely payment of wages, wages paid at termination, maintenance and production of personnel and wage records and PAGA penalties.*

Released PAGA Claims: *Upon Defendants’ payment in full of the Gross Settlement Amount and the employer’s share of payroll taxes attributable to the portion of the Settlement allocated to settlement of wage claims, the claims waived, released, and discharged by Aggrieved Employees—including Non-Participating Class Members who are Aggrieved Employees—and by the State of California as to the Released Parties are all claims for civil penalties under the California Private Attorneys General Act of 2004 (“PAGA”) arising during the PAGA Period that (a) were asserted against Defendants in Plaintiffs’ PAGA Notices preceding the Action and/or in the Operative Complaint filed in the Actions, or (b) reasonably could have been asserted against Defendants based on the factual allegations stated in Plaintiffs’ PAGA Notices preceding the Actions (and/or any amended notices) and/or the Operative Complaint filed in the Action.*

EXCLUDING YOURSELF FROM THE SETTLEMENT

12. HOW DO I EXCLUDE MYSELF FROM THE SETTLEMENT?

To exclude yourself from the Settlement, you must send the Settlement Administrator a written and signed request for exclusion which must be postmarked no later than 60 days after Class Notice is mailed. Be sure to include your name, address, and telephone number, and any other information you think would be helpful to the settlement Administrator to identify you. You can send your request for exclusion to the settlement Administrator at:

[INSERT]

NaphCare U.S., Inc., et al. Settlement

XXXXX

City, State, XXXXX

Email:

Fax:

QUESTIONS? CALL 1-800-XXX-XXXX TOLL FREE

If you ask to be excluded from the Settlement, you will not be legally bound by anything that happens in the Action, except as it relates to settlement of the PAGA claim. If you ask to be excluded from the Settlement you will not be able to object to the Settlement and you will not receive an Individual Class Payment, but you will still receive an Individual PAGA Payment if you worked for NAPHCARE during the PAGA Period. If you ask to be excluded, you may be able to sue (or continue to sue) NAPHCARE in the future for the claims alleged in this Action.

13. IF I DON'T EXCLUDE MYSELF, CAN I SUE DEFENDANTS FOR THE SAME THING LATER?

No. Unless you exclude yourself, you give up any right to sue NAPHCARE for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately. You must exclude yourself from this Class to continue your own lawsuit. Remember, the exclusion deadline is **60 days** after Class Notice is Mailed.

14. IF I EXCLUDE MYSELF, CAN I GET MONEY FROM THIS SETTLEMENT?

Only if you are an Aggrieved Employee. Aggrieved Employees cannot opt-out of the PAGA portion of the Settlement, so they will receive their portion of the PAGA Penalties even if they exclude themselves from the rest of the Settlement. However, if you timely exclude yourself from the Settlement, you will not receive any of the Net Settlement Amount and you will retain the right to pursue your own legal action against NAPHCARE for violations other than the Released PAGA Claims described above, if you desire.

THE LAWYERS REPRESENTING YOU IN THIS LAWSUIT

15. DO I HAVE A LAWYER IN THIS CASE?

The Court has determined that Wilshire Law Firm, PLC, Rist Law Office, LC, and Otkupman Law Firm, LC, are qualified to represent you and the Class Members in the lawsuit. These lawyers are called Class Counsel, and their contact information is listed below. If you want to be represented by your own lawyer, you may hire one at your own expense.

WILSHIRE LAW FIRM

Tyler J. Woods, Esq. (SBN 232464)
tyler.woods@wilshirelawfirm.com
James Yoo, Esq. (SBN 310680)
james.yoo@wilshirelawfirm.com
Heriberto Ponce, Esq. (SBN 339713)
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Ruby Carrera, Esq. (SBN 343745)
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Alan Wilcox (SBN 287476)
alan.wilcox@wilshirelawfirm.com
Lucy Nguyen (SBN 338783)
lucy.nguyen@wilshirelawfirm.com
660 S. Figueroa Street, Sky Lobby
Los Angeles, California 90017

QUESTIONS? CALL 1-800-XXX-XXXX TOLL FREE

Telephone: (213) 381-9988

Facsimile: (213) 381-9989

RIST LAW OFFICE, LC

Thomas A. Rist (SBN 238090)

tom@sdvictimlaw.com

2221 Camino Del Rio South, Suite 300

San Diego, CA 92108

(619) 377-4660

OTKUPMAN LAW FIRM, A LAW CORPORATION

Roman Otkupman, Esq. (SBN 249423)

Roman@OLFLA.com

Nidah Farishta, Esq. (SBN 312360)

Nidah@OLFLA.com

5743 Corsa Ave., Suite 123,

Westlake Village, CA 91362

Telephone: (818) 293-5623

Facsimile: (888) 850-1310

16. HOW WILL THE LAWYERS BE PAID?

Class Counsel will ask the Court to approve up to **\$857,500.00** (or thirty-five percent of the GSA) for attorneys' fees incurred in investigating the facts, litigating the case, and negotiating the Settlement. Class Counsel will also seek Court-approval of up to **[insert actual litigation expenses]** in litigation expenses incurred in this matter. The Court may award Class Counsel less than what they request. Class Counsel will also ask the Court to approve a payment to Plaintiffs Arnulfo Labios, Ashley Nicole Elliott, and Freddie Bunch, in the amount of up to **\$15,000.00** each, in addition to Plaintiffs' Individual Class Payment and Individual PAGA Payment for the initiative, risk, and time and energy Plaintiffs have spent in service to the Class as the Class Representatives. The Court may award a Class Representative less than what is requested.

OBJECTING TO THE SETTLEMENT

You can and have the right to tell the Court you do not agree with the Settlement or some part of it.

17. HOW DO I TELL THE COURT THAT I OBJECT TO THE SETTLEMENT?

If you don't think the Settlement is fair, you can object to some or all of the Settlement. You can either object to the Settlement in person at the Final Approval Hearing or you can submit a written objection. Written objections and notices of intent to appear at the Final Approval Hearing must be mailed, emailed, or faxed to the Settlement Administrator and postmarked on or before **[REDACTED]**, at the following address:

[INSERT]

NaphCare U.S., Inc., et al. Settlement

XXXXX

City, State, XXXXX

Email:

Fax:

QUESTIONS? CALL 1-800-**XXX-XXXX** TOLL FREE

The written objection should state your name, telephone number, and address and describe all legal and factual reasons that you object to the terms of the Settlement. You should also include or attach any documents upon which your objection is based. If the Court overrules the objection at the Final Approval hearing, the Settlement Agreement will be approved, and you will receive your payment. If you do not submit a written objection, you may still appear at the Final Approval hearing to voice your objection or to otherwise observe the proceedings.

18. WHAT'S THE DIFFERENCE BETWEEN OBJECTING AND REQUESTING EXCLUSION?

Objecting is simply telling the Court that you do not agree with something about the Settlement. You can object only if you stay in the Class.

Requesting exclusion is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you, and you do not get any money from this Settlement. If you submit both an objection and a request to be excluded from the settlement, the request to be excluded will control and you will not get any money from this settlement.

THE COURT'S FAIRNESS HEARING

The Court will hold a Final Approval Hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you don't have to.

19. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?

The Court will hold a Final Approval Hearing at [INSERT TIME] on [INSERT DATE] in [INSERT LOCATION] to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. If there are objections, the Court will consider them at that time. The Court will also be asked to approve the requests for the Class Representative Service Payment and the Class Counsel Fees and Litigation Expenses Payments.

20. DO I HAVE TO COME TO THE HEARING?

No. Class Counsel will answer questions the Court may have. However, you are welcome to attend. If you send an objection, you do not have to come to the Court to talk about it. As long as you mailed your written objection to the settlement administrator on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

IF YOU DO NOTHING

21. WHAT IF I DO NOTHING AT ALL?

If you do nothing, you will receive a Settlement payment, and you will be bound by the terms of Settlement, which means that you will not be able to start a lawsuit, continue a lawsuit, or be a part of any other lawsuit against the Defendants about the legal issues in the Action.

GETTING MORE INFORMATION

QUESTIONS? CALL 1-800-XXX-XXXX TOLL FREE

22. HOW DO I GET MORE INFORMATION?

You may contact Class Counsel at the contact information listed above in Section 15 if you have any questions about the Settlement. You may also contact the Court-appointed Settlement Administrator, [INSERT] by calling toll free 1-800 [REDACTED], or you can write to the Administrator at the following address:

[INSERT]
NaphCare U.S., Inc., et al. Settlement
XXXXX
City, State, XXXXX
Email:
Fax

PLEASE DO NOT TELEPHONE THE COURT OR NAPHCARE'S COUNSEL FOR INFORMATION REGARDING THIS SETTLEMENT OR THE CLAIM PROCESS. YOU MAY, HOWEVER, CALL CLASS COUNSEL OR THE SETTLEMENT ADMINISTRATOR, LISTED ABOVE.

Exhibit 2



CLASS ACTION ADMINISTRATION SOLUTIONS

CASE ASSUMPTIONS

Class Members	532
Opt Out Rate	1%
Opt Outs Received	5
Total Class Claimants	527
Subtotal Admin Only	\$9,750.00

Not-to-Exceed Total \$9,750.00

For 532 Class Members

Pricing Good for Scope of Estimate Only

January 20, 2026

Case: Naphcare U.S., Inc. (Labios) Opt-Out Admin wTranslation

Phoenix Contact: Jodey Lawrence

Contact Number: 949.566.1455

Email: Jodey@phoenixclassaction.com

Requesting Party: Coley Hayes

Firm: Wilshire Law Firm, PLC

Direct Tel: (213) 381-9988 Ext. 815

Email: coley.hayes@wilshirelawfirm.com

Assumptions and Estimate are based on information provided by counsel. If class size changes, PHX will need to adjust this Estimate accordingly.

Estimate is based on 532 Class Members. Class data **Must** be sent in Microsoft Excel or uploaded in the same format. Class Data Must be sent in one spreadsheet, with no additional programming needed. A rate of \$150 per hour will be charged for any additional analysis or programming. Pricing good for 90 days.

Case & Database Setup / Toll Free Setup & Call Center / NCOA (USPS)			
Administrative Tasks:	Rate	Hours/Units	Line Item Estimate
Programming Manager	\$125.00	2	\$250.00
Programming Database & Setup	\$125.00	2	\$250.00
Toll Free Setup*	\$145.33	1	\$145.33
Call Center & Long Distance	\$2.00	5	\$10.00
NCOA (USPS)	\$285.00	2	\$570.00
Total			\$1,225.33

* Up to 120 days after disbursement

Data Merger & Scrub / Notice Packet, Opt-Out Form & Postage / Translation / Reporting			
Project Action	Rate	Hours/Units	Line Item Estimate
Notice Packet Formatting	\$125.00	3	\$375.00
Data Merge & Duplication Scrub	\$0.50	532	\$266.00
Notice Packet & Opt-Out Form	\$1.25	532	\$665.00
Estimated Postage (up to 2 oz.)*	\$0.74	532	\$393.68
Static Website	\$250.00	1	\$250.00
Language Translation	\$1,000.00	1	\$1,000.00
Total			\$2,949.68

* Prices good for 90 days. Subject to change with the USPS Rate or change in Notice pages or Translation, if any.



PHOENIX

CLASS ACTION ADMINISTRATION SOLUTIONS

Skip Tracing & Remailing Notice Packets / Tracking & Programming Undeliverables

Project Action:	Rate	Hours/Units	Line Item Estimate
Case Associate	\$55.00	2	\$110.00
Skip Tracing Undeliverables	\$1.00	53	\$53.20
Remail Notice Packets	\$1.25	53	\$66.50
Estimated Postage	\$0.74	53	\$39.37
Programming Undeliverables	\$50.00	2	\$100.00
Total			\$369.07

Database Programming / Processing Opt-Outs, Deficiencies or Disputes

Project Action:	Rate	Hours/Units	Line Item Estimate
Programming Claims Database	\$135.00	1	\$135.00
Non Opt-Out Processing	\$200.00	1	\$200.00
Case Associate	\$55.00	3	\$165.00
Opt-Outs/Deficiency/Dispute Letters	\$10.00	3	\$30.00
Case Manager	\$85.00	2	\$170.00
Total			\$700.00

Calculation & Disbursement Programming/ Create & Manage QSF/ Mail Checks

Project Action:	Rate	Hours/Units	Line Item Estimate
Programming Calculations	\$125.00	2	\$250.00
Disbursement Review	\$125.00	2	\$250.00
Programming Manager	\$125.00	1	\$125.00
QSF Bank Account & EIN	\$75.00	2	\$150.00
Check Run Setup & Printing	\$125.00	3	\$375.00
Mail Class Checks *	\$1.00	527	\$526.68
Estimated Postage	\$0.74	527	\$389.74
Total			\$2,066.42

* Checks are printed on 8.5 x 11 in. sheets with W2/1099 Tax Filing



PHOENIX

CLASS ACTION ADMINISTRATION SOLUTIONS

Tax Reporting & Reconciliation / Re-Issuance of Checks / Conclusion Reports and Declarations

Project Action:	Rate	Hours/Units	Line Item Estimate
Case Supervisor	\$125.00	2	\$250.00
Remail Undeliverable Checks (Postage Included)	\$1.50	26	\$39.50
Case Associate	\$50.00	3	\$150.00
Reconcile Uncashed Checks	\$95.00	4	\$380.00
Conclusion Reports	\$100.00	2	\$200.00
Case Manager Conclusion	\$85.00	2	\$170.00
Final Reporting & Declarations	\$125.00	2	\$250.00
IRS & QSF Annual Tax Reporting * (1 State Tax Reporting Included)	\$1,000.00	1	\$1,000.00
Total			\$2,439.50

* All applicable California State & Federal taxes, which include SUI, ETT, and SDI, and FUTA filings. Additional taxes are Defendant's responsibility.

Estimate Total: \$9,750.00



TERMS AND CONDITIONS

Provisions: The case estimate is in good faith and does not cover any applicable taxes and fees. The estimate does not make any provision for any services or class size not delineated in the request for proposal or stipulations. Proposal rates and amounts are subject to change upon further review, with Counsel/Client, of the Settlement Agreement. Only pre-approved changes will be charged when applicable. No modifications may be made to this estimate without the approval of PSA (Phoenix Settlement Administrators). All notifications are mailed in English language only unless otherwise specified. Additional costs will apply if translation into other language(s) is required. Rates to prepare and file taxes are for Federal and California State taxes only. Additional charges will apply if multiple state tax filing(s) is required. **Pricing is good for ninety (90) days.**

Data Conversion and Mailing: The proposal assumes that data provided will be in ready-to-use condition and that all data is provided in a single, comprehensive Excel spreadsheet. PSA cannot be liable for any errors or omissions arising due to additional work required for analyzing and processing the original database. A minimum of two (2) business days is required for processing prior to the anticipated mailing date with an additional two (2) business days for a National Change of Address (NCOA) update. Additional time may be required depending on the class size, necessary translation of the documents, or other factors. PSA will keep counsel apprised of the estimated mailing date.

Claims: PSA's general policy is to not accept claims via facsimile. However, in the event that facsimile filing of claims must be accepted, PSA will not be held responsible for any issues and/or errors arising out of said filing. Furthermore, PSA will require disclaimer language regarding facsimile transmissions. PSA will not be responsible for any acts or omissions caused by the USPS. PSA shall not make payments to any claimants without verified, valid Social Security Numbers. All responses and class member information are held in strict confidentiality. Additional class members are \$10.00 per opt-out.

Payment Terms: All postage charges and 50% of the final administration charges are due at the commencement of the case and will be billed immediately upon receipt of the data and/or notice documents. PSA bills are due upon receipt unless otherwise negotiated and agreed to with PSA by Counsel/Client. In the event the settlement terms provide that PSA is to be paid out of the settlement fund, PSA will request that Counsel/Client endeavor to make alternate payment arrangements for PSA charges that are due at the onset of the case. The entire remaining balance is due and payable at the time the settlement account is funded by Defendant, or no later than the time of disbursement. Amounts not paid within thirty (30) days are subject to a service charge of 1.5% per month or the highest rate permitted by law.

Tax Reporting Requirements

PSA will file the necessary tax returns under the EIN of the QSF, including federal and state returns. Payroll tax returns will be filed if necessary. Under the California Employment Development Department, all taxes are to be reported under the EIN of the QSF with the exception of the following taxes: Unemployment Insurance (UI) and Employment Training Tax (ETT), employer-side taxes, and State Disability Insurance (SDI), an employee-side tax. These are reported under Defendant's EIN. Therefore, to comply with the EDD payroll tax filing requirements we will need the following information:

1. Defendant's California State ID and Federal EIN.
2. Defendant's current State Unemployment Insurance (UI) rate and Employment Training Tax (ETT) rate. This information can be found in the current year DE 2088, Notice of Contribution Rates, issued by the EDD.
3. Termination dates of the class members, or identification of current employee class members, so we can account for the periods that the wages relate to for each class member.
4. An executed Power of Attorney (Form DE 48) from Defendant. This form is needed so that we may report the UI, SDI, and ETT taxes under Defendant's EIN on their behalf. If this form is not provided we will work with the EDD auditors to transfer the tax payments to Defendant's EIN.
5. Defendant is responsible for reporting the SDI portion of the settlement payments on the class member's W-2. PSA will file these forms on Defendant's behalf for an additional fee and will issue an additional W-2 for each class member under Defendant's EIN, as SDI is reported under Defendant's EIN rather than the EIN of the QSF. The Power of Attorney (Form DE 48) will be needed in order for PSA to report SDI payments.

Exhibit 3



ELM Solutions

2022 Real Rate Report[®]

The industry's leading
analysis of law firm rates,
trends, and practices

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Report Use Considerations

2022 Real Rate Report

- Examines law firm rates over time
- Identifies rates by location, experience, firm size, areas of expertise, industry, and timekeeper role (i.e., partner, associate, and paralegal)
- Itemizes variables that drive rates up or down

All the analyses included in the report derive from the actual rates charged by law firm professionals as recorded on invoices submitted and approved for payment.

Examining real, approved rate information, along with the ranges of those rates and their changes over time, highlights the role these variables play in driving aggregate legal cost and income. The analyses can energize questions for both corporate clients and law firm principals.

Clients might ask whether they are paying the right amount for different types of legal services, while law firm principals might ask whether they are charging the right amount for legal services and whether to modify their pricing approach.

Some key factors¹ that drive rates²:

Attorney location - Lawyers in urban and major metropolitan areas tend to charge more when compared with lawyers in rural areas or small towns.

Litigation complexity - The cost of representation will be higher if the case is particularly complex or time-consuming; for example, if there are a large number of documents to review, many witnesses to depose, and numerous procedural steps, the case is likely to cost more (regardless of other factors like the lawyer's level of experience).

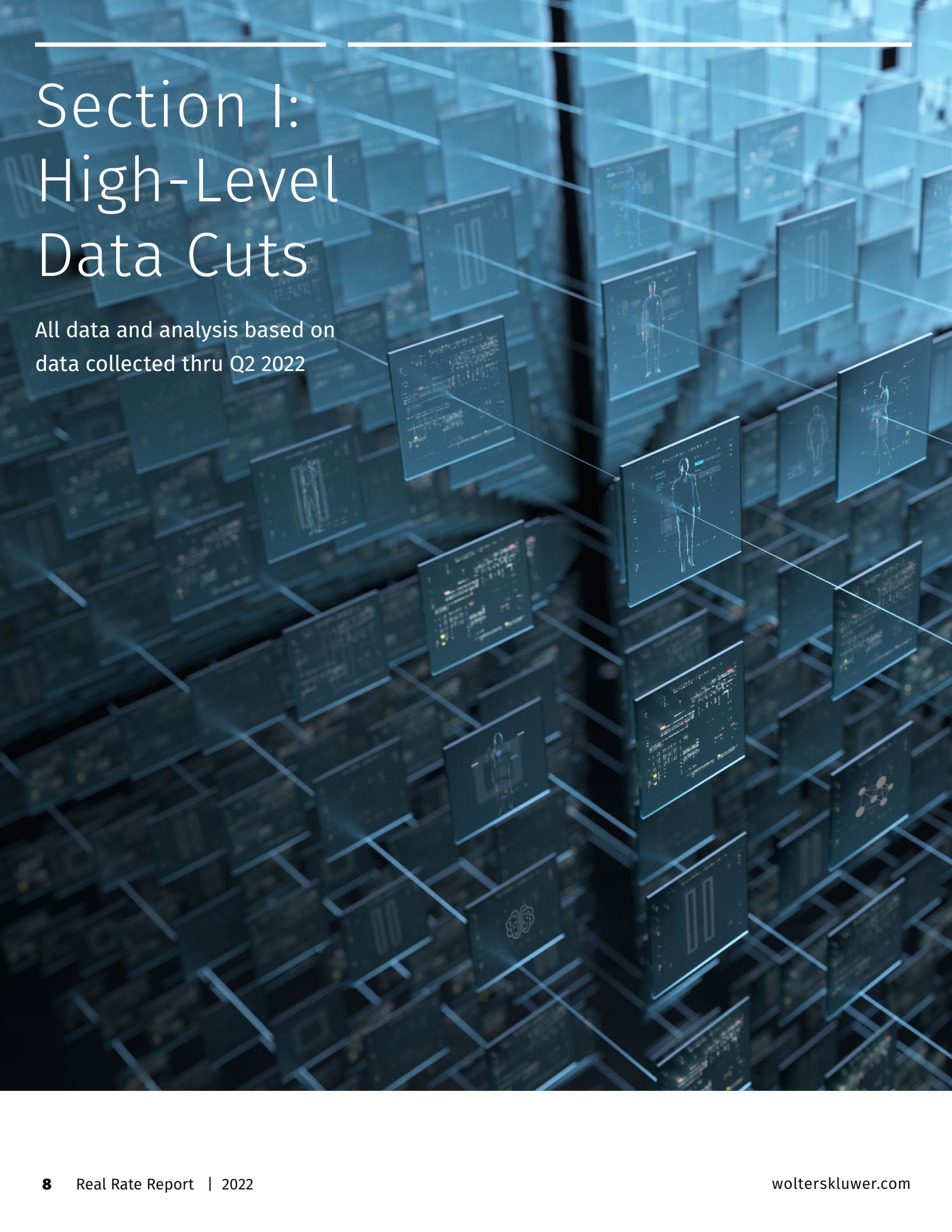
Years of experience and reputation - A more experienced, higher-profile lawyer is often going to charge more, but absorbing this higher cost at the outset may make more sense than hiring a less expensive lawyer who will likely take time and billable hours to come up to speed on unfamiliar legal and procedural issues.

Overhead - The costs associated with the firm's support network (paralegals, clerks, and assistants), document preparation, consultants, research, and other expenses.

Firm size - The rates can increase if the firm is large and has various timekeeper roles at the firm. For example, the cost to work with an associate or partner at a larger firm will be higher compared to a firm that has one to two associates and a paralegal.

¹ David Goguen, J.D., University of San Francisco School of Law (2020) Guide to Legal Services Billing Retrieved from: <https://www.lawyers.com/legal-info/research/guide-to-legal-services-billing-rates.html>

² Source: 2018 RRR. Factor order validated in multiple analyses since 2010



Section I: High-Level Data Cuts

All data and analysis based on
data collected thru Q2 2022

Section I: High-Level Data Cuts

Cities

By Matter Type

2022 - Real Rates for Associate and Partner

Trend Analysis - Mean

City	Matter Type	Role	n	First Quartile	Median	Third Quartile	2022	2021	2020
Jackson MS	Litigation	Associate	56	\$55	\$225	\$250	\$178	\$203	\$175
	Non-Litigation	Partner	24	\$315	\$420	\$485	\$418	\$394	\$375
		Associate	25	\$55	\$126	\$255	\$155	\$125	\$259
Kansas City MO	Litigation	Partner	74	\$413	\$450	\$556	\$472	\$450	\$450
		Associate	50	\$252	\$329	\$385	\$319	\$316	\$305
	Non-Litigation	Partner	101	\$411	\$487	\$615	\$519	\$487	\$464
		Associate	73	\$250	\$320	\$385	\$322	\$312	\$285
Las Vegas NV	Non-Litigation	Partner	20	\$350	\$425	\$525	\$440	\$422	\$432
		Associate	11	\$238	\$267	\$368	\$301	\$297	\$282
Little Rock AR	Non-Litigation	Partner	11	\$215	\$215	\$308	\$264	\$256	\$298
Los Angeles CA	Litigation	Partner	322	\$516	\$725	\$1,045	\$799	\$739	\$702
		Associate	408	\$400	\$615	\$855	\$642	\$606	\$564
	Non-Litigation	Partner	521	\$596	\$868	\$1,201	\$903	\$902	\$858
		Associate	667	\$441	\$603	\$845	\$653	\$712	\$648

Section I: High-Level Data Cuts

Cities

By Matter Type

2022 - Real Rates for Associate and Partner

Trend Analysis - Mean

City	Matter Type	Role	n	First Quartile	Median	Third Quartile	2022	2021	2020
Minneapolis MN	Non-Litigation	Associate	83	\$340	\$421	\$528	\$425	\$408	\$384
Nashville TN	Litigation	Partner	24	\$275	\$320	\$456	\$363	\$378	\$403
	Non-Litigation	Partner	78	\$412	\$484	\$576	\$505	\$481	\$470
		Associate	59	\$270	\$330	\$384	\$340	\$315	\$285
New Orleans LA	Litigation	Partner	47	\$290	\$332	\$412	\$343	\$330	\$340
		Associate	42	\$231	\$243	\$340	\$278	\$290	\$275
	Non-Litigation	Partner	32	\$295	\$347	\$405	\$419	\$380	\$391
		Associate	21	\$244	\$250	\$278	\$273	\$303	\$258
New York NY	Litigation	Partner	614	\$475	\$675	\$1,088	\$808	\$784	\$746
		Associate	631	\$323	\$460	\$729	\$545	\$527	\$509
	Non-Litigation	Partner	1,376	\$765	\$1,235	\$1,638	\$1,189	\$1,139	\$1,090
		Associate	1,809	\$550	\$776	\$1,050	\$796	\$766	\$716
Oklahoma City OK	Non-Litigation	Partner	14	\$235	\$338	\$393	\$337	\$319	\$311
Omaha NE	Litigation	Partner	12	\$293	\$339	\$353	\$329	\$338	\$341

Section I: High-Level Data Cuts

Cities

By Matter Type

2022 - Real Rates for Associate and Partner

Trend Analysis - Mean

City	Matter Type	Role	n	First Quartile	Median	Third Quartile	2022	2021	2020
Rochester NY	Non-Litigation	Partner	12	\$270	\$360	\$488	\$386	\$341	\$446
		Associate	13	\$220	\$310	\$375	\$314	\$278	\$287
Sacramento CA	Non-Litigation	Partner	11	\$381	\$437	\$682	\$534	\$559	\$516
Salt Lake City UT	Litigation	Partner	14	\$246	\$353	\$468	\$363	\$333	\$379
	Non-Litigation	Partner	42	\$297	\$371	\$447	\$391	\$363	\$353
		Associate	22	\$220	\$240	\$270	\$248	\$247	\$228
San Diego CA	Litigation	Associate	23	\$151	\$225	\$300	\$255	\$258	\$264
	Non-Litigation	Partner	89	\$332	\$540	\$1,066	\$699	\$667	\$649
		Associate	71	\$250	\$325	\$424	\$373	\$378	\$351
San Francisco CA	Litigation	Partner	143	\$423	\$675	\$995	\$742	\$711	\$691
		Associate	98	\$325	\$430	\$731	\$525	\$517	\$470
	Non-Litigation	Partner	221	\$475	\$750	\$950	\$758	\$746	\$741
		Associate	151	\$338	\$486	\$702	\$545	\$563	\$507
San Jose CA	Litigation	Partner	33	\$654	\$921	\$1,133	\$916	\$907	\$864

Section I: High-Level Data Cuts

Cities

By Matter Type

2022 - Real Rates for Associate and Partner

Trend Analysis - Mean

City	Matter Type	Role	n	First Quartile	Median	Third Quartile	2022	2021	2020
San Jose CA	Litigation	Associate	22	\$461	\$580	\$745	\$608	\$593	\$498
	Non-Litigation	Partner	50	\$660	\$864	\$1,303	\$969	\$985	\$887
		Associate	46	\$380	\$460	\$775	\$616	\$639	\$567
Seattle WA	Litigation	Partner	76	\$497	\$655	\$760	\$635	\$567	\$510
		Associate	61	\$394	\$468	\$530	\$447	\$453	\$395
	Non-Litigation	Partner	148	\$410	\$526	\$760	\$571	\$547	\$547
		Associate	113	\$310	\$395	\$502	\$422	\$401	\$377
St. Louis MO	Litigation	Partner	46	\$260	\$350	\$435	\$376	\$373	\$388
		Associate	17	\$197	\$225	\$250	\$228	\$237	\$232
	Non-Litigation	Partner	57	\$352	\$419	\$540	\$451	\$446	\$473
Tampa FL	Litigation	Partner	31	\$369	\$508	\$595	\$490	\$467	\$452
		Associate	15	\$269	\$298	\$368	\$316	\$302	\$306
Trenton NJ	Non-Litigation	Partner	21	\$408	\$600	\$700	\$569	\$620	\$581
		Associate	12	\$480	\$495	\$500	\$448	\$376	\$387

Section I: High-Level Data Cuts

Cities

By Years of Experience

2022 - Real Rates for Associate

Trend Analysis - Mean

City	Years of Experience	n	First Quartile	Median	Third Quartile	2022	2021	2020
Kansas City MO	3 to Fewer Than 7 Years	15	\$270	\$325	\$360	\$318	\$295	\$283
	7 or More Years	28	\$292	\$334	\$391	\$333	\$312	\$302
Los Angeles CA	Fewer Than 3 Years	63	\$429	\$595	\$654	\$556	\$524	\$488
	3 to Fewer Than 7 Years	144	\$486	\$688	\$838	\$662	\$626	\$530
	7 or More Years	171	\$351	\$550	\$840	\$600	\$634	\$586
Miami FL	3 to Fewer Than 7 Years	19	\$300	\$360	\$457	\$380	\$331	\$313
	7 or More Years	36	\$295	\$450	\$595	\$460	\$433	\$385
Minneapolis MN	Fewer Than 3 Years	11	\$374	\$405	\$446	\$408		\$230
	3 to Fewer Than 7 Years	27	\$340	\$451	\$510	\$421	\$358	\$356
	7 or More Years	27	\$423	\$468	\$585	\$478	\$438	\$392
Nashville TN	7 or More Years	12	\$219	\$245	\$345	\$282	\$266	\$262
New Orleans LA	3 to Fewer Than 7 Years	12	\$232	\$243	\$265	\$261	\$242	\$245
	7 or More Years	18	\$243	\$312	\$343	\$306	\$318	\$294
New York NY	Fewer Than 3 Years	142	\$443	\$622	\$775	\$629	\$600	\$652

Section I: High-Level Data Cuts

Cities

By Years of Experience

2022 - Real Rates for Partner

Trend Analysis - Mean

City	Years of Experience	n	First Quartile	Median	Third Quartile	2022	2021	2020
Kansas City MO	Fewer Than 21 Years	46	\$400	\$450	\$537	\$473	\$411	\$397
	21 or More Years	68	\$440	\$553	\$658	\$539	\$497	\$491
Las Vegas NV	Fewer Than 21 Years	12	\$284	\$381	\$495	\$389	\$349	\$343
	21 or More Years	13	\$350	\$425	\$515	\$468	\$456	\$472
Los Angeles CA	Fewer Than 21 Years	183	\$533	\$801	\$1,075	\$804	\$797	\$682
	21 or More Years	333	\$550	\$765	\$1,133	\$863	\$842	\$808
Memphis TN	Fewer Than 21 Years	14	\$288	\$331	\$380	\$345	\$317	\$328
	21 or More Years	15	\$355	\$415	\$425	\$394	\$382	\$375
Miami FL	Fewer Than 21 Years	57	\$370	\$450	\$598	\$490	\$498	\$443
	21 or More Years	104	\$388	\$581	\$749	\$584	\$580	\$536
Milwaukee WI	21 or More Years	16	\$302	\$454	\$613	\$589	\$515	\$530
Minneapolis MN	Fewer Than 21 Years	36	\$470	\$530	\$607	\$532	\$486	\$499
	21 or More Years	84	\$507	\$675	\$796	\$656	\$620	\$589
Nashville TN	Fewer Than 21 Years	28	\$375	\$405	\$535	\$449	\$405	\$397

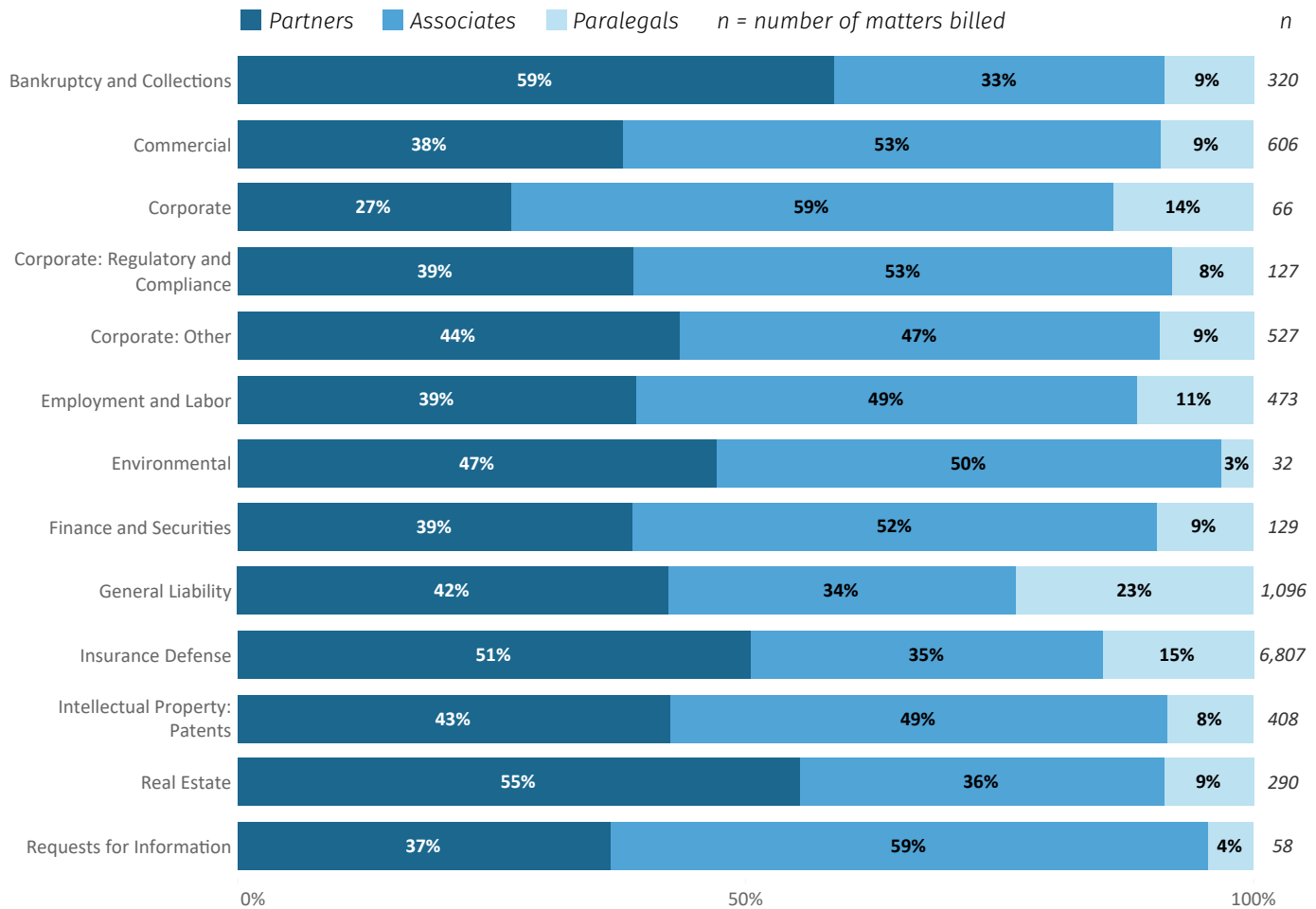
Section VI: Matter Staffing Analysis

All data and analysis based on
data collected thru Q2 2022

Section VI: Matter Staffing Analysis

Long Litigation Matters, More Than 100 Total Hours Billed

2019 to 2022 -- Percentage of Hours Billed per Matter



Section VII: Data Methodology

All data and analysis based on
data collected thru Q2 2022

Appendix: Data Methodology

Invoice Information

Data in Wolters Kluwer ELM Solutions' reference database and the 2022 Real Rate Report were taken from invoice line-item entries contained in invoices received and approved by participating companies.

Invoice data were received in the Legal Electronic Data Exchange Standard (LEDES) format (LEDES.org). The following information was extracted from those invoices and their line items:

- Law firm (which exists as a random number in the ELM Solutions reference database)
- Timekeeper ID (which exists as a random number in the ELM Solutions reference database)
- Matter ID (which exists as a random number in the ELM Solutions reference database)
- Timekeeper's position (role) within the law firm (partner, associate, paralegal, etc.)
- Uniform Task-Based Management System Code Set, Task Codes, and Activity Codes (UTBMS.com)
- Date of service
- Hours billed
- Hourly rate billed
- Fees billed

Non-Invoice Information

To capture practice area details, the matter ID within each invoice was associated with matter profiles containing areas of work in the systems of each company. The areas of work were then systematically categorized into legal practice areas. Normalization of practice areas was done based on company mappings to system-level practice areas available in the ELM Solutions system and by naming convention.

The majority of analyses included in this report have been mapped to one of 11 practice areas, further divided into sub-areas and litigation/non-litigation (for more information on practice areas and sub-areas, please refer to pages 232-234).

To capture location and jurisdiction details, law firms and timekeepers were systematically mapped to the existing profiles within ELM Solutions systems, as well as with publicly available data sources for further validation and normalization. Where city location information is provided, it includes any address within that city's defined Core-Based Statistical Area (CBSA) as defined by the Office of Management and Budget (OMB). The CBSAs are urban centers with populations of 10,000 or more and include all adjacent counties that are economically integrated with that urban center.

Where the analyses focus on partners, associates, and paralegals, the underlying data occasionally included some sub-roles, such as "senior partner" or "junior associate." In such instances, those timekeeper sub-roles were placed within the broader partner, associate, and paralegal segments.

Demographics regarding law firm size, location, and lawyer years of experience were augmented by incorporating publicly available information.

Appendix: Data Methodology

A Note on US Cities

Principal City	CBSA Name
Hartford, CT	Hartford-East Hartford-Middletown, CT
Honolulu, HI	Urban Honolulu HI
Houston, TX	Houston-The Woodlands-Sugar Land, TX
Indianapolis, IN	Indianapolis-Carmel-Anderson, IN
Jackson, MS	Jackson, MS
Jacksonville, FL	Jacksonville, FL
Kansas City, MO	Kansas City, MO-KS
Lafayette, LA	Lafayette, LA
Las Vegas, NV	Las Vegas-Henderson-Paradise, NV
Lexington, KY	Lexington-Fayette, KY
Little Rock, AR	Little Rock-North Little Rock-Conway, AR
Los Angeles, CA	Los Angeles-Long Beach-Anaheim, CA
Louisville, KY	Louisville/Jefferson County, KY-IN
Madison, WI	Madison, WI
Memphis, TN	Memphis-Forrest City, TN-MS-AR
Miami, FL	Miami-Fort Lauderdale-Pompano Beach, FL
Milwaukee, WI	Milwaukee-Waukesha, WI
Minneapolis, MN	Minneapolis-St. Paul-Bloomington, MN-WI
Nashville, TN	Nashville-Davidson-Murfreesboro-Franklin, TN
New Haven, CT	New Haven-Milford, CT
New Orleans, LA	New Orleans-Metairie, LA
New York, NY	New York-Newark-Jersey City, NY-NJ-PA
Oklahoma City, OK	Oklahoma City, OK
Omaha, NE	Omaha-Council Bluffs, NE-IA
Orlando, FL	Orlando-Kissimmee-Sanford, FL
Philadelphia, PA	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
Phoenix, AZ	Phoenix-Mesa-Chandler, AZ
Pittsburgh, PA	Pittsburgh, PA
Portland, ME	Portland-South Portland, ME
Portland, OR	Portland-Vancouver-Hillsboro, OR-WA
Providence, RI	Providence-Warwick, RI-MA
Raleigh, NC	Raleigh-Cary, NC
Reno, NV	Reno-Carson City-Fernley, NV

Appendix: Data Methodology

Bankruptcy and Collections

Chapter 11
Collections

General/Other
Workouts and Restructuring

Commercial (Commercial Transactions and Agreements)

Contract Breach or Dispute
General, Drafting, and Review
General/Other

Corporate¹

Antitrust and Competition
Corporate Development
General/Other
Governance
Information and Technology
Mergers, Acquisitions, and Divestitures

Partnerships and Joint Ventures
Regulatory and Compliance
Tax
Treasury
White Collar/Fraud/Abuse

Employment and Labor

ADA
Agreements
Compensation and Benefits
Discrimination, Retaliation, and Harassment/EEO
Employee Dishonesty/Misconduct
ERISA

General/Other
Immigration
Union Relations and Negotiations/NLRB
Wages, Tips, and Overtime
Wrongful Termination

Environmental

General/Other
Health and Safety

Superfund
Waste/Remediation

Finance and Securities

Commercial Loans and Financing
Debt/Equity Offerings
Fiduciary Services
General/Other

Investments and Other Financial Instruments
Loans and Financing
SEC Filings and Financial Reporting
Securities and Banking Regulations

General Liability

Asbestos/Mesothelioma
Auto and Transportation
Consumer Related Claims
Crime, Dishonesty and Fraud
General/Other

Personal Injury/Wrongful Death
Premises
Product and Product Liability
Property Damage
Toxic Tort

¹ All references to “Corporate: General/Other” in the Real Rate Report are the aggregation of all Corporate sub-areas excluding the Mergers, Acquisitions, and Divestitures sub-area and the Regulatory and Compliance sub-area.

Exhibit 4

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Business & Practice

Big Law Rates Topping \$2,000 Leave Value ‘In Eye of Beholder’

By Roy Strom

Column

June 9, 2022, 2:30 AM

Welcome back to the Big Law Business column on the changing legal marketplace written by me, Roy Strom. Today, we look at a new threshold for lawyers' billing rates and why it's so difficult to put a price on high-powered attorneys. Sign up to receive this column in your inbox on Thursday mornings. Programming note: Big Law Business will be off next week.

Some of the nation's top law firms are charging more than \$2,000 an hour, setting a new pinnacle after a two-year burst in demand.

Partners at Hogan Lovells and Latham & Watkins have crossed the threshold, according to court documents in bankruptcy cases filed within the past year.

Other firms came close to the mark, billing more than \$1,900, according to the documents. They include Kirkland & Ellis, Simpson Thacher & Bartlett, Boies Schiller Flexner, and Sidley Austin.

Simpson Thacher & Bartlett litigator Bryce Friedman, who helps big-name clients out of jams, especially when they're accused of fraud, charges \$1,965 every 60 minutes, according to a court document.

In need of a former acting US Solicitor General? Hogan Lovells partner Neal Katyal bills time at \$2,465 an hour. Want to hire famous litigator David Boies? That'll cost \$1,950 an hour (at least). Reuters was first to report their fees.

Eye-watering rates are nothing new for Big Law firms, which typically ask clients to pay higher prices at least once a year, regardless of broader market conditions.

"Value is in the eye of the beholder," said John O'Connor, a San Francisco-based expert on legal fees. "The perceived value of a good lawyer can reach into the multi-billions of dollars."

Kirkland & Ellis declined to comment on its billing rates. None of the other firms responded to requests to comment.

Charge It Up

Big Law firms are crossing the \$2,000-an-hour threshold after two years of surging rates driven by an increase in demand for lawyers.

Firm	Highest Billing Rate
Hogan Lovells	\$2,465
Latham & Watkins	\$2,075
Kirkland & Ellis	\$1,995
Simpson Thacher & Bartlett	\$1,965
Boies Schiller Flexner	\$1,950
Sidley Austin	\$1,900

Source: Court documents

Bloomberg Law

Law firms have been more successful raising rates than most other businesses over the past 15 years.

Law firm rates rose by roughly 40 percent from 2007 to 2020, or just short of 3 percent per year, Thomson Reuters Peer Monitor data show. US inflation rose by about 28% during that time.

The 100 largest law firms in the past two years achieved their largest rate increases in more than a decade, Peer Monitor says. The rates surged more than 6% in 2020 and grew another 5.6% through November of last year. Neither level had been breached since 2008.

The price hikes occurred during a once-in-a-decade surge in demand for law services, which propelled profits at firms to new levels. Fourteen law firms reported average profits per equity partner in 2021 over \$5 million, according to data from The American Lawyer. That was up from six the previous year.

The highest-performing firms, where lawyers charge the highest prices, have outperformed their smaller peers. Firms with leading practices in markets such as mergers and acquisitions, capital markets, and real estate were forced to turn away work at some points during the pandemic-fueled surge.

Firms receive relatively tepid pushback from their giant corporate clients, especially when advising on bet-the-company litigation or billion-dollar deals.

The portion of bills law firms collected—a sign of how willingly clients pay full-freight—rose during the previous two years after drifting lower following the Great Financial Crisis. Collection rates last year breached 90% for the first time since 2009, Peer Monitor data show.

Professional rules prohibit lawyers from charging “unconscionable” or “unreasonable” rates. But that doesn’t preclude clients from paying any price they perceive as valuable, said Jacqueline Vinaccia, a San Diego-based lawyer who testifies on lawyer fee disputes.

Lawyers’ fees are usually only contested when they will be paid by a third party.

That happened recently with Hogan Lovells’ Katyal, whose nearly \$2,500 an hour fee was contested in May by a US trustee overseeing a bankruptcy case involving a Johnson & Johnson unit facing claims its talc-based powders caused cancer.

The trustee, who protects the financial interests of bankruptcy estates, argued Katyal’s fee was more than \$1,000 an hour higher than rates charged by lawyers in the same case at Jones Day and Skadden Arps Slate Meagher & Flom.

A hearing on the trustee’s objection is scheduled for next week. Hogan Lovells did not respond to a request for comment on the objection.

Vinaccia said the firm’s options will be to reduce its fee, withdraw from the case, or argue the levy is reasonable, most likely based on Katyal’s extensive experience arguing appeals.

Still, the hourly rate shows just how valuable the most prestigious lawyers’ time can be—even compared to their highly compensated competitors.

“If the argument is that Jones Day and Skadden Arps are less expensive, then you’re already talking about the cream of the crop, the top-of-the-barrel law firms,” Vinaccia said. “I can’t imagine a case in which I might argue those two firms are more reasonable than the rates I’m dealing with.”

Worth Your Time

On Cravath: Cravath Swaine & Moore is heading to Washington, opening its first new office since 1973 by hiring former heads of the U.S. Securities and Exchange Commission and Federal Deposit Insurance Corporation. Meghan Tribe reports the move comes as Big Law firms are looking to add federal government expertise as clients face more regulatory scrutiny.

On Big Law Promotions: It’s rare that associates get promotions to partner in June, but Camille Vasquez is now a Brown Rudnick partner after she shot to fame representing Johnny Depp in his defamation trial against ex-wife Amber Heard.

On Working From Home: I spoke this week with Quinn Emanuel’s John Quinn about why he thinks law firm life is never going back to the office-first culture that was upset by the pandemic. Listen to the podcast [here](#).



That's it for this week! Thanks for reading and please send me your thoughts, critiques, and tips.

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Documents

[Trustee's Objection](#)

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