ATTORNEY OR PARTY WITHOUT ATTORNEY: STATE BAR NO.:
NAME: Enoch J. Kim (SBN 261146); Matthew Carraher (SBN 346860)
FIRM NAME: D.Law, Inc.
STREET ADDRESS: 250 N Madison Ave., 2nd Floor
CITY: Pasadena STATE: CA ZIP CODE: 91101
TELEPHONE NO.: (818) 962-6465 FAX NO.: (818) 962-6469
E-MAIL ADDRESS: e.kim@d.law; m.carraher@d.law
ATTORNEY FOR (*name*):

FOR COURT USE ONLY

SUPERIOR COURT OF CALIFORNIA, COUNTY OF ORANGE
STREET ADDRESS: 751 W Santa Ana Blvd.
MAILING ADDRESS:
CITY AND ZIP CODE: Santa Ana, 92701
BRANCH NAME: CIVIL COMPLEX CENTER

CASE NUMBER:
30-2024-01443677-CU-OE-CXC

PLAINTIFF/PETITIONER: INES BECERRA ALVARADO, et al.
DEFENDANT/RESPONDENT: COSTA MESA HEALTHCARE, INC.
OTHER:

JUDICIAL OFFICER:
Hon. William Claster

PROPOSED ORDER (COVER SHEET)

DEPT:
CX101

NOTE: This cover sheet is to be used to electronically file and submit to the court a proposed order. The proposed order sent electronically to the court must be in PDF format and must be attached to this cover sheet. In addition, a version of the proposed order in an editable word-processing format must be sent to the court at the same time as this cover sheet and the attached proposed order in PDF format are filed.

1. Name of the party submitting the proposed order:
   Ines Becerra Alvarado and Elvira Zavala

2. Title of the proposed order:
   [PROPOSED] ORDER GRANTING PLAINTIFF'S MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION AND PAGA SETTLEMENT

3. The proceeding to which the proposed order relates is:
   a. Description of proceeding: Hearing on Motion for Preliminary Approval of Settlement
   b. Date and time: December 18, 2026 at 9:00 a.m.
   c. Place: Orange County Superior Court - Dept. CX101

4. The proposed order was served on the other parties in the case.

Matthew Carraher
(TYPE OR PRINT NAME)

(SIGNATURE OF PARTY OR ATTORNEY)

Form Adopted for Mandatory Use
Judicial Council of California
EFS-020 [Rev. February 1, 2017]

PROPOSED ORDER (COVER SHEET)
(Electronic Filing)

Cal. Rules of Court,
rules 2.252, 3.1312
www.courts.ca.gov

CASE NAME:	CASE NUMBER:
Alvarado et al. v. Costa Mesa Healthcare, Inc.	30-2024-01443677-CU-OE-CXC

PROOF OF ELECTRONIC SERVICE
PROPOSED ORDER

1. I am at least 18 years old and **not a party to this action.**

   a. My residence or business address is *(specify):*
   250 N Madison Ave., 2nd Floor Pasadena, CA 91101

   b. My electronic service address is *(specify):* e.goode-frickert@d.law

2. I electronically served the *Proposed Order (Cover Sheet)* with a proposed order in PDF format attached, and a proposed order in an editable word-processing format as follows:

   a. On *(name of person served) (If the person served is an attorney, the party or parties represented should also be stated.):*
   Benjamin F. Fraser, Esq.
   Chandra A. Beaton, Esq.

   b. To *(electronic service address of person served):* BFraser@lightgablerlaw.com; CBeaton@lightgablerlaw.com

   c. On *(date):* November 16,2026

☐ Electronic service of the *Proposed Order (Cover Sheet)* with the attached proposed order in PDF format and service of the proposed order in an editable word-processing format on additional persons are described in an attachment.

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

Date: November 16, 2026

Evelyn Goode Frickert
(TYPE OR PRINT NAME OF DECLARANT)


(SIGNATURE OF DECLARANT)

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF ORANGE

Elvira Zavala and Ines Becerra Alvarado, on behalf of herself and all others similarly situated Plaintiffs, vs. COSTA MESA HEALTHCARE INC., doing business as NEWPORT SUBACUTE HEALTHCARE CENTER, a California corporation; and DOES 1 through 50, inclusive	**CLASS ACTION** Case No.: 30-2024-01443677-CU-OE-CXC Assigned for All Purposes To: Hon. William Claster Department CX101 **[PROPOSED] ORDER GRANTING PLAINTIFF'S MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION AND PAGA SETTLEMENT** Hearing Information: Date: December 18, 2026 Time: 9:00 a.m. Dept.: CX101 Reservation Number: **75010489**

ORDER

Plaintiffs Elvira Zavala and Diana Rosario Alvarado formerly known as Inez Becerra Alvarado ("Plaintiff"), on behalf of themselves and other similarly situated employees of Defendant COSTA MESA HEALTHCARE INC., doing business as NEWPORT SUBACUTE HEALTHCARE CENTER (collectively referred to as "Defendant") (Plaintiff and Defendant shall be referred to collectively as the "Parties"), filed a Motion for Preliminary Approval of the Parties' Class Action and PAGA Settlement Agreement ("Settlement Agreement"). The Motion was set for hearing on December 18, 2026, at 9:00 a.m. in Department CX101 of the Orange Superior Court located at 751 W. Santa Ana Blvd., Santa Ana, CA 92701. The Court, having considered the Settlement Agreement (attached as **Exhibit 1** to this Order) and the proposed Class Notice (attached as Exhibit A to the Settlement Agreement), the submissions of counsel, and all other papers filed in this litigation,

HEREBY MAKES THE FOLLOWING FINDINGS:

1. The Court preliminarily finds the Settlement to be fair, adequate and reasonable, and in the best interests of the Class Members, and thus preliminarily approves the Settlement. It appears to the Court that the Settlement's terms are fair, adequate, and reasonable as to all potential Class Members when balanced against the probable outcome of further litigation, given the risks relating to liability and damages. It further appears that extensive investigation and research have been conducted such that counsel for the Parties at this time are reasonably able to evaluate their respective positions. It further appears to the Court that the Settlement at this time would avoid substantial additional costs by all Parties, as well as the delay and risks that would be presented by the further prosecution of the Action. It appears the Settlement has been reached as a result of intensive, arm's-length negotiations utilizing an experienced third-party neutral.

2. The Court further finds, for settlement purposes only, that the requirements of California Code of Civil Procedure § 382 and California Rules of Court, rule 3.760 *et seq*. are satisfied. Therefore, the Court certifies, for settlement purposes only, the following Class described in the Settlement Agreement:

All current and former non-exempt hourly employees employed by Defendant in California during the Class Period, which is December 5, 2020, through November 24, 2025.

3. The Court approves the PAGA settlement and the following representative group of employees as governed by the Settlement Agreement with respect to the PAGA claim:

All current and former non-exempt employees employed by Defendant in California during the PAGA Period, which is December 5, 2023, through November 24, 2025.

6. For the purposes of this Settlement, Natalie Haritoonian, Enoch J. Kim, Matthew Carraher, and Jonas Agle of D.Law, Inc. and James Hawkins, Isandra Fernandez, and Anthony Draper of James Hawkins APLC are hereby appointed as Class Counsel.

7. For the purposes of this Settlement, Plaintiffs Elvira Zavala and Diana Rosario Alvarado formerly known as Ines Becerra Alvarado are hereby appointed as the Class Representatives for the Class.

8. The Court confirms Xpand Legal ("Xpand") as the Settlement Administrator. Xpand is ordered to perform all responsibilities of the Settlement Administrator as set forth in the Settlement Agreement.

9. The Court hereby approves, as to form and content, the Class Notice attached as **Exhibit A** to the Settlement Agreement. The Court finds that the dates and procedure for mailing and distributing the Notice in the manner set forth in the Settlement Agreement meet the requirements of due process and are the best notice practicable under the circumstances and shall constitute due and sufficient notice to all persons entitled thereto.

10. The Court orders the mailing of the Class Notice via first class mail to the Class Members in accordance with the schedule and procedures set forth in the Settlement Agreement.

11. The procedures for Class Members to opt-out by submitting a Request for Exclusion form, as set forth in the Class Notice and Settlement Agreement, are approved. The time for Class Members to submit a Request for Exclusion shall be sixty (60) days after the date of the first mailing of the Class Notices. This date shall be extended by fourteen (14) calendar dates if the Class Notice is returned as undeliverable and then remailed to a correct or forwarding address of a Class Member.

12. The procedures for Class Members to object to the Settlement, as set forth in the Class Notice and Settlement Agreement, are approved. The time for Class Members to object to the Settlement shall be sixty (60) days after the date of the first mailing of the Class Notices. This date shall be extended by fourteen (14) calendar dates if the Class Notice is returned as undeliverable and then remailed to a correct or forwarding address of a Class Member. Class Members may appear at the Final Approval Hearing, on their own or through a counsel retained at their expense, to present their objection, whether or not they submitted a prior written objection as provided in the Settlement Agreement.

13. The procedures for Class Members to dispute the number of workweeks and/or PAGA Pay Periods worked, as set forth in the Class Notice and Settlement Agreement, are approved. The time for Class Members to submit a workweek dispute shall be sixty (60) days after the date of the first mailing of the Class Notices. This date shall be extended by fourteen (14) calendar dates if the Class Notice is returned as undeliverable and then remailed to a correct or forwarding address of a Class Member.

14. The Court hereby preliminarily approves the definition and disposition of the Gross Settlement Amount as that term is defined in the Settlement Agreement. The Court preliminarily approves the distribution of the Gross Settlement Amount, all subject to the Court's final approval of the Settlement at the Final Approval Hearing as follows:

Class Counsel Fees Payment	Up $175,000.00 (35% of the Gross Settlement Amount)
Class Counsel Litigation Expenses Payment	Up to $30,000.00 for actual costs incurred
Administration Costs	Not to exceed $6,500.00
Class Representative Service Payment	Up to $7,500.00 to each Plaintiff
PAGA Penalties	$40,000 ($26,000 to LWDA; $14,000 to Aggrieved Employees)

15. A Final Approval Hearing (the "Hearing") shall be held on _____,

2026 at _____a.m./p.m. before the Honorable William Claster in Department CX101 of the Orange County Superior Court. The purpose of such Hearing will be to: (a) determine whether the proposed Settlement should be finally approved by the Court as fair, reasonable and adequate; (b) determine the reasonableness of Class Counsel's request for attorneys' fees and costs and amount to be awarded; (c) determine the reasonableness of the Class Representative's Service Payment requested for the Class Representative and amount to be awarded; and (d) order entry of Judgment.

16. Class Counsel shall file and serve all papers in support of the Motion for Final Approval and any application for reimbursement of attorneys' fees and costs, including any costs associated with or incurred by the Settlement Administrator, at least 16 court days before the final approval hearing.

17. The Court reserves the right to continue the date of the Final Approval Hearing without further notice to the Class Members and retains jurisdiction to consider all further applications arising out of or connected with the proposed Settlement.

18. All further proceedings in this Action shall be stayed except such proceedings necessary to review, approve, and implement this Settlement.

19. Neither the Settlement, preliminarily approved or not, nor any exhibit, document or instrument delivered hereunder, nor any statement, transaction or proceeding in connection with the negotiation, execution or implementation of the Settlement, shall be admissible in evidence for any reason except as provided in the Settlement Agreement. The Court has made no findings on the merits and the Defendants have denied the allegations in the operative complaint.

20. The Court reserves exclusive and continuing jurisdiction over the Action, the Class Representative, the Class Members, and Defendants for purposes of supervising the implementation, enforcement, construction, administration, and interpretation of the Settlement Agreement pursuant to Code of Civil Procedure section 664.6.

///

GOOD CAUSE HAVING BEEN SHOWN, IT IS SO ORDERED.

Dated: _____, 2026

_____
Honorable William Claster
Judge of the Superior Court

EXHIBIT 1

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CLASS ACTION AND PAGA SETTLEMENT AGREEMENT AND CLASS NOTICE

This Class Action and PAGA Settlement Agreement ("Agreement") is made by and between Plaintiff Elvira Zavala ("Plaintiff Zavala") and Plaintiff Diana Rosario Alvarado formerly known as Ines Becerra Alvarado ("Plaintiff Alvarado") (collectively "Plaintiffs") and Costa Mesa Healthcare, Inc., dba Newport Subacute Healthcare Center ("Defendant"). The Agreement refers to Plaintiffs and Defendant collectively as "Parties," or individually as "Party."

1. DEFINITIONS.

1.1 "Actions" means Plaintiff Zavala's wage and hour lawsuit filed against Defendant captioned *Elvira Zavala v. Costa Mesa Healthcare, Inc. dba Newport Subacute Healthcare Center, et al.* initiated on December 5, 2024, and pending in Superior Court of the State of California, County of Orange, Case Number 30-2024-01443677-CU-OE-CXC and Plaintiff Alvarado's wage and hour lawsuit filed against Defendant captioned *Ines Becerra Alvarado v. Costa Mesa Healthcare, Inc. dba Newport Subacute Healthcare Center, et al.* initiated on December 6, 2024, and pending in Superior Court of the State of California, County of Orange, Case Number 30-2025-01489595-CU-OE-CXC.

1.2 "Administrator" means Xpand Legal ("Xpand"), the neutral entity the Parties have agreed to appoint to administer the Settlement.

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

1.4 "Class" means all persons who currently or formerly worked for Defendant as a non-exempt, hourly paid employee in California during the Class Period.

1.5 "Class Counsel" means Natalie Haritoonian, Jonas Agle, and Matthew Carraher of D.Law, Inc., and James R. Hawkins, Isandra Fernandez, and Anthony L. Draper of James Hawkins APLC.

1.6 "Class Counsel Fees" and "Class Counsel Litigation Costs" mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys' fees and documented out of pocket expenses, respectively, reasonably incurred to prosecute the Actions.

1.7 "Class Data" means Class Member identifying information in Defendant's possession, including the Class Member's (a) name, (b) last-known mailing address,(c) Social Security number, and (d) number of Workweeks and PAGA Pay Periods.

1.8 "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 a PAGA Member).

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1.9 "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.

1.10 "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 English with a Spanish translation in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.

1.11 "Class Period" means the period from December 5, 2020 through November 24, 2025.

1.12 "Class Representatives" means the named Plaintiffs in the operative Complaints in the Actions seeking Court approval to serve as dual Class Representatives.

1.13 "Class Representative Service Award" means the payment to the Class Representatives for initiating the Actions and providing services in support of the Actions.

1.14 "Court" means the Superior Court of California, County of Orange.

1.15 "Defendant" means named Defendant Costa Mesa Healthcare, Inc., dba Newport Subacute Healthcare Center.

1.16 "Defense Counsel" means Chandra A. Beaton and Benjamin F. Fraser of LightGabler LLP.

1.17 "Effective Date" means the date when all of the following have occurred: the Court has granted final approval to the settlement (including approval of the settlement of the PAGA claim), has entered and filed the final approval order of the settlement and final judgment; and the judgment has become final. The Judgment becomes final as follows: (i) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (ii) 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 (iii) if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur. In the event any appeal or other challenge is filed concerning the settlement, administration of the settlement shall cease and be stayed pending final resolution of such appeal or challenge without reversal or modification to the settlement and judgment.

1.18 "Final Approval" means the Court's order granting final approval of the Settlement.

1.19 "Final Approval Hearing" means the Court's hearing on the Motion for Final Approval of the Settlement.

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1.20 "Gross Settlement Amount" means $500,000.00 which is the total amount Defendant agree to pay under the Settlement except as provided in Paragraph 8 below. The Gross Settlement Amount will be used to pay (1) Individual Class Payments (including employee tax withholdings from the Wage Portions), (2) Class Counsel Fees, (3) Class Counsel Litigation Costs, (4) Administration Expenses Payment, (5) Plaintiffs' Class Representatives Service Award, (6) Individual PAGA Payments, and (7) LWDA PAGA Payment.

1.21 "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.

1.22 "Individual PAGA Payment" means the PAGA Member's pro rata share of 35% of the PAGA Penalties calculated according to the number of PAGA Pay Periods worked during the PAGA Period.

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

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

1.25 "LWDA PAGA Payment" means the 65% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).

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

1.27 "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.

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

1.29 "PAGA Pay Period" means any pay period during which a PAGA Member worked for Defendant for at least one (1) day during the PAGA Period.

1.30 "PAGA Period" means the period from December 5, 2023 through November 24, 2025.

1.31 "PAGA Member" means all persons who currently or formerly worked for Defendant as a non-exempt, hourly paid employee in California during the PAGA Period.

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1.32 "PAGA Notices" means Plaintiff Zavala's December 5, 2024 letter and Plaintiff Alvarado's December 6, 2024 letter to Defendant and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a). (LWDA-CM-1065402-24; LWDA-CM-1065718-24).

1.33 "PAGA Penalties" means the total amount of PAGA civil penalties ($40,000.00) to be paid from the Gross Settlement Amount, allocated 35% to PAGA Members ($14,000.00) and the 65% to LWDA ($26,000.00) in settlement of PAGA claims.

1.34 "Participating Class Member" means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.

1.35 "Plaintiff Alvarado" means Diana Rosario Alvarado formerly known as Ines Becerra Alvarado, the named plaintiff in the action *Ines Becerra Alvarado v. Costa Mesa Healthcare, Inc. dba Newport Subacute Healthcare Center, et al*., Case Number 30-2025-01489595-CU-OE-CXC.

1.36 "Plaintiff Zavala" means Elvira Zavala, the named plaintiff in the action *Elvira Zavala v. Costa Mesa Healthcare, Inc. dba Newport Subacute Healthcare Center, et al.*, Case Number 30-2024-01443677-CU-OE-CXC.

1.37 "Plaintiffs" means Elvira Zavala and Diana Rosario Alvarado formerly known as Ines Becerra Alvarado, the named plaintiffs in the Actions.

1.38 "Preliminary Approval" means the Court's Order Granting Preliminary Approval of the Settlement.

1.39 "Released Class Claims" means the claims being released as described in Paragraph 5.2 below.

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

1.41 "Released Parties" means Defendant Costa Mesa Healthcare, Inc., dba Newport Subacute Healthcare Center and its current or former officers, partners, directors, shareholders, owners, investors, assigns, attorneys, insurers, agents, independent contractors, employees, joint employers, labor contractors, predecessors, successors, parents, subsidiaries, affiliates, related entities or other representatives of any kind, and related parties that have been asserted or could have reasonably been asserted based on the allegations in the PAGA notices dated December 5, 2024 and December 6, 2024, the Complaints filed December 5, 2024 and December 6, 2024, and the First Amended Complaints filed February 10, 2025 and Februrary 11, 2025.

1.42 "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.

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1.43 "Response Deadline" means sixty (60) days after the Administrator mails Notice to Class Members and 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 their 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.

1.44 "Settlement" means the disposition of the Actions effected by this Agreement and the Judgment.

1.45 "Workweek" means any calendar week (i.e., a week beginning with Sunday and ending with Saturday), in which a Class Member worked for Defendant for at least one (1) day during the Class Period.

2. **RECITALS.**

2.1 On December 5, 2024, Plaintiff Zavala filed a lawsuit entitled *Elvira Zavala v. Costa Mesa Healthcare, Inc. dba Newport Subacute Healthcare Center, et al.*, California Superior Court for the County of Orange, Case Number 30-2024-01443677-CU-OE-CXC, alleging causes of action against Defendant for (1) failure to pay lawful wages; (2) failure to provide meal periods; (3) failure to provide rest breaks; (4) failure to reimburse business expenses; (5) failure to timely pay wages during employment; (6) failure to timely pay wages at termination; (7) failure to provide accurate wage statements; and (8) unfair business practices. On February 11, 2025, Plaintiff Zavala filed a First Amended Complaint adding a claim for civil penalties under the California Private Attorneys General Act, (the "Zavala Action" and "Zavala Complaint").

2.2 On December 6, 2024, Plaintiff Alvarado filed a lawsuit entitled *Ines Becerra Alvarado v. Costa Mesa Healthcare, Inc. dba Newport Subacute Healthcare Center, et al.*, California Superior Court for the County of Los Angeles, Case Number 24STCV32349, alleging causes of action against Defendant for (1) failure to pay minimum wages; (2) failure to pay wages and overtime; (3) failure to provide meal periods; (4) failure to authorize and permit rest breaks; (5) failure to provide accurate itemized wage statements; (6) failure to timely pay final wages at termination; (7) failure to timely pay wages during employment; (8) failure to keep required payroll records; (9) failure to indemnify necessary business expenses; and (10) unfair business practices. On February 10, 2025, Plaintiff Alvarado filed a First Amended Complaint adding a claim for civil penalties under the California Private Attorneys General Act. On April 2, 2025, the Court transferred the Alvarado Action to California Superior Court for the County of Orange, where the case is currently pending as Case Number 30-2025-01489595-CU-OE-CXC, (the "Alvarado Action" and "Alvarado Complaint"). Collectively the Zavala Complaint and Alvarado Complaint are herein referred to as the "Operative Complaints".

2.3 Pursuant to Labor Code section 2699.3, subd.(a), Plaintiff Zavala gave written notice to Defendant and the LWDA by sending a PAGA Notice on December 5, 2024 (LWDA-

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CM-1065402-24) and Plaintiff Alvarado gave written notice to Defendant and the LWDA by sending a PAGA Notice on December 6, 2024 (LWDA-CM-1065718-24).

2.4 On February 4, 2026, this Court related the Zavala Action and Alvarado Action.

2.5 On September 25, 2025, the Parties participated in a joint, all-day mediation with Brandon McKelvey, Esq., which resulted in the settlement of this matter via a mediator's proposal, subject to the Court's approval.

2.6 Prior to mediation, Plaintiffs obtained, through informal discovery, a 20% sampling of payroll and timekeeping data, as well as other data. Plaintiffs' investigations were sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc*. (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc*. (2008) 168 Cal.App.4th 116, 129-130 ("Dunk/Kullar"). Plaintiffs also received information and extensive documents substantiating Defendant's dire financial condition.

2.7 Defendant denies the allegations in the Operative Complaints, denies any failure to comply with the laws identified in in the Operative Complaints and denies any and all liability for the causes of action alleged. The Parties have entered into this Agreement to resolve the dispute or disputes that have arisen between them and to avoid the burden, expense, and risk of continued litigation. In entering into this Agreement, Defendant does not admit and specifically denies that it has violated any federal, state, or local law; violated any regulations or guidelines promulgated pursuant to any statute or any other applicable laws, regulations or legal requirements; breached any contract; violated or breached any duty; engaged in any misrepresentation or deception; or engaged in any other unlawful or improper conduct with respect to its employees or operations. Apart for purposes of settling the Actions, the Parties agree this Settlement may not be used or admitted for any other purpose or in any other proceeding other than to enforce and effectuate the terms and conditions of this specific Settlement as provided herein.

2.8 Defendant does not admit these matters are suitable for certification or treatment as a class or other representative action, and the Court has not granted class certification.

2.9 The Parties represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3. **MONETARY TERMS.**

3.1 Gross Settlement Amount. Except as otherwise provided by Paragraphs 8 and 9 below, Defendant promises to pay no more than $500,000.00 as the Gross Settlement Amount and to separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. Defendant has no obligation to pay the Gross Settlement Amount (or any employer payroll taxes) prior to the deadline stated in Paragraph 4.2 of this Agreement. Prior to disbursing the Gross Settlement Amount, the Administrator will provide a disbursement breakdown to Class Counsel and Defense Counsel and will not

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disburse any funds until the breakdown is approved by both counsels. Any disputes regarding disbursement will be resolved by the Court. Upon receiving approval from both Class Counsel and Defense Counsel, the Administrator will disburse the Gross Settlement Amount without asking or requiring Participating Class Members or PAGA Members to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendant.

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

3.2.1 To Plaintiffs: Class Representative Service Awards to both Plaintiff Zavala and Plaintiff Alvarado of not more than $7,500.00 each (in addition to any Individual Class Payment and any Individual PAGA Payment each Plaintiff is entitled to receive as a Participating Class Member). Defendant will not oppose Plaintiffs' requests for Class Representative Service Awards that does not exceed this amount. As part of the motion for Class Counsel Fees and Class Counsel Litigation Costs, Plaintiffs will seek Court approval for any Class Representative Service Awards no later than sixteen (16) court days prior to the Final Approval Hearing. If the Court approves Class Representative Service Awards less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Awards using IRS Form 1099. Plaintiffs assume full responsibility and liability for taxes owed on the Class Representative Service Awards. The Parties agree that regardless of the amount of the service award awarded to Plaintiffs by the Court, the enforceability of this Agreement shall not be affected.

3.2.2 To Class Counsel: Class Counsel Fees of not more than thirty-five percent (35%) of the Gross Settlement Amount, which is currently estimated to be $175,000.00, and Class Counsel Litigation Costs of not more than $25,000.00. Defendant will not oppose requests for these payments provided that they do not exceed these amounts. Plaintiffs and/or Class Counsel will file a motion for Class Counsel Fees and Class Counsel Litigation Costs no later than sixteen (16) court days prior to the Final Approval Hearing. If the Court approves a payment for Class Counsel Fees and/or a Class Counsel Litigation Costs less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Defendant shall have no liability to Class Counsel or any other Plaintiffs' Counsel arising from any claim to any portion of the Class Counsel Fees and/or Class Counsel Litigation Costs. The Administrator will pay the Class Counsel Fees and Class Counsel Litigation Costs using one or more IRS 1099 Forms. Class Counsel shall assume full responsibility and liability for taxes owed on the Class Counsel Fees and the Class Counsel Litigation Costs and agrees to hold Defendant harmless from any dispute or controversy regarding any division or sharing of any of these payments.

In the event that the Court reduces or does not approve the requested Class

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Counsel Fees Award and/or Class Counsel Litigation Costs Award, Class Counsel reserve their right to appeal such order; however, Plaintiffs and/or Class Counsel shall not request or demand an increase to the Gross Settlement Amount on that basis. The Parties agree that regardless of the amount of attorney fees and costs that the Court approves and awards, the enforceability of this Agreement shall not be affected.

3.2.3 To the Administrator: An Administration Expenses Payment not to exceed $6,500.00 except for a showing of good cause and as approved by the Court.

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

3.2.4.1 Tax Allocation of Individual Class Payments. 10% of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. 45% of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for interest and business expenses, and 45% to penalties (the "Non-Wage Portions"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

3.2.4.2 Effect of Non-Participating Class Members on Calculation of Individual Class Payments. Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.

3.2.5 To the LWDA and PAGA Members: PAGA Penalties in the amount of $40,000.00 to be paid from the Gross Settlement Amount, with 65% ($26,000.00) allocated to the LWDA PAGA Payment and 35% ($14,000.00) allocated to the Individual PAGA Payments.

3.2.5.1 The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the PAGA Members' 35% share of PAGA Penalties ($14,000.00) by the total number of PAGA Pay Periods worked by all PAGA Members during the PAGA Period and (b) multiplying the result by each PAGA Member's number of PAGA Pay Periods. PAGA Members assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

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3.2.5.2 If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms. The Parties agree that regardless of the amount of the Gross Settlement Amount that the Court decides to allocate and approve as the PAGA payment portion of the settlement the enforceability of the settlement shall not be affected.

4. **SETTLEMENT FUNDING AND PAYMENTS.**

4.1 Class Workweeks and Employee Pay Periods. Based on a review of its records to date, Defendant estimates there are 453 Class Members who collectively worked a total of 36,302 Workweeks during the Class Period, and 329 PAGA Members who worked a total 8,154 of PAGA Pay Periods during the PAGA Period.

4.2 Funding of Gross Settlement Amount. Defendant shall fully fund the Gross Settlement Amount and the amounts necessary to fully pay Defendant's share of payroll taxes by transmitting the funds to the Administrator no later than fourteen (14) calendar days after the Effective Date.

4.3 Payments from the Gross Settlement Amount. Within seven (7) calendar days after Defendant funds the Gross Settlement Amount and all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, the Administrator will provide a draft of its distribution cacluations to Class Counsel and Defense Counsel. The Administrator shall not distribute any settlement funds unless and until Class Consel and Defense Counsel have approved the distribution summary. Within fourteen (14) calendar days after Defendant funds the Gross Settlement Amount and all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, and conditioned upon Class Counsel and Defense Counsel having approved the Administrator's distribution calculations, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, Class Counsel Fees, Class Counsel Litigation Costs, and the Class Representative Service Awards.

4.3.1 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, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Class Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all PAGA Members including Non-Participating Class Members who qualify as PAGA Members. The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA

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Payment. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.3.2 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.

4.3.3 For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure Section 384, subd. (b).

4.3.4 The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendant 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.

5. **RELEASES OF CLAIMS**. Effective upon the Effective Date and remittance of the Gross Settlement Amount and all employer payroll taxes owed on the Wage Portion of the Individual Class Payments by Defendant to the Settlement Administrator, Plaintiffs, Participating Class Members, and PAGA Members shall fully and finally release and discharge claims against the Released Parties as follows:

5.1 Plaintiffs' General Release and Waiver of Rights Under CCC Section 1542. In addition to the Participating Class Member and PAGA Member releases below, Plaintiffs and Plaintiffs' respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release all known and unknown claims, whether ascertained or unascertained, that they have against the Released Parties up to the date of their execution of this Agreement. Plaintiffs expressly waive and relinquishes, to the fullest extent permitted by law, the provisions, rights, and benefits of Section 1542 of the California Civil Code, which provides:

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.

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5.2 Release by Participating Class Members: Participating Class Members release and discharge the Released Parties from any and all wage and hour claims, rights, demands, debts, liabilities, causes of action, primary rights, or claims for relief arising out of or related to work performed by Settlement Class Members during the Class Period that are alleged, were alleged, or could have reasonably been alleged based on the factual allegations stated in the Operative Complaints, including violations of the California Labor Code, the California Business and Professions Code sections 17200 et seq., and the Industrial Welfare Commission Wage Orders. By way of illustration only and not as a limitation, this release includes all types of recovery and relief available for the above-referenced claims and theories of relief, including, without limitation, any claims for unpaid or untimely payment of any wages or other amounts owed, unpaid minimum wage, unpaid overtime, unpaid double-time pay, non-compliant meal periods or rest breaks or for premium pay, provisions regulating hours and days of work in any IWC Order, unreimbursed expenses, failure to timely pay wages during employment or upon separation and for waiting-time penalties, failure to maintain accurate records, failure to provide accurate, itemized wage statements or other wage statement violations, unfair business practices, and including claims arising therefrom for damages, reimbursement, restitution, losses, penalties (excluding PAGA), fines, liens, attorneys' fees, costs, expenses, debts, interest, injunctive or declaratory relief, chargebacks, liquidated damages or similar relief. This release does not include claims for vested retirement benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation or other claims not explicitly included herein which are unable to be released as a matter of law.

5.3 Release by PAGA Members: PAGA Members are deemed to fully and finally release and discharge Released Parties from any and all claims for civil penalties arising out of or related to work performed by PAGA Members for Defendant during the PAGA Period that are alleged, were alleged, or could have reasonably been alleged based on the factual allegations stated in the Operative Complaints and the PAGA Notices. This release includes all claims for civil penalties available for the above-referenced claims and theories of relief, including, without limitation, any claims for unpaid or untimely payment of any wages or other amounts owed, unpaid minimum wage, unpaid overtime, unpaid double-time pay, non-compliant meal periods or rest breaks or for premium pay, provisions regulating hours and days of work in any IWC Order, unreimbursed expenses, failure to timely pay wages during employment or upon separation and for waiting-time penalties, failure to maintain accurate records, failure to provide accurate, itemized wage statements or other wage statement violations, and including any claims arising therefrom for any monetary or non-monetary relief, and claims for attorneys' fees, expenses, and costs, that may be obtained under the PAGA statute.

6. **MOTION FOR PRELIMINARY APPROVAL**. Plaintiffs will prepare and file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the Court's requirements for Preliminary Approvals.

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6.1 Plaintiffs' Responsibilities. Plaintiffs will prepare and deliver to Defense Counsel 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* and a request for approval of the Class and PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting conditional certification of the Class for settlement purposes only and Preliminary Approval and Approval of Class and PAGA Settlement; appointing the Class Representatives, Class Counsel, and Adminstrator; (iii) a draft proposed Class Notice; (iv) a signed declaration from Class Counsel attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaints (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2)); and (vi) all facts relevant to any actual or potential conflict of interest with Class Members and/or the Administrator. Plaintiffs, by and through Class Counsel, are responsible for expeditiously finalizing and filing the Motion for Preliminary Approval after the full execution of this Agreement; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Defendant will not oppose Plaintiffs' Motion for Preliminary Approval. Plaintiffs are also responsible for delivering the Court's Preliminary Approval Order to the Administrator.

6.2 Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, the Parties, by and through their respective Counsel, will expeditiously work together by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, the Parties, by and through their respective Counsel, will expeditiously work together by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

6.3 Court Determinations: The amounts of Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, Class Representative Service Payments, and Administration Expenses Payment shall be determined by the Court, and the Court's determination on these amounts shall be final and binding, with the exception of Plaintiffs' right to appeal stated in Paragraph 3.2.2. The Court's approval or denial of any amount requested for these items are not material conditions of this Agreement and are to be considered separate and apart from the fairness, reasonableness, and adequacy of this Agreement. Any order or proceeding relating to an application for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, Class Representative Service Payments, and Administration Expenses Payment shall not operate to terminate or cancel this Agreement. If the Court declines to conditionally certify the Class or to Preliminarily Approve all material aspects of the Agreement with prejudice, the Agreement will be null and void, and the Parties will have no further obligations under the Agreement.

7. **SETTLEMENT ADMINISTRATION.**

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

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

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

7.4 Notice to Class Members.

7.4.1 Not later than fourteen (14) calendar days after the date on which the Court enters an order granting preliminary approval of the Settlement, Defendant shall provide the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet, containing the following information for each Class Member: (1) full name; (2) last known home address; (3) social security number; and (4) the number of Workweeks and PAGA Pay Periods. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement, and not provide the Class Data to Plaintiffs or Class Counsel. Defendant has a continuing duty to promptly notify Class Counsel if it is discovered that the Class Data omitted class member identifying information and to provide corrected or updated Class Data to the Administrator as soon as reasonably feasible. Without any extension of the deadline by which Defendant 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.

7.4.2 Not later than three (3) business 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, PAGA Members, Workweeks, and PAGA Pay Periods in the Class Data.

7.4.3 Using best efforts to perform as soon as possible, and in no event later than fourteen (14) calendar 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 with Spanish translation, if

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applicable 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.

7.4.4 Not later than three (3) business days after the Administrator's receipt of any Class Notices 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.

7.4.5 The deadlines for Class Members' written objections, Challenges to Workweeks and/or PAGA 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.

7.4.6 If the Administrator, Defendant, Defense Counsel, 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.

7.5 Requests for Exclusion (Opt-Outs).

7.5.1 Class Members who wish to exclude themselves from (opt-out of) the Class Settlement must send the Administrator by mail, fax, or email, a signed written Request for Exclusion not later than the Response Deadline.

7.5.2 A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's: (i) full name, (ii) last four digits of his/her Social Security number, (iii) mailing address, (iv) email address or telephone number, and (v) a simple statement electing to be excluded from the Settlement. Class Members may also complete and sign the Request for Exclusion

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form attached to the Class Notice. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

7.5.3 The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. While the Administrator may make the initial determination of the validity and authenticity of the Requests for Exclusion, the Court may review any determination made by the Administrator and make the final determination on the validity and authenticity of the Requests for Exclusion.

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

7.5.5 Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are PAGA Members are deemed to release the claims identified in Paragraph 5.3 of this Agreement and are eligible for an Individual PAGA Payment.

7.6 Challenges to Calculation of Workweeks and PAGA Pay Periods. Each Class Member shall have until the Response Deadline to challenge the number of Workweeks and/or PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by sending a letter or the Dispute form attached to the Class Notice to 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 shall request dates of employment for the challenging Class Member/PAGA Member, and is entitled to presume that the Workweeks and PAGA Pay Periods contained in the Class Notice are correct so long as they are consistent with the Class Data and dates of active employment provided by Defendant. While the Administrator may make the initial determination of each Class Member's allocation of Workweeks and PAGA Pay Periods, the Court may review any determination made by the Administrator regarding the challenges. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and PAGA Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination on the challenges.

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7.7 Objections to Settlement.

7.7.1 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 Class Counsel Fees, Class Counsel Litigation Costs, and/or Class Representative Service Award.

7.7.2 A Participating Class Member who elects to send a written objection to the Administrator via fax, email, or mail must do so not later than the Response Deadline.

7.7.3 Participating Class Members will need to send any written objections to the Administrator only. The written objection must: (i) indicate what the Class Member is objecting to; (ii) explain why the Class Member is objecting; (iii) include any fact that support the objection; and (iv) include the Class Member's full name, last four digits of his/her Social Security number, present address, and email address or telephone number. Participating Class Members may also complete and sign the Objection form attached to the Class Notice.

7.7.4 Participating Class Members will not be barred from appearing at the Final Approval Hearing if they have not complied with the objection procedures for mailing objections to the Settlement Administrator. 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.

7.7.5 Non-Participating Class Members have no right to object to any of the class action components of the Settlement. PAGA Members have no right to object to the PAGA portion of the Agreement and shall be bound by the release of claims identified in Paragraph 5.3 of this Agreement.

7.8 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.

7.8.1 Website, Email Address and Toll-Free Number. The Administrator will establish and 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, the Preliminary Approval, the Class Notice, the Motion for Final Approval, the Motion for Class Counsel Fees Award, Class Counsel Litigation Costs Award and Class Representative Service Awards, the Final Approval 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.

7.8.2 Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their

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validity. Not later than five (5) 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; and (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

7.8.3 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 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.

7.8.4 Workweek and PAGA 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 PAGA Pay Periods. The Administrator's decision shall be final and not appealable or otherwise susceptible to challenge.

7.8.5 Administrator's Declaration. Not later than three (3) 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. 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.

7.8.6 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 fifteen (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.

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7.8.7 Payroll Tax Calculation. The Administrator shall calculate Defendant's share of employer payroll taxes due on the Wage Portion of Individual Class Payments and provide this information to the Parties for purposes of Final Approval. The Administrator shall remit employer taxes and required forms to the appropriate taxing authorities within the deadlines set by law.

8. **CLASS SIZE ESTIMATES and ESCALATOR CLAUSE.** Based on a review of its records to date, Defendant represented that there are approximately 34,000 Class Member Workweeks during the time period from December 5, 2020 through November 24, 2025. In the event the number of Workweeks during such period is more than 37,400 (i.e., more than 10% above 34,000), then the Gross Settlement Amount shall be increased proportionally by the number of workweeks in excess of 37,400. Class Counsel Fees shall remain 35% of the increased Gross Settlement Amount if the escalator clause is triggered.

9. **DEFENDANT'S RIGHT TO WITHDRAW.** If the number of valid Requests for Exclusion identified in the Exclusion List exceeds 10% of the total of all Class Members, Defendant may, in its discretion, elect to withdraw from the Settlement. The Parties agree that, if Defendant withdraws, the Settlement shall be void ab initio, have no force or effect whatsoever, and that no Party will have any further obligation to perform under this Agreement; provided, however, Defendant will remain responsible for paying all Settlement Administration Expenses incurred to that point. Defendant must notify Class Counsel and the Court of its election to withdraw not later than fourteen (14) days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect. The parties and their counsel agree that they shall not seek, solicit, or otherwise encourage Class Members to submit exclusion/opt-out requests or objections to the settlement. Plaintiffs agree they will not opt-out of or object to the settlement.

10. **MOTION FOR FINAL APPROVAL.** Not later than sixteen (16) court days before the calendared Final Approval Hearing, 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 provide drafts of these documents to Defense Counsel not later than five (5) calendar days prior to filing the Motion for Final Approval. The Parties, by and through their respective Counsel, will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

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

10.2 Duty to Cooperate. The Parties agree to cooperate to promote participation in the Settlement and in seeking court approval of the Settlement, including working cooperatively to address any questions raised by the Court and making any reasonable

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amendments required by the Court by, and among other things, modifying the Settlement Agreement, submitting supplemental evidence or declarations reasonably required, and supplementing points and authorities as requested by the Court. The Court's decision to award less than the amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, Class Representative Service Payments, and/or Administration Expenses Payment shall not constitute a material modification to the Settlement within the meaning of this paragraph.

10.2.1 The Parties agree not to take any action to encourage any Class Members to opt out of and/or object to the Settlement. Defendant agree not to obtain settlements agreements from the Class Members during the Settlement approval process and will work in good faith to reach an agreement approved by the Court.

10.2.2 In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

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

10.4 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, the Parties and all Participating Class Members who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If 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.

10.5 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 obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Awards 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.

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

12. **ADDITIONAL PROVISIONS.**

12.1 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 Defendant that any of the allegations in the Operative Complaints have merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiffs that Defendant's defenses in the Actions 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 not grant Preliminary Approval, Final Approval, or enter Judgment, Defendant reserves the right to contest certification of any class for any reason, and Defendant reserves all available defenses to the claims in the Actions, and Plaintiffs reserve the right to move for class certification on any grounds available and to contest Defendant's defenses. The Settlement, this Agreement, and the Parties' willingness to settle the Actions 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).

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

12.3 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 prior written agreements, including the Memorandum of Understanding of Settlement, and any and all oral representations, warranties, covenants, or inducements made to or by any Party.

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12.4 Attorney Authorization. The Parties separately warrant and represent that Class Counsel and Defense Counsel are authorized, 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.

12.5 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.

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

12.7 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.

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

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

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

12.11 Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Actions and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement. The parties and their counsel agree that they will not issue any press releases, initiate any contact with the press, respond to any press inquiry, or have any communication with the press about this case and/or the fact, amount, or terms of the MOU or settlement prior to the Court granting preliminary approval of the settlement.

12.12 Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of Class Data provided to Class Counsel by Defendant in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and

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for no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than ninety (90) days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiffs shall destroy, all paper and electronic versions of Class Data received from Defendant unless, prior to the Court's discharge of the Administrator's obligation, Defendant makes a written request to Class Counsel for the return, rather than the destruction, of any Class Data or other confidential information.

12.13 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.

12.14 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.

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

To Plaintiff Zavala:
JAMES HAWKINS APLC
James R. Hawkins, Esq.
Isandra Fernandez, Esq.
Anthony L. Draper, Esq.
9880 Research Drive, Suite 200
Irvine, CA 92618
Phone: (949) 387-7200
Fax: (949) 387-6676
james@jameshawkinsaplc.com
isandra@jameshawkinsaplc.com
anthony@jameshawkinsaplc.com
staff@jameshawkinsaplc.com

To Plaintiff Alvarado:
D.LAW, INC.
Natalie Haritoonian (SBN 324318)
Jonas Agle (SBN 352712)
Matthew Carraher (SBN 346860)
250 N. Madison Ave. Second Floor
Pasadena, CA 91101
Telephone: (818) 962-6465
Fax: (818) 962-6469

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n.haritoonian@d.law
j.agle@d.law
m.carraher@d.law

To Defendant:
LightGabler LLP
Chandra A. Beaton
cbeaton@lightgablerlaw.com
Benjamin F. Fraser
bfraser@lightgablerlaw.com
760 Paseo Camarillo, Suite 300
Camarillo, CA 93010
(805) 248-7208
(805) 248-7209 (fax)

12.16 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e., DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

12.17 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 that 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.

12.18 Enforcement Action. In the event that one or more of the Parties institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement or to declare rights and/or obligations under this Settlement, the successful Party or Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorney's fees and litigation costs, including expert witness fees in connection with any enforcement actions.

APPROVED:

Dated: _____, 2026

_____
Elvira Zavala

Dated: 07/27, 2026

Signed by:
_____
72CFD71A075340D...
Diana Rosario Alvarado

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12.18 Enforcement Action. In the event that one or more of the Parties institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement or to declare rights and/or obligations under this Settlement, the successful Party or Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorney's fees and litigation costs, including expert witness fees in connection with any enforcement actions.

APPROVED:

Dated: 08/142026, 2026

DocuSigned by:
9A6FD77...F3924C8...
Elvira Zavala

Dated: _____, 2026

Diana Rosario Alvarado

Dated: _____, 2026

Costa Mesa Healthcare, Inc. dba
Newport Subacute Healthcare Center
By: _____
Its: _____

APPROVED AS TO FORM:

JAMES HAWKINS APLC

Dated: August 17, 2026

James R. Hawkins, Esq.
Isandra Fernandez, Esq.
Anthony L. Draper, Esq.
Attorneys for Plaintiff Elvira Zavala

D.LAW, INC.

Dated: _____, 2026

Natalie Haritoonian
Jonas Agle
Matthew Carraher
Attorneys for Plaintiff Diana Rosario Alvarado

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Dated: 08/06, 2026

Costa Mesa Healthcare, Inc. dba
Newport Subacute Healthcare Center
By: Kinal Modi
Its: Controller

APPROVED AS TO FORM:

Dated: _____, 2026

JAMES HAWKINS APLC

James R. Hawkins, Esq.
Isandra Fernandez, Esq.
Anthony L. Draper, Esq.
Attorneys for Plaintiff Elvira Zavala

Dated: July 27, 2026

D.LAW, INC.

Natalie Haritoonian
Enoch J. Kim
Matthew Carraher
Attorneys for Plaintiff Diana Rosario Alvarado formerly known as Ines Becerra Alvarado

Dated: 8/7, 2026

LIGHTGABLER LLP

Chandra A. Beaton
Benjamin F. Fraser
Attorneys for Defendant Costa Mesa Healthcare, Inc. dba Newport Subacute Healthcare Center

AMENDMENT TO CLASS ACTION AND PAGA SETTLEMENT AGREEMENT AND CLASS NOTICE

This Amendment to Class Action and PAGA Settlement Agreement ("Amendment") is made by and between Plaintiff Elvira Zavala ("Plaintiff Zavala") and Plaintiff Diana Rosario Alvarado formerly known as Ines Becerra Alvarado ("Plaintiff Alvarado") (collectively "Plaintiffs") and Costa Mesa Healthcare, Inc., dba Newport Subacute Healthcare Center ("Defendant"). The Amendment refers to Plaintiffs and Defendant collectively as "Parties," or individually as "Party." The Parties agree that the terms of the Settlement Agreement have changed as follows:

This Amendment modifies the Settlement Agreement as set forth below. The Settlement Agreement and the Amendment together constitute a binding agreement among the Parties. In the event of a conflict or inconsistency between the terms of the Settlement Agreement, on the one hand, or the terms of this Amendment, on the other hand, the terms of this Amendment shall control. This Amendment has no effect on provisions not specifically enumerated herein. The remainder of the Agreement remains in full effect.

The Parties agree that Paragraphs 3.2.2 of the Settlement Agreement is amended and replaced in its entirety to read as follows:

3.2.2 To Class Counsel: Class Counsel Fees of not more than thirty-five percent (35%) of the Gross Settlement Amount, which is currently estimated to be $175,000.00, and Class Counsel Litigation Costs of not more than $30,000.00. Defendant will not oppose requests for these payments provided that they do not exceed these amounts. Plaintiffs and/or Class Counsel will file a motion for Class Counsel Fees and Class Counsel Litigation Costs no later than sixteen (16) court days prior to the Final Approval Hearing. If the Court approves a payment for Class Counsel Fees and/or a Class Counsel Litigation Costs less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Defendant shall have no liability to Class Counsel or any other Plaintiffs' Counsel arising from any claim to any portion of the Class Counsel Fees and/or Class Counsel Litigation Costs. The Administrator will pay the Class Counsel Fees and Class Counsel Litigation Costs using one or more IRS 1099 Forms. Class Counsel shall assume full responsibility and liability for taxes owed on the Class Counsel Fees and the Class Counsel Litigation Costs and agrees to hold Defendant harmless from any dispute or controversy regarding any division or sharing of any of these payments.

In the event that the Court reduces or does not approve the requested Class Counsel Fees Award and/or Class Counsel Litigation Costs Award, Class Counsel reserve their right to appeal such order; however, Plaintiffs and/or Class Counsel shall not request or demand an increase to the Gross Settlement Amount on that basis. The Parties agree that regardless of the amount of attorney fees and costs that the Court approves and awards, the enforceability of this Agreement shall not be affected.

APPROVED AS TO FORM AND CONTENT:

JAMES HAWKINS APLC

Dated: November 13, 2026

James R. Hawkins, Esq.
Isandra Fernandez, Esq.
Anthony L. Draper, Esq.
Attorneys for Plaintiff Elvira Zavala

D.LAW, INC.

Dated: November 13, 2026

Natalie Haritoonian
Enoch J. Kim
Matthew Carraher
Attorneys for Plaintiff Diana Rosario

Dated: November 13, 2026

LIGHTGABLER LLP

Chandra A. Beaton
Benjamin F. Fraser
Attorneys for Defendant Costa Mesa Healthcare, Inc. dba Newport Subacute Healthcare Center

EXHIBIT A

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

Elvira Zavala, Ines Becerra Alvarado v. Costa Mesa Healthcare, Inc. dba Newport Subacute Healthcare Center

California Superior Court for the County of Orange, Case Nos. 30-2024-01443677-CU-OE-CXC; 30-2025-01489595-CU-OE-CXC

The Superior Court for the State of California authorized this Notice. Read it carefully! It's not junk mail, spam, an advertisement, or a solicitation by a lawyer. You are not being sued.

You may be eligible to receive money from employee class action lawsuits ("Actions") against Costa Mesa Healthcare, Inc. dba Newport Subacute Healthcare Center ("Defendant") for alleged wage and hour violations. Two separate Actions were filed by former employees, Elvira Zavala and Diana Rosario Alvarado, formerly known as Ines Becerra Alvarado ("Plaintiffs"), and seek payment of unpaid wages and other relief for a class of all persons who worked for Defendant as a non-exempt, hourly paid employee in California during the Class Period (December 5, 2020 through November 24, 2025) (hereinafter, the "Class"). The Actions seeks penalties under the California Labor Code Private Attorneys General Act ("PAGA") for all all persons who worked for Defendant as a non-exempt, hourly paid employee in California during the the PAGA Period (December 5, 2023 through November 24, 2025).

Defendant denies violating any laws or failing to pay any wages or penalties and contends that it complied with all applicable laws. Defendant has agreed to a proposed settlement as a compromise of the dispute claims without admitting any liability or wrongdoing. The proposed Settlement has two main parts: (1) a Class Settlement requiring Defendant to fund Individual Class Payments, and (2) a PAGA Settlement requiring Defendant to fund Individual PAGA Payments and pay penalties to the California Labor and Workforce Development Agency ("LWDA").

Based on Defendant's applicable records, and the Parties' current assumptions, **your Individual Class Payment is estimated to be $_____ (less withholdings) and your Individual PAGA Payment is estimated to be $_____**. 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 Defendant's 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 Defendant's applicable records showing that **you worked _____ Workweeks** during the Class Period in California and **you worked _____ Pay Periods** in California during the PAGA Period. If you believe that you worked more workweeks or Pay Periods in California during either period, you can submit a challenge by the deadline date. See Section 4 of this Notice.

Read this Notice carefully. The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final

approval. Your legal rights are affected whether you act or do not act. You will be deemed to have carefully read and understood this Notice. 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 Defendant to make payments under the Settlement and requires Class Members and PAGA Members to give up their rights to assert certain claims against Defendant.

Defendant will not retaliate against you for any actions you take with respect to the proposed Settlement.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don't Have to Do Anything to Participate in the Settlement	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 Defendant that are covered by this Settlement (Released Claims).
You Can Opt-out of the Class Settlement but not the PAGA Settlement **The Opt-out Deadline is _____**	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. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section 6 of this Notice. You cannot opt-out of the PAGA Settlement. Defendant must pay Individual PAGA Payments to all PAGA Members and PAGA Members must give up their rights to pursue Released Claims (defined below).
Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement **Written Objections Must be Submitted by _____**	All Class Members who do not opt-out ("Participating Class Members") can object to any aspect of the Class 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 Actions 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. See Section 7 of this Notice.
You Can Participate in the _____ Final Approval Hearing	The Court's Final Approval Hearing is scheduled to take place on _____. You don't have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court's virtual appearance platform. Participating Class Members can verbally

	object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.
You Can Challenge the Calculation of Your Workweeks/Pay Periods Written Challenges Must be Submitted by _____	The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many workweeks/Pay Periods you worked at least one day in California during the Class Period and PAGA Period, respectively. The number of workweeks/Pay Periods you worked during the Class Period and PAGA Period according to Defendant's applicable records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by _____. See Section 4 of this Notice.

1. WHAT ARE THE ACTIONS ABOUT?

Plaintiffs are former employees of Defendant. The Actions allege that Defendant violated California labor laws by failing to pay minimum wages, failing to pay overtime wages, failing to pay wages due upon termination, failing to keep required payroll records, failing to reimburse necessary business expenses, failing to provide meal periods, rest breaks, and accurate itemized wage statements, and Business and Professions Code section 17200 *et seq*. Based on the same claims, Plaintiffs have also asserted claims for civil penalties under PAGA.

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

2. WHAT DOES IT MEAN THAT THE ACTIONS HAVE SETTLED?

So far, the Court has made no determination as to the merits of Plaintiffs' claims in the Actions.

In the meantime, Plaintiffs and Defendant hired an experienced, neutral mediator in an effort to resolve the Actions by negotiating a settlement (settle the case) rather than continuing the expensive and time-consuming process of litigation. The negotiations were successful. By signing a lengthy written settlement agreement ("Agreement") and agreeing to jointly ask the Court to enter a judgment ending the Actions and enforcing the Agreement, Plaintiffs and Defendant have negotiated a proposed Settlement that is subject to the Court's Final Approval. Both sides agree the proposed Settlement is a compromise of disputed claims. By agreeing to settle, Defendant does not admit any violations or concede the merit of any claims. Plaintiffs and Class Counsel believe the Settlement is a good deal for you because they believe that: (1) Defendant has agreed to pay a fair, reasonable, and adequate amount based on the claims and the risks and uncertainties of continued litigation; and (2) Settlement is in the best interests of the Class Members and PAGA Members. The Court preliminarily approved the proposed Settlement as fair, reasonable, and adequate, authorized this Notice, and scheduled a hearing for Final Approval of the Settlement.

3. WHAT ARE THE IMPORTANT TERMS OF THE PROPOSED SETTLEMENT?

1. Defendant Will Pay $500,000.00 as the Gross Settlement Amount. Defendant has agreed to deposit the Gross Settlement Amount into an account controlled by the

Administrator of the Settlement. The Administrator will use the Gross Settlement Amount to pay the (1) Individual Class Payments, (2) Class Counsel Fees, (3) Class Counsel Litigation Costs, (4) Administration Expenses, (5) Plaintiffs' Class Representative Service Awards, (6) Individual PAGA Payments, and (7) penalties to the LWDA.

a. Assuming the Court grants Final Approval, Defendant will fund the Gross Settlement and all employer payroll taxes for the Wage Portion of the Individual Class Payments by transmitting the funds to the Administrator no later than the Effective Date. Within fourteen (14) calendar days after Defendant fully funds the Gross Settlement Amount and all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, the Administrator will mail checks to the appropriate entities and persons.

b. "Effective Date" means the date when all of the following have occurred: the Court has granted final approval to the settlement (including approval of the settlement of the PAGA claim), has entered and filed the final approval order of the settlement and final judgment; and the judgment has become final. The Judgment becomes final as follows: (i) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (ii) 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 (iii) if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur. In the event any appeal or other challenge is filed concerning the settlement, administration of the settlement shall cease and be stayed pending final resolution of such appeal or challenge without reversal or modification to the settlement and judgment.

2. Court-Approved Payments from Gross Settlement Amount. At the Final Approval Hearing, Plaintiffs and/or Class Counsel will ask the Court to approve the following payments from the Gross Settlement Amount, the amounts of which will be decided by the Court at the Final Approval Hearing:

a. Up to 35% of the Gross Settlement Amount to Class Counsel for attorneys' fees ($175,000.00) and up to $30,000.00 for their litigation expenses. To date, Class Counsel have worked and incurred expenses on the Actions without payment.

b. Up to $7,500.00 to each Plaintiff for Class Representative Service Awards for filing the Actions, working with Class Counsel, and representing the Class. Class Representative Service Awards will be the only monies Plaintiffs will receive other than Plaintiffs' Individual Class Payments and any Individual PAGA Payments.

c. Up to $6,500.00 to the Administrator for administering the Settlement.

d. Up to $40,000.00 for PAGA Penalties, allocated 65% to the LWDA PAGA Payment and 35% in Individual PAGA Payments to PAGA Members based on the number of Pay Periods they worked during the PAGA Period.

3. Net Settlement Amount Distributed to Class Members. After making the above payments in amounts approved by the Court, the Administrator will distribute the remaining Gross Settlement Amount ("Net Settlement Amount") by making Individual Class Payments to Participating Class Members based on the number of Workweeks they worked during the Class Period.

4. Taxes Owed on Payments to Class Members. Plaintiffs and Defendant are asking the Court to approve an allocation of 10% of each Individual Class Payment to taxable wages ("Wage Portion") and 45% to interest and business expenses and 45% to penalties ("Non-Wage Portion"). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. Defendant will separately pay employer payroll taxes it owes on the Wage Portion. The Administrator will report the Individual PAGA Payments and the Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms.

   Although Plaintiffs and Defendant have agreed to these allocations, neither side is giving you any advice on whether your payments are taxable or how much you might owe in taxes. You are responsible for paying all taxes (including penalties and interest on back taxes) on any payments received from the proposed Settlement. You should consult a tax advisor if you have any questions about the tax consequences of the proposed Settlement.

5. Need to Promptly Cash Payment Checks. The front of every check issued for Individual Class Payments and Individual PAGA Payments will show the date when the check expires (the void date). If you don't cash it by the void date, your check will be automatically cancelled, and the monies will be deposited with the California Controller's Unclaimed Property Fund in your name.

   If the monies represented by your check are sent to the California Controller's Unclaimed Property, you should consult the rules of the Fund for instructions on how to retrieve your money.

6. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you notify the Administrator in writing, not later than _____, that you wish to opt-out of the Class Settlement ("Request for Exclusion"). The Request for Exclusion should be a letter from the Class Member or his/her representative setting forth the Class Member's name, (ii) last four digits of your Social Security number, (iii) present mailing address, (iv) email address or telephone number, and (v) a simple statement communicating the Class Member's election to be excluded from the Settlement. Class Members who opt-out (i.e., Non-Participating Class Members) will

not receive Individual Class Payments, but will preserve their rights to personally pursue wage and hour claims against Defendant.

You cannot opt-out of the PAGA Settlement. Class Members who exclude themselves from the Class Settlement (Non-Participating Class Members) remain eligible for Individual PAGA Payments and are required to give up their right to assert PAGA claims against Defendant based on the alleged facts in the Actions.

7. The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the Court will decline to grant Final Approval of the Settlement or decline to enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiffs and Defendant have agreed that, in either case, the Settlement will be void: Defendant will not pay any money and Class Members and PAGA Members will not release any claims against Defendant.

8. Administrator. The Court has appointed a neutral company, Xpand Legal (the "Administrator"), to send this Notice, calculate and make payments, and process Class Members' Requests for Exclusion. The Administrator will also decide Class Member challenges regarding workweeks, mail and remail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Administrator's contact information is contained in Section 9 of this Notice.

9. Releases of Claims. Effective upon remittance of the Gross Settlement Amount and all employer payroll taxes owed on the Wage Portion of the Individual Class Payments by Defendant to the Settlement Administrator, Participating Class Members and PAGA Members shall fully and finally release and discharge claims against the Released Parties as follows:

   Release by Participating Class Members: Participating Class Members release and discharge the Released Parties from any and all wage and hour claims, rights, demands, debts, liabilities, causes of action, primary rights, or claims for relief arising out of or related to work performed by Settlement Class Members during the Class Period that: 1) are alleged, were alleged, could have reasonably been alleged in the Complaints in the Actions (including previously filed Complaints in the Actions); or 2) arise out of, are comprised of, and/or are related to the facts, matters, transactions or occurrences alleged in the Complaints in the Actions, whether under federal, state, or common law, including, violations of the California Labor Code, the California Business and Professions Code sections 17200 et seq., the Industrial Welfare Commission Wage Orders. By way of illustration only and not as a limitation, this release includes all types of recovery and relief available for the above-referenced claims and theories of relief, including, without limitation, any claims for unpaid or untimely payment of any wages or other amounts owed, unpaid minimum wage, unpaid overtime, unpaid double-time pay, non-compliant meal periods or rest breaks or for premium pay, provisions regulating hours and days of work in any IWC Order, unreimbursed expenses, failure to timely pay wages during employment or upon separation and

for waiting-time penalties, failure to maintain accurate records, failure to provide accurate, itemized wage statements or other wage statement violations, unfair business practices, and including claims arising therefrom for damages, reimbursement, restitution, losses, penalties, fines, liens, attorneys' fees, costs, expenses, debts, interest, injunctive or declaratory relief, chargebacks, liquidated damages or similar relief. This release does not include claims for vested retirement benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation or other claims not explicitly included herein which are unable to be released as a matter of law.

Release by PAGA Members: PAGA Members are deemed to fully and finally release and discharge Released Parties from any and all wage and hour claims, rights, demands, debts, liabilities, causes of action, primary rights, or claims for civil penalties arising out of or related to work performed by PAGA Members for any acts or omissions during the PAGA Period that: 1) are alleged or were alleged, or could have reasonably been alleged in the Complaint in the Actions (including any previously filed Complaint in the Actions) or any PAGA administrative exhaustion/notice letter (including any previously submitted administrative exhaustion/notice letter). This release includes all claims for civil penalties available for the above-referenced claims and theories of relief, including, without limitation, any claims for unpaid or untimely payment of any wages or other amounts owed, unpaid minimum wage, unpaid overtime, unpaid double-time pay, non-compliant meal periods or rest breaks or for premium pay, provisions regulating hours and days of work in any IWC Order, unreimbursed expenses, failure to timely pay wages during employment or upon separation and for waiting-time penalties, failure to maintain accurate records, failure to provide accurate, itemized wage statements or other wage statement violations, and including any claims arising therefrom for any monetary or non-monetary relief, and claims for attorneys' fees, expenses, and costs, that may be obtained under the PAGA statute.

"Released Parties" means Defendant Costa Mesa Healthcare, Inc., dba Newport Subacute Healthcare Center and its current or former officers, partners, directors, shareholders, owners, investors, assigns, attorneys, insurers, agents, independent contractors, employees, joint employers, labor contractors, predecessors, successors, parents, subsidiaries, affiliates, related entities or other representatives of any kind, and related parties that have been asserted or could have reasonably been asserted based on the allegations in the PAGA notices dated December 5, 2024 and December 6, 2024, the Complaints filed December 5, 2024 and December 6, 2024, and the First Amended Complaints filed February 10, 2025 and Februrary 11, 2025.

4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

1. Individual Class Payments. The Administrator will calculate Individual Class Payments by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members, and (b) multiplying the

result by the number of Workweeks worked by each individual Participating Class Member.

2. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing $14,000.00 by the total number of PAGA Pay Periods worked by all PAGA Members and (b) multiplying the result by the number of PAGA Pay Periods worked by each individual PAGA Member.

3. Workweek and PAGA Pay Period Challenges. The number of Workweeks you worked in California during the Class Period and number of Pay Periods you worked in California during the PAGA Period (if any), as recorded in Defendant's applicable records, are stated in the first page of this Notice. You have until _____ to challenge the number of workweeks and/or Pay Periods credited to you. You can submit your challenge by timely signing and sending a letter to the Administrator via mail, email or fax. Section 9 of this Notice has the Administrator's contact information.

   You need to support your challenge by sending copies of pay stubs or other records. The Administrator will accept Defendant's calculation of workweeks based on Defendant's records as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because the documents will not be returned to you. The Administrator will resolve workweek challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and Defendant's Counsel. The Administrator's decision is final. You can't appeal or otherwise challenge its final decision.

5. HOW WILL I GET PAID?

1. Participating Class Members. The Administrator will send, by U.S. mail, a single check to every Participating Class Member (i.e., every Class Member who doesn't opt-out) including those who also qualify as PAGA Members. The single check will combine the Individual Class Payment and the Individual PAGA Payment (if any).

2. PAGA Members. The Administrator will send, by U.S. mail, a single Individual PAGA Payment check to every PAGA Members (including those who opt out of the Class Settlement).

   Your check will be sent to the same address as this Notice. If you change your address, be sure to notify the Administrator as soon as possible. Section 9 of this Notice has the Administrator's contact information.

6. HOW DO I OPT-OUT OF THE CLASS SETTLEMENT?

As explained above, you must submit a Request for Exclusion to the Administrator if you wish to opt-out of the Class Settlement. Your Request for Exclusion must be sent to the Administrator

by mail, fax, or email by _____. Section 9 of the Notice has the Administrator's contact information.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Class Settlement. Before deciding whether to object, you may wish to see what Plaintiffs and Defendant are asking the Court to approve. At least sixteen (16) court days before the Final Approval Hearing, Class Counsel and/or Plaintiffs will file in Court a Motion for Final Approval that includes, among other things, the reasons why Plaintiffs and Class Counsel believe the proposed Settlement is fair and the amounts being requested for Class Counsel fees and litigation expenses and Class Representative Service Awards. Upon reasonable request, Class Counsel (whose contact information is in Section 9 of this Notice) will send you copies of these documents at no cost to you. You can also view them on the Administrator's Website _____.

Participating Class Members who wish to object will need to mail their objections to the Administrator only. Be sure to tell the Administrator what you object to, why you object, and any facts that support your objection. Make sure you identify the Actions *Elvira Zavala, Ines Becerra Alvarado v. Costa Mesa Healthcare, Inc. dba Newport Subacute Healthcare Center* and include your name, last four digits of your Social Security Number, current mailing address, telephone number, and approximate dates of employment for Defendant and sign the objection. **The deadline for sending written objections to the Administrator is _____.** Section 9 of this Notice has the Administrator's contact information.

Alternatively, a Participating Class Member can object (or personally retain a lawyer to object at your own cost) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection. See Section 8 of this Notice (immediately below) for specifics regarding the Final Approval Hearing.

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing on _____ at _____ in Department CX101, California Superior Court, County of Orange, 751 West Santa Ana Blvd., Santa Ana, CA 92701. At the Hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement Amount will be paid to Class Counsel, Plaintiffs, and the Administrator. The Court will invite comment from any objectors, Class Counsel and Defense Counsel before making a decision. You can attend (or hire a lawyer to attend at your own cost) either personally or virtually. Check the Court's website for the most current information.

It's possible the Court will reschedule the Final Approval Hearing. You should check the Administrator's website _____ beforehand or contact Class Counsel to verify the date and time of the Final Approval Hearing.

9. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything Defendant and Plaintiffs have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Judgment or any other Settlement documents is to go to _____'s website at _____. You can also telephone or send an email to Class Counsel or the Administrator using the contact information listed below, or consult the Superior Court website by going to (https://civilwebshopping.occourts.org/Login.do;jsessionid=924AA1A3C0712D4A805A8E86BF6BA44F) and entering either Case Numbers 30-2024-01443677-CU-OE-CXC or 30-2025-01489595-CU-OE-CXC.

DO NOT TELEPHONE THE SUPERIOR COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT.

Class Counsel:

D.Law, Inc.
Natalie Haritoonian
n.haritoonian @d.law
n.haritoonian @d.law
j.agle@d.law
Matthew Carraher
m.carraher@d.law
250 N. Madison Ave.
Second Floor
Pasadena CA, 91101
Telephone: (818) 962-6465

JAMES HAWKINS APLC
James R. Hawkins, Esq
Isandra Fernandez, Esq.
Anthony L. Draper, Esq
james@jameshawkinsaplc.com
isandra@jameshawkinsaplc.com
anthony@jameshawkinsaplc.com
9880 Research Drive, Suite 200
Irvine, CA 92618
Phone: (949) 387-7200

Settlement Administrator:
Name of Company:
Email Address:
Mailing Address:
Telephone:
Fax Number:

10. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check. If your check is already void you should consult the California Controller's Unclaimed Property Fund _____ for instructions on how to retrieve the funds.

11. WHAT IF I CHANGE MY ADDRESS?

To receive your check, you should immediately notify the Administrator if you move or otherwise change your mailing address.