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14	Medlab2020, Inc.		
15	SUPERIOR COURT OF TH	E STATE OF CALIFORNIA	
16	FOR THE COUNTY OF ORANGE		
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18	AUXAVIAIR CARTER, individually, and on behalf of all others similarly situated,	Case No.: 30-2022-01247444-CU-OE-CXC	
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l	Plaintiff	<u>CLASS ACTION</u>	
20	Plaintiff,	[Hon. Glenda Sanders, Dept. S26]	
20 21	Plaintiff, vs.	[Hon. Glenda Sanders, Dept. S26]  JOINT STIPULATION OF CLASS AND	
	vs.	[Hon. Glenda Sanders, Dept. S26]	
21	vs.  MEDLAB2020, INC., a California corporation; and DOES 1 through 10,	[Hon. Glenda Sanders, Dept. S26]  JOINT STIPULATION OF CLASS AND	
21 22	vs.  MEDLAB2020, INC., a California corporation; and DOES 1 through 10, inclusive,	[Hon. Glenda Sanders, Dept. S26]  JOINT STIPULATION OF CLASS AND	
21 22 23	vs.  MEDLAB2020, INC., a California corporation; and DOES 1 through 10,	[Hon. Glenda Sanders, Dept. S26]  JOINT STIPULATION OF CLASS AND	
21 22 23 24	vs.  MEDLAB2020, INC., a California corporation; and DOES 1 through 10, inclusive,	[Hon. Glenda Sanders, Dept. S26]  JOINT STIPULATION OF CLASS AND	
21 22 23 24 25	vs.  MEDLAB2020, INC., a California corporation; and DOES 1 through 10, inclusive,	[Hon. Glenda Sanders, Dept. S26]  JOINT STIPULATION OF CLASS AND	

#### JOINT STIPULATION OF CLASS ACTION SETTLEMENT

This Joint Stipulation of Class and PAGA Action Settlement ("Joint Stipulation of Settlement" or "Settlement" or "Agreement") is made and entered into by and between Plaintiff AUXAVIAIR CARTER, individually, and on behalf of all others similarly situated, ("Plaintiff" or "Class Representative"), and Defendant MEDLAB2020, INC. ("Defendant"). Plaintiff and Defendant are sometimes referred to individually as a "Party" or collectively referred to herein as "the Parties." THE PARTIES STIPULATE AND AGREE as follows:

#### **DEFINITIONS**

- 1. For purposes of this Settlement, "Complaint" refers to the first amended complaint filed on May 10, 2022.
- 2. For purposes of this Settlement, this matter, entitled *Carter v. Medlab2020, Inc.*, Case No. 30-2022-01247444, is referred to herein as the "Action."
- 3. For purposes of this Settlement, the "Class Period" is September 3, 2017 through the date the Court grants preliminary approval.
- 4. For purposes of this Settlement, the "Class" or "Class Members" consist of: All current and former non-exempt employees of Defendant who worked in California during the Class Period. "Settlement Class Members" are those Class Members who do not submit timely exclusion requests to the Settlement Administrator. The Parties' estimate that the Class included approximately 373 individuals as of November 4, 2022.
  - 5. For purposes of this Settlement, "Class Counsel" means Wilshire Law Firm.
- 6. For purposes of this Settlement, "Covered Workweeks" means the number of weeks a Class Member worked at Defendant's locations in California during the Class Period.
- 7. For purposes of this Settlement, "Response Deadline" means the date sixty (60) days after the Settlement Administrator initially mails the Notice to Settlement Class Members ("Notice") and the last date on which Settlement Class Members may submit a request for exclusion or written objection to the Settlement. In the case of a re-mailed Notice, the Response Deadline to submit a request for exclusion or written objection will be the later of 60 calendar days after initial mailing or 14 calendar days from remailing. The Response Deadline may be extended only as expressly described herein.

- 8. For purposes of the Settlement, "Defendant's Counsel" means KUNZLER BEAN & ADAMSON, PC.
- 9. For purposes of this Settlement, "PAGA" means the Labor Code Private Attorneys General Act of 2004 (Cal. Lab. Code §§ 2698, *et seq.*).
  - 10. For purposes of this Settlement, "FLSA", means the Fair Labor Standards Act.
- 11. For purposes of this Settlement, "PAGA Allocation" means the portion of the Gross Settlement Amount that the Parties have agreed to allocate to resolution of the Released PAGA Claims. The Parties have agreed that the PAGA Allocation will be \$20,000 from the Gross Settlement Amount. Pursuant to PAGA, Seventy Five Percent (75%), or \$15,000, of the PAGA Allocation will be paid to the Labor and Workforce Development Agency ("LWDA") ("PAGA Penalty Payment"), and Twenty Five Percent (25%), or \$5,000, of the PAGA Allocation will be included in the Net Settlement Amount for PAGA Employees ("PAGA Settlement Payment").
- 12. For purposes of this Settlement, "PAGA Period" means the period between September 3, 2020 through the date preliminary approval is granted.
- 13. For purposes of this Settlement, "PAGA Employee" means all Class Members that worked during the PAGA Period. It is stipulated by the Parties that, for purposes of this Settlement, all PAGA Employees are "aggrieved employees" as defined pursuant to PAGA.
- 14. For purposes of this Settlement, "PAGA Pay Periods" means the number of pay periods each PAGA Employee worked during the PAGA Period.
  - 15. For purposes of this Settlement, "PAGA Representative" means Plaintiff.
- 16. For purposes of this Settlement, "Released PAGA Claims" means all claims for penalties and any other available relief pursuant to PAGA, to the extent asserted in Plaintiff's administrative exhaustion letter submitted to the LWDA in this Action, arising during the PAGA Period.
- 17. For purposes of this Settlement, "Settlement Payments" means all of the payments to Settlement Class Members (the "Settlement Class Payments") and all of the payments to PAGA Employees (the "PAGA Settlement Payment").

#### STIPULATED BACKGROUND

18. On February 28, 2022, Plaintiff filed a putative Class Action alleging the following

labelled causes of action: (1) Failure to Pay Minimum and Straight Time Wages [Cal. Lab. Code §§ 204,
1194, 1194.2, and 1197]; (2) Failure to Pay Overtime and Double Time Wages [Cal. Lab. Code $\S 510, \S \S 1194, 1194.2, and 1197]$
1194 and 1198]; (3) Failure to Provide Meal Periods [Cal. Lab. Code §§ 226.7, 512]; (4) Failure to
Authorize and Permit Rest Periods [Cal. Lab. Code §§ 226.7]; (5) Failure to Timely Pay Final Wages at
Termination [Cal. Lab. Code §§ 201-203]; (6) Failure to Provide Accurate Itemized Wage Statements
[Cal. Lab. Code § 226]; (7) Failure to Indemnify Employees for Expenditures [Cal. Lab. Code § 2802];
and (8) Unfair Business Practices [Cal. Bus. & Prof. Code §§ 17200, et seq.]. On May 10, 2022, Plaintiff
filed a First amended Class and Representative Action Complaint adding a claim for Civil Penalties Under
PAGA claim [Cal. Lab. Code §§2699, et seq.] (collectively the "Action.") In the Complaint, Plaintiff
sought to represent all persons that worked for Defendant in California as an hourly-paid, non-exempt
employee at any time during the period beginning four years before the filing of the initial complaint and
ending when Notice to the Class is sent.

- 19. Plaintiff satisfied the administrative exhaustion requirement that is a prerequisite to filing a claim for Civil Penalties under the Labor Code Private Attorneys General Act of 2004 [Lab. Code § 2699, et seq.] ("PAGA").
- 20. Solely for purposes of settling this case, the Parties and their respective counsel stipulate and agree that the requisites for establishing class certification with respect to the Class Members have been met and are met. More specifically for settlement purposes only, the Parties stipulate and agree that:
  - (a) The Class is ascertainable and so numerous as to make it impracticable to join all Class Members.
  - (b) There are common questions of law and fact including, but not limited to, the following:
    - 1) Whether or not Defendant paid proper wages to the Class;
    - 2) Whether or not Defendant provided meal periods to the Class;
    - 3) Whether or not Defendant provided rest periods to the Class;
    - Whether or not Defendant paid compensation timely upon separation of employment to former Class Members;
    - 5) Whether or not Defendant paid compensation timely throughout Class

- Members' employment;
- 6) Whether or not Defendant provided accurate itemized statements to the Class;
- 7) Whether or not waiting-time penalties are available to the Class for violation of California Labor Code § 203;
- 8) Whether or not Defendant maintained requisite records;
- 9) Whether or not Defendant reimbursed all necessary business expenses;
- Whether or not Defendant paid proper meal period pay or rest period pay to the Class; and,
- Whether or not Defendant engaged in unlawful or unfair business practices affecting the Class in violation of California Business and Professions Code §§ 17200-17208.
- (c) Plaintiff's claims are typical of the claims of the Class Members.
- (d) Plaintiff and Class Counsel will fairly and adequately protect the interests of the Class.
- (e) The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications, which would establish incompatible standards of conduct.
- (f) With respect to the Class, questions of law and fact common to the members of the Class predominate over any questions affecting any individual member in such Class, and that a class action is superior to other available means for the fair and efficient adjudication of the controversy.
- 21. Should, for whatever reason, the Settlement not become effective, the fact that the Parties were willing to stipulate to certification as part of the Settlement shall have no bearing on, and shall not be admissible in connection with, the issue of whether the Class Members and/or the Class Claims should be certified in a non-Settlement context in this Action or in any other lawsuit. Defendant expressly reserves its right to oppose claim or class certification in this or any other action should this Settlement not become effective.

- 22. Defendant denies any liability or wrongdoing of any kind whatsoever associated with the claims alleged in the Complaint, and Defendant further denies that, for any purpose other than settling this lawsuit, the action is appropriate for class or representative treatment. With respect to Plaintiff's claims, Defendant contends, among other things, that Plaintiff and the Class Members have been paid proper wages, have been provided meal periods or they have been made available as required, have been provided rest periods or they have been authorized and permitted as required, did not incur any business expenses that were not reimbursed, have been paid timely wages upon separation of employment, and have been provided with accurate itemized wage statements. Defendant contends, among other things, that it has complied at all times with the California Labor Code and the applicable Wage Orders of the Industrial Welfare Commission. Furthermore, with respect to all claims, Defendant contends that it has complied at all times with the California Business and Professions Code, and the FLSA.
- 23. It is the desire of the Parties to fully, finally, and forever settle, compromise, and discharge all disputes and claims arising from or related to the Complaint.
- 24. Class Counsel has conducted a thorough investigation into the facts of this Action, including an extensive review of relevant documents, and has diligently pursued an investigation of the claims of the Class against Defendant. Based on its own independent investigation and evaluation, Class Counsel is of the opinion that the Settlement with Defendant for the consideration and on the terms set forth in this Joint Stipulation of Settlement is fair, reasonable, and adequate and is in the best interest of the Class in light of all known facts and circumstances, including the risk of significant delay, the risk the Class will not be certified by the Court, defenses asserted by Defendant, and numerous potential appellate issues. Defendant and Defendant's Counsel also agree that the Settlement is fair and in the best interest of the Class.
- 25. The Parties agree to cooperate and take all steps necessary and appropriate to obtain preliminary and final approval of this Settlement.
- 26. The Parties agree to stay all proceedings in the Action, except such proceedings necessary to implement and complete the Settlement, pending the Final Approval hearing to be conducted by the Court.

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#### PRIMARY TERMS OF SETTLEMENT

- 27. NOW THEREFORE, in consideration of the mutual covenants, promises and agreements set forth herein, the Parties agree, subject to the Court's approval, as follows:
  - (a) It is agreed by and among the Class and Defendant that this Action and any claims, damages, or causes of action arising out of the disputes which are the subject of this Action, be settled and compromised as between the Class and Defendant, subject to the terms and conditions set forth in this Settlement and the approval of the Court.
  - (b) Effective Date: Shall be the date all of the following have occurred: (i) final approval of the settlement is granted by the Court; (ii) the Gross Settlement Amount is fully funded by Defendant; and (iii) Judgment approving the settlement becomes Final. "Final" shall mean the latest of: (i) if there is an appeal of the Court's Judgment, the date the Judgment is affirmed on appeal, the date of dismissal of such appeal, or the expiration of the time to file a petition for writ of certiorari to the United States Supreme Court, or, (ii) if a petition for writ of certiorari is filed, the date of denial of the petition for writ of certiorari, or the date the Judgment is affirmed pursuant to such petition; or (iii) if no objection is made, or if an objection is withdrawn prior to the date the Court grants final approval, the date the final approval order is signed.
  - (c) Gross Settlement Amount: Defendant's maximum total payment under the Settlement, including all attorney's fees and costs, the Service Payment to the named Plaintiff, the costs of settlement administration, the PAGA Allocation, and any other payments provided by this Settlement, is \$290,000.00 ("Gross Settlement Amount"), subject to the Escalator Clause and except that, to the extent that any portions of the Class Members' Settlement Payments constitute wages, Defendant will be separately responsible for any employer payroll taxes required by law, including the employer FICA, FUTA, and SDI contributions.
  - (d) Escalator Clause: In the event of an increase of more than 15% from original

estimate of 8,661 workweeks, in the period from September 3, 2017 through date the Court grants preliminary approval (i.e. specifically 9,960 or more workweeks), the settlement amount shall be increased by the percentage that that actual number of workweeks exceeds a 15% increase from the original estimate. The Gross Settlement Amount will not be reduced for any reason.

- (e) <u>Non-reversionary Settlement:</u> No portion of the Gross Settlement Amount will revert to Defendant.
- (f) No Claims Required: Class Members will not be required to submit a claim to receive their Settlement payment.
- Met Settlement Amount: The Net Settlement Amount shall be calculated by deducting from the Gross Settlement Amount (\$290,000.00) the following sums, subject to approval by the Court: (1) attorney's fees (not to exceed 33 1/3% of the Gross Settlement Amount, or \$96,666.67); (2) reasonable litigation costs (not to exceed \$20,000.00); (3) the Service Payment (not to exceed \$5,000.00 to the named Plaintiff); (4) the PAGA Penalty Payment in the amount of \$15,000.00 (which is 75% of the PAGA Allocation); and (5) costs of settlement administration (estimated not to exceed \$15,000). Settlement Payments to the Class Members will be calculated by the Settlement Administrator and paid out of the Net Settlement Amount as set forth below.
- (h) Payroll Taxes and Required Withholdings: To the extent that any portions of the Settlement Class Members' Settlement Payments constitute wages, Defendant will be separately responsible for any employer payroll taxes required by law, including the employer FICA, FUTA, and SDI contributions. Except for any employer payroll taxes and as set forth in the Escalator Clause, it is understood and agreed that Defendant's maximum total liability under this Settlement shall not exceed the Gross Settlement Amount. The Settlement Administrator will calculate and submit the Defendant's employer share of payroll taxes after advising Defendant of the total amount owed, in aggregate, as employer-side payroll taxes

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- and receiving a lump sum payment from Defendant in that amount when the Gross Settlement Amount is delivered to the Settlement Administrator.
- (i) Settlement Class Payments (Excludes PAGA Payments): Settlement Class Payments will be paid out of the Net Settlement Amount. Each Settlement Class Member will be paid a pro-rata share of the Net Settlement Amount (less the PAGA Settlement Payments to the LWDA), as calculated by the Settlement Administrator. The pro-rata share will be determined by comparing the individual Settlement Class Member's Covered Workweeks employed during the Class Period in California to the total Covered Workweeks of all the Settlement Class Members during the Class Period as follows: [Workweeks worked by a Settlement Class Member] ÷ [Sum of all Covered Workweeks worked by all Settlement Class Members] × [Net Settlement Amount – all PAGA Settlement Payments to the LWDA] = individual Settlement Payment for a Settlement Class Member. Settlement Class Payments in the appropriate amounts will be distributed by the Settlement Administrator by mail to the Settlement Class Members. All checks not cashed within 180 days of payment shall be sent to a cy pres recipient, Legal Aid at Work, an organization that seeks to protect the rights of workers.
- Settlement Amount. Each PAGA Employee will be paid a pro-rata share of the PAGA Employees' PAGA Settlement Payment, as calculated by the Settlement Administrator minus PAGA Settlement Payments to the LWDA. Class Members will not be permitted to exclude themselves from this portion of the Settlement. The pro-rata share will be determined by comparing the individual PAGA Employees' PAGA Pay Periods during the PAGA Period to the total PAGA Pay Periods of all the PAGA Employees during the PAGA Period as follows: [PAGA Pay Periods worked by a PAGA Employee] ÷ [Sum of all PAGA Pay Periods worked by all PAGA Employees] × [PAGA Settlement Payment] = individual PAGA Employee's portion of the PAGA Settlement Payment. PAGA Settlement

Payments to PAGA Employees in the appropriate amounts will be distributed by the Settlement Administrator by mail to the PAGA Employees at the same time Settlement Class Payments issue to the Settlement Class. Un-cashed, unclaimed or abandoned checks, shall be transmitted to the California Controller's Office, as set forth below. The LWDA's PAGA Penalty Payment will issue to the LWDA at the same time Settlement Payments issue to the Settlement Class.

- Allocation of Settlement Payments: The Parties have agreed that Settlement Class Payments will be allocated as follows: 33 1/3% to wages, 33 1/3% to penalties, and 33 1/3% to interest. The PAGA Settlement Payment shares to PAGA Employees will be entirely allocated to penalties. Appropriate federal, state and local withholding taxes will be taken out of the wage allocations, and each Class Member will receive an IRS Form W-2 with respect to this portion of the Settlement Payment. The employer's share of payroll taxes and other required withholdings will be paid as set forth above, including but not limited to the Defendant's FICA and FUTA contributions, based on the payment of claims to the Class Members. IRS Forms 1099 will be issued to each Class Member reflecting the payments for penalties and interest. Class Members are responsible to pay appropriate taxes due on the Settlement Payments they receive. To the extent required by law, IRS Forms 1099 and W-2 will be issued to each Class Member with respect to such payments.
- (I) Settlement Payments Do Not Give Rise to Additional Benefits: All Settlement
  Payments to individual Class Members shall be deemed to be paid to such Class
  Member solely in the year in which such payments actually are received by the
  Class Member. It is expressly understood and agreed that the receipt of such
  Settlement Payments will not entitle any Class Member to additional compensation
  or benefits under any company bonus, contest or other compensation or benefit
  plan or agreement in place during the period covered by the Settlement up to and
  including the date the Settlement becomes effective, nor will it entitle any Class

Member to any increased retirement, 401(k) benefits or matching benefits or deferred compensation benefits. It is the intent that the Settlement Payments provided for in this Settlement are the sole payments to be made by Defendant to the Class Members, and that the Class Members are not entitled to any new or additional compensation or benefits as a result of having received the Settlement Payments (notwithstanding any contrary language or agreement in any benefit or compensation plan document that might have been in effect during the period covered by this Settlement).

- (m) <u>Attorney's Fees and Costs</u>: Subject to approval by the Court, Defendant will not object to Class Counsel's application for attorney's fees not to exceed 33 1/3% of the Gross Settlement Amount (\$96,666.67) and reimbursement of litigation costs and expenses not to exceed \$20,000.00.
- (n) Service Payment: Subject to Court approval, and in exchange for a general release, Defendant will not object to Class Counsel's application for an additional payment of up to \$5,000.00 to Plaintiff for service as a Class Representative ("Service Payment"). It is understood that the Service Payment is in addition to the individual Settlement Payment to which a Class Representative is entitled to along with the other Class Members. In exchange, Plaintiff has agreed to release all claims, whether known or unknown, under federal law or state law against the Releasees, to the extent permitted by law, through the Class Period ("Plaintiff's Released Claims"). Plaintiff understands that this release includes unknown claims and that she is, as a result, waiving all rights and benefits afforded by 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.

Specifically excluded from Plaintiff's Released Claims are any claims for workers' compensation benefits. The Service Payment will issue at the same time all

- Settlement Payments are mailed to the Settlement Class.
- (o) Defendant or the Settlement Administrator will issue an IRS Form 1099 for the Service Payment to the Plaintiff. The Plaintiff will be individually responsible for correctly characterizing this compensation on personal income tax returns for tax purposes and for paying any taxes on the amounts received. Should the Court approve a Service Payment in an amount less than that set forth above, the difference between the lesser amount(s) approved by the Court and the Service Payment amount(s) set forth above shall be added to the Net Settlement Amount. Plaintiff agrees not to opt out or object to the Service Payment as the Class Representative.
- (p) <u>Settlement Administrator</u>: The Settlement Administrator will be ILYM Group,
  Inc., or such Settlement Administrator as may be mutually agreeable to the Parties
  and approved by the Court. Settlement Administration Costs are estimated not to
  exceed \$15,000. The costs of the Settlement Administrator for work done shall be
  paid regardless of the outcome of this Settlement.
- (q) <u>Funding of Settlement Account:</u> Defendant will fund the settlement account 14 days after the date the Court grants final approval.
- (r) <u>Mailing of Settlement Payments:</u> The Settlement Administrator shall cause the Settlement Payments to be mailed to the Class Members within 14 calendar days of the receipt of funding.
- (s) Notice of Settlement: Each Class Member will be mailed a notice setting forth the material terms of the proposed Settlement, along with instructions about how to object or request exclusion from the propose class action Settlement ("Notice"). For each Class Member, there will be pre-printed information on the mailed Notice, based on Defendant's records, stating the Class Member's Covered Workweeks during the Class Period and the estimated total Settlement Payment under the Settlement, including the Settlement Class Payment and the PAGA Settlement Payment that will be distributed irrespective of any exclusion request.

The pre-printed information based on Defendant's records shall be presumed to be correct. A Class Member may dispute the pre-printed information on the Notice as to his or her Covered Workweeks during the Class Period. Class Members must submit any dispute regarding the information on the Notice as to his or her Covered Workweeks within the Response Deadline. Unless a disputing Class Member submits documentary evidence in support of his or her dispute, the records of the Defendant will be determinative.

- (t) Settlement Notice Language: The Notice will issue in English and Spanish.
- (u) Class Members Cannot Exclude Themselves from the Released PAGA Claims:

  Class Members submitting a Request for Exclusion will nevertheless receive their pro-rata share of the PAGA Settlement Payment. If the Court approves the compromise of the PAGA Claim, all Class Members are bound by the Court's resolution of that Claim. Plaintiff shall serve a notice of settlement on the California Labor and Workforce Development Agency at or before the time Plaintiff files the motion for preliminary approval.

Resolution of Workweek Disputes: If a Class Member disputes the accuracy of Defendant's records used to calculate Covered Workweeks, and the Parties' counsel cannot resolve the dispute informally, the matter will be referred to the Settlement Administrator. The dispute should be mailed to the Settlement Administrator: ILYM Group, Inc., 14751 Plaza Dr., Ste J, Tustin, CA 92780. The Settlement Administrator will review Defendant's records and any information or documents submitted by the Class Member and issue a non-appealable decision regarding the dispute. The Class Member must submit information or documents supporting his or her position to the Settlement Administrator prior to the expiration of the Response Deadline. Information or documents submitted after the expiration of the Response Deadline will not be considered by the Settlement Administrator, unless otherwise agreed to by the Parties. In the case of a re-mailed Notice, the Response Deadline will be 46 days after the date of the re-mailed Notice. The Response Deadline may be extended only as expressly described herein.

(v) <u>Right of Class Member to Request Exclusion from the Settlement:</u> Any Class
 Member may request to be excluded from the Class by mailing a "Request for

Exclusion" from the Settlement within the Response Deadline, stating, as follows or in substantially similar terms:

"I WISH TO BE EXCLUDED FROM THE CLASS IN THE CARTER V. MEDLAB2020, INC. CLASS ACTION LAWSUIT, ORANGE COUNTY SUPERIOR COURT CASE NO. 30-2022-01247444-CU-OE-CXC. I UNDERSTAND THAT IF I ASK TO BE EXCLUDED FROM THE CLASS, I WILL NOT RECEIVE ANY MONEY FROM THE SETTLEMENT OTHER THAN MY SHARE OF THE PAGA PAYMENT."

Any Request for Exclusion must include the name, address, telephone number, last four digits of the Class Member's Social Security Number, and the signature of the Class Member requesting exclusion. The Request for Exclusion should be mailed to the Settlement Administrator: ILYM Group, Inc., 14751 Plaza Dr., Ste J, Tustin, CA 92780. Any such request must be made in accordance with the terms of the Notice, and the Notice will advise Class Members of these requirements. In the case of remailed Notice, the Request for Exclusion Deadline will be 46 days after the date of the re-mailed Notice. Any Class Member who timely requests exclusion in compliance with these requirements (i) shall not have any rights under this Settlement other than a right to receive a pro-rata share of the portion of the PAGA payment allocated to the Class Members if the Class Member is also PAGA Employee; (ii) shall not be entitled to receive any Settlement Payments under this Settlement other than as stated in Paragraph 26(j); and (iii) shall not be bound by this Settlement or the Court's Order and Final Judgment other than as it applies to the PAGA Claim.

(w) Right of Settlement Class Member to Object to The Settlement: Any Class Member may object to the Settlement. To object, the Class Member may (1) appear at the Final Approval Hearing, remotely or in person, to explain any objection, (2) have an attorney object for the Class Member, or (3) submit a simple written brief or statement of objection to the Settlement Administrator. If any Class Member chooses to submit a written objection, the written objection should contain sufficient information to confirm the identity of the objector and the basis of the objection, including (1) the full name of the Settlement Class Member; (2)

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the signature of the Settlement Class Member; (3) the grounds for the objection; and (4) be postmarked within the Response Deadline to permit adequate time for processing and review by the Parties of the written statement or objection. Written objections should be mailed to the Settlement Administrator: ILYM Group, Inc., 14751 Plaza Dr., Ste J, Tustin, CA 92780. Class Counsel shall ensure that any written objections are transmitted to the Court for the Court's review (either by Class Counsel or as an attachment to declaration from the Settlement Administrator). Regardless of the form, an objection alone will not satisfy the requirement that a Settlement Class Member must either make a timely complaint in intervention before final judgment or by file a motion to set aside and vacate the class judgment under Code of Civil Procedure § 663 to have standing to appeal entry of judgment approving this Settlement, as is required under the California Supreme Court decision of *Hernandez v. Restoration Hardware*, 4 Cal. 5th 260 (2018). The Final Approval hearing shall take place in Department S26 CX-103 of the Orange County Superior Court, located at 751 W. Santa Ana Blvd., Santa Ana, CA 92701, as provided for in the Class Notice. A Class Member who does not object prior to or at the Final Approval Hearing, will be deemed to have waived any objections and will be foreclosed from making any objections (whether at the Final Approval Hearing, by appeal, or otherwise) to the Settlement. If the objecting Class Member does not formally intervene in the action or move to set aside any judgment and/or the Court rejects the Class Member's objection, the Class Member will still be bound by the terms of this Agreement. Class Counsel and Defendant's Counsel may, at least five (5) calendar days (or some other number of days as the Court shall specify) before the final approval hearing, file responses to any written objections submitted to the Court.

#### THE SETTLEMENT ADMINISTRATOR'S PRIMARY DUTIES

28. Subject to the Court's approval, and subject to reconsideration by the Parties after a competitive bidding process, the Parties have agreed to the appointment of ILYM Group, Inc. to perform

the customary duties of Settlement Administrator. The Settlement Administrator will mail the Notice, both in English and Spanish, to the Class Members.

- 29. The Settlement Administrator will independently review the Covered Workweeks attributed to each Class Member and will calculate the estimated amounts due to each Class Member and the actual amounts due to each Settlement Class Member in accordance with this Settlement. The Settlement Administrator shall report, in summary or narrative form, the substance of its findings. The Settlement Administrator shall be granted reasonable access to Defendant's records in order to perform its duties.
- 30. In accordance with the terms of this Settlement, and upon receipt of Gross Settlement Amount from Defendant, the Settlement Administrator will issue and send out the Settlement Payment checks to the Class Members. Tax treatment of the Settlement Payments will be as set forth herein, and in accordance with state and federal tax laws. All disputes relating to the Settlement Administrator's performance of its duties shall be referred to the Court, if necessary, which will have continuing jurisdiction over the terms and conditions of this Settlement until all payments and obligations contemplated by this Settlement have been fully carried out.
- 31. The Settlement Administrator will post the final judgment approving the Settlement, operative Complaint, Settlement Agreement, Class Notice, Orders for Preliminary and Final Approval on a website maintained by the Settlement Administrator for a period of not less than 90 calendar days after the final judgment is entered. The address of that website will be included in the Notice.

#### **ATTORNEY'S FEES AND COSTS**

32. In consideration for resolving this matter and in exchange for the release of all claims by the Class Members, including Plaintiff, and subject to approval by the Court, Defendant will not object to Class Counsel's application for attorney's fees not to exceed 33 1/3% of the Gross Settlement Amount (\$96,666.67 of \$290,000.00) and litigation costs not to exceed \$20,000.00. The amounts set forth above will cover all work performed and all fees and costs incurred to date, and all work to be performed and all fees and costs to be incurred in connection with the approval by the Court of this Settlement and administration of the Settlement. Should Class Counsel request a lesser amount and/or the Court approve a lesser amount(s) of attorney's fees and/or attorneys' costs, the difference between the lesser amount(s)

and the maximum amount set forth above shall be added to the Net Settlement Amount. The Parties agree that there is no prevailing party, and the Class and Class Counsel shall not be entitled to any fees or costs other than those awarded out of and deducted from the Gross Settlement Amount. As with the Settlement Payments to the Settlement Class, the attorney's fees and costs approved by the Court shall be distributed by the Settlement Administrator to Class Counsel, within 14 calendar days of the receipt of settlement funds by the Settlement Administrator. In the event that the Court awards less than 25% of the Gross Settlement Amount for attorney's fees, Class Counsel shall retain the right to appeal that portion of any Final Approval Order and Judgment.

#### THE NOTICE PROCESS

- 33. A Notice in approximately the form attached hereto as Exhibit "A," and as approved by the Court, shall be sent by the Settlement Administrator to the Class Members by first class mail. The Notice shall be translated into Spanish so that Spanish and English language versions of the Notice are included in the mailing. Any returned envelopes from this mailing with forwarding addresses will be utilized by the Settlement Administrator to forward the Notices to the Class.
  - (a) Within 7 calendar days from the date of preliminary approval of this Settlement by the Court, Defendant shall provide to the Settlement Administrator a class database containing the following information for each Class Member: (1) name; (2) last known address; (3) social security number; and (5) dates of employment at Defendant's locations in California. This database shall be based on Defendant's payroll and other business records and shall be provided in a reasonable format to the Settlement Administrator. Defendant agrees to consult with the Settlement Administrator prior to the production date to ensure that the format will be acceptable to the Settlement Administrator. The Settlement Administrator will run a check of the Class Members' addresses against those on file with the U.S. Postal Service's National Change of Address List; this check will be performed only once per Class Member by the Settlement Administrator. Absent mutual written agreement of counsel for the Parties or Court order, the Settlement Administrator will keep this database confidential and secure and use it only for the purposes

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described herein, and will return this database to Defendant upon final approval of the settlement or destroy electronic records containing the database after the Settlement is final and all payments are distributed as required under this Agreement.

- (b) Within 14 calendar days after the Class database is provided to the Settlement Administrator, the Settlement Administrator will mail the Notices to the Class Members by First Class United States mail.
- (c) Notices returned to the Settlement Administrator as non-deliverable on or before the initial Response Deadline shall be resent to the forwarding address, if any, on the returned envelope. A returned Notice will be forwarded by the Settlement Administrator any time that a forwarding address is provided with the returned mail. If there is no forwarding address, the Settlement Administrator will do a computer search for a new address using the Class Member's social security number or other information. In any instance where a Notice is re-mailed, that Class Member will have until the extended Response Deadline as described above. A letter prepared by the Settlement Administrator will be included in the re-mailed Notice in that instance, stating the extended Response Deadline. Upon completion of these steps by the Settlement Administrator, Defendant and the Settlement Administrator shall be deemed to have satisfied their obligations to provide the Notice to the affected Class Member. The affected Class Member shall remain a member of the Settlement Class and shall be bound by all the terms of the Settlement and the Court's Order and Final Judgment.
- (d) Class Counsel shall provide to the Court, at least five calendar days prior to the final approval hearing, or such other date as set by the Court, a declaration by the Settlement Administrator of due diligence and confirming mailing of the Notices.

#### DISPOSITION OF SETTLEMENT PAYMENTS AND UNCASHED CHECKS

34. As set forth above, each Class Member will have until the expiration of the applicable Response Deadline to submit to the Settlement Administrator any challenge or dispute to the Class

Member's Covered Workweek information on the Notice. No disputes will be honored if they are submitted after the Response Deadline, unless the Parties mutually agree to accept the untimely dispute. Each Class Member is responsible to maintain a copy of any documents sent to the Settlement Administrator and a record of proof of mailing.

- 35. The Settlement Administrator shall cause the Settlement Payments to be mailed to the Settlement Class Members and PAGA Employees as provided herein. Settlement Class Payments and PAGA Payments may be combined into one check. Settlement Payment checks shall remain valid and negotiable for 180 calendar days from the date of their issuance. Settlement Payment checks will automatically be cancelled by the Settlement Administrator if they are not cashed by the Class Member within that time, and the Class Member's relevant claims will remain released by the Settlement. Settlement Payment checks which have expired will not be reissued.
- 36. Funds from un-cashed or abandoned Settlement Payment checks, based on a 180-day void date, shall be transmitted to a *cy pres* recipient, Legal Aid at Work, an organization that seeks to protect the rights of workers.
- 37. Upon completion of its calculation of Settlement Payments, the Settlement Administrator shall provide Class Counsel and Defendant's Counsel with a report listing the amounts of all payments to be made to Class Members (to be identified anonymously by employee number or other identifier). A Declaration attesting to completion of all payment obligations will be provided to Class Counsel and Defendant's Counsel and filed with the Court by Class Counsel.

#### RELEASE BY THE CLASS AND PAGA EMPLOYEES

- 38. Upon the final approval by the Court of this Settlement and Defendant's payment of all sums due pursuant to this Settlement, and except as to such rights or claims as may be created by this Settlement, the Class Representatives, the Class and each Class Member who has not submitted a valid and timely request for exclusion as to claims other than the PAGA claim, and each PAGA Employee, regardless of whether they have requested exclusion from the Settlement of Class claims, will release claims as follows:
  - (a) **Identity of Released Parties**. The released parties are Defendant, and each of its/their former and present direct and/or indirect owners, dba's, affiliates, parents,

subsidiaries, brother and sister corporations, divisions, related companies, successors and predecessors, and current and former employees, attorneys, officers, directors, shareholders, owners, trustees, attorneys, fiduciaries, beneficiaries, subrogees, executors, partners, privies, agents, servants, insurers, representatives, administrators, employee benefit plans, and assigns of said entities (collectively "Releasees").

- (b) **Date Release Becomes Active**. The Released Claims and Released PAGA Claims will be released upon the later of (1) the Settlement's Effective Date, or (2) the satisfaction of Defendant's obligation to provide to the Settlement Administrator a sum in the amount required to satisfy all required payments and distributions pursuant to this Settlement and the Order and Judgment of final approval. Class Members will not release the Released Claims or Released PAGA Claims until both the Effective Date of the Settlement has occurred, **and** Defendant has paid all amounts owing under the Settlement.
- (c) Claims Released by Settlement Class Members. Each and every Class Member, on behalf of himself or herself and his or her heirs and assigns, unless he or she has submitted a timely and valid Request for Exclusion (which will not effectuate an opt-out from the release of Released PAGA Claims), hereby releases Releasees from the following claims for the entire Class Period:
  - any and all claims stated in the Action, or that could have been stated based on the facts alleged in the Action, including but not limited to all state wage and hour claims (including all claims under the California Labor Code) for unpaid wages, minimum wage, overtime, off-the-clock work, meal periods, rest periods, unreimbursed business expenses, wage statement violations, interest, penalties, and attorneys' fees, waiting time penalties, withholding from wages and the related provisions of the Labor Code including but limited to Labor Code §§ 201-204, 210, 216, 218.6, 226, 226.3, 226.7, 510, 512, 512.5, 558, 1194, 1194.2, 1198, 2802, derivative claims under

JOINT STIPULATION OF CLASS AND PAGA ACTION SETTLEMENT

(e)

Preliminarily approving the Settlement subject only to the objections of Class

of final judgment.

Any revised final judgments will also be provided to Defendant's Counsel for review and approval before they are submitted to the Court.

#### **NULLIFICATION AND TERMINATION**

- 42. This Settlement will be null and void if any of the following occur: (a) the Court should for any reason fail to certify a class for settlement purposes; (b) the Court should for any reason fail to preliminarily or finally approve of this Settlement in the form agreed to by the Parties, other than adjustments made to the attorney's fees and costs or granting of Service Payments; (c) the Court should for any reason fail to enter the final judgment; (d) the final judgment is reversed, modified, or declared or rendered void; or (e) the Settlement does not become final for any other reason.
- 43. If 10% or more of the Class Members opt out of this Settlement, then Defendant in its sole discretion may terminate, nullify and void this Settlement. The Settlement Administrator shall provide Defendant's Counsel with the information necessary to effectuate this provision on a regular basis, but no less frequently than on a monthly basis. To terminate this Settlement under this paragraph, Defendant's Counsel must give Plaintiff's Counsel written notice, by facsimile, e-mail, or mail, no later than 30 calendar days after the Response Deadline. If this option is exercised by Defendant, Defendant shall be solely responsible for the costs incurred by the Settlement Administrator for the settlement administration.
- 44. In the event this Settlement is nullified or terminated as provided above: (i) this Settlement shall be considered null and void, (ii) neither this Settlement nor any of the related negotiations or proceedings shall have any force or effect and no Party shall be bound by any of its terms, and (iii) all Parties to this Settlement shall stand in the same position, without prejudice, as if the Settlement had been neither entered into nor filed with the Court.

#### **PARTIES' AUTHORITY**

45. The signatories hereto hereby represent that they are fully authorized to enter into this Settlement and bind the Parties hereto to the terms and conditions thereof.

#### MUTUAL FULL COOPERATION

46. The Parties agree to fully cooperate with each other to accomplish the terms of this Settlement including, but not limited to, execution of such documents and taking such other action as

reasonably may be necessary to implement the terms of this Settlement. The Parties to this Settlement shall use their best efforts, including all efforts contemplated by this Settlement and any other efforts that may become necessary by order of the Court, or otherwise, to effectuate this Settlement and the terms set forth herein. As soon as practicable after execution of this Settlement, Class Counsel shall, with the assistance and cooperation of Defendant and Defendant's Counsel, take all necessary steps to secure the Court's preliminary and final approval of this Settlement.

#### NO PRIOR ASSIGNMENTS

47. The Parties and their respective counsel represent, covenant, and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or rights herein released and discharged except as set forth herein, and that they are not on notice of any liens as to the Gross Settlement Amount or any right to attorneys' fees or costs.

#### **NO ADMISSION OF LIABILITY**

48. Nothing contained herein, nor the consummation of this Settlement, is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Defendant. Defendant denies all the claims and contentions alleged by the Plaintiff in this case. The Defendant has entered into this Settlement solely with the intention to avoid further disputes and litigation with the attendant inconvenience and expenses.

#### **ENFORCEMENT ACTIONS**

49. In the event that one or more of the Parties to this Settlement 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 shall be entitled to recover from the unsuccessful party or parties reasonable attorney's fees and costs, including expert witness fees incurred in connection with any enforcement actions.

#### **NOTICES**

50. Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly given as of the third business day after mailing by United States registered or certified mail, return receipt requested,

addressed as follows: 1 Counsel for Defendant: 2 Class Counsel: 3 Justin F. Marquez (SBN 262417) R. Jeremy Adamson (251380) Christina M. Le (SBN 237697) Chad S. Pehrson (261829) Zachary D. Greenberg (SBN 331501) KUNZLER BEAN & ADAMSON, PC 4 WILSHIRE LAW FIRM 4225 Executive Square, Suite 600 5 30055 Wilshire Blvd., 12<sup>th</sup> Floor La Jolla, CA 92017 Los Angeles, California 90010 Telephone: (619) 365-9110 justin@wilshirelawfirm.com Facsimile: (801) 758-7436 6 cle@wishirelawfirm.com iadamson@kba.law 7 zgreenberg@wilshirelawfirm.com cpehrson@kba.law Telephone: (213) 381-9988 Facsimile: (213) 381-9989 8 9 10 CONSTRUCTION The Parties hereto agree that the terms and conditions of this Settlement are the result of 11 51. 12 lengthy, intensive arms-length negotiations between the Parties, including but not limited to an all-day 13 mediation with Jeffrey Krivis, and this Settlement shall not be construed in favor of or against any Party by 14 reason of the extent to which any Party or his, her or its counsel participated in the drafting of this Settlement. 15 16 **CAPTIONS AND INTERPRETATIONS** 52. 17 Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement or any provision 18 19 hereof. Each term of this Settlement is contractual and not merely a recital. 20 **MODIFICATION** 53. This Settlement may not be changed, altered, or modified, except in writing and signed by 21 22 the Parties hereto, and approved by the Court. This Settlement may not be discharged except by 23 performance in accordance with its terms or by a writing signed by the Parties hereto. 24 INTEGRATION CLAUSE 25 54. This Settlement contains the entire agreement between the Parties relating to the 26 Settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, 27 understandings, representations, and statements, whether oral or written and whether by a Party or such 28 Party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

#### WAIVER OF APPEALS

55. The Parties agree to waive appeals and to stipulate to class certification for purposes of implementing this Settlement only, with the exception that Class Counsel retains the right to appeal the amount awarded as attorney's fees in the event that the Court awards less than twenty-five percent of the Gross Settlement Amount as attorney's fees.

#### **BINDING ON ASSIGNS**

56. This Settlement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, successors and assigns.

#### **CLASS COUNSEL SIGNATORIES**

57. It is agreed that because the members of the Class are so numerous, it is impossible or impractical to have each member of the Class execute this Settlement. The Notice will advise all Class Members of the binding nature of the Released Claims and Released PAGA Claims, and the release shall have the same force and effect as if this Settlement were executed by each member of the Class.

#### **COUNTERPARTS**

58. This Settlement may be executed in counterparts and by electronic or facsimile signatures, and when each Party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one Settlement, which shall be binding upon and effective as to all Parties.

#### **CONFIDENTIALITY & PUBLIC COMMENT**

59. Class Counsel shall not publicize the settlement on its website or in advertising/marketing materials, other than filing documents with the Court. Plaintiff and Class Counsel agree that they will not issue any press releases or initiate any contact with the media about the fact, amount, or terms of the settlement. If Plaintiff or Class Counsel receives an inquiry about the settlement from the media, they may respond only after the motion for preliminary approval has been filed and only by confirming the accurate terms of the settlement. Nothing in this provision shall prevent Defendant from making any required disclosure, including disclosures to Class Members who request information regarding the Action or Settlement. Nothing shall prevent Class Counsel from including a general description of the settlement on their website, without the mention of the names of the parties, the case and/or case number, and the

JOINT STIPULATION OF CLASS AND PAGA ACTION SETTLEMENT

1	Defendant:	
2	Dated:	Medlab2020, Inc.
3		
4		By: Matt Collins Print Name
5		Ma 1 .
6		Signature
7		
8		<u>CEO</u> Title
9		Title
10	Defendant's Counsel:	
11	Dated:	
12		KUNZLER BEAN & ADAMSON, PC
13		
14		By:
15		Attorneys for Defendant
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# Exhibit A

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

Auxaviair Carter v. Medlab2020, Inc., Orange County Superior Court Case No. 30-2022-01247444

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

You may be eligible to receive money from an employee class and PAGA action lawsuit ("Action") against Defendant Medlab2020, Inc. ("Defendant") for alleged wage and hour violations. The Action was filed by Defendant's former employee Auxaviair Carter ("Plaintiff") and seeks payment of (1) back wages and other relief for a class of hourly-paid, non-exempt employees ("Class Members") who worked for Defendant in California during the Class Period (September 3, 2017 to [date]; and (2) penalties under the California Private Attorney General Act ("PAGA") for all hourly paid, non-exempt employees who worked for Defendant in California during the PAGA Period (September 3, 2020 to [date]) ("Aggrieved Employees").

The proposed Settlement has two main parts: (1) a Class Settlement requiring Defendant to fund Class Settlement Payments; and (2) a PAGA Settlement requiring Defendant to fund PAGA Settlement Payments and pay penalties to the California Labor and Workforce Development Agency ("LWDA").

Based on Defendant's records, and the Parties' current assumptions, your Class
Settlement Payment is estimated to be \$ (less withholding), and your PAGA
<b>Settlement Payment is estimated to be \$</b> . 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 PAGA
Settlement Payment, then according to Defendant's records you are not eligible for an PAGA
Settlement Payment under the Settlement because you didn't work during the PAGA Period.)
The above estimates are based on Defendant's records showing that <b>you worked</b>
workweeks during the Class Period and you worked workweeks during the PAGA
Period. If you believe that you worked more workweeks during this period, you can submit a
challenge by the deadline date. See Section 4 of this Notice.

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 not. Read this Notice carefully. You will be deemed to have carefully read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiff and Plaintiff's 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 Aggrieved Employees to give up their rights to assert certain claims against Defendant.

If you worked for Defendant during the Class Period and/or the PAGA Period, you have two basic options under the Settlement:

- (1) **Do Nothing**. You don't have to do anything to participate in the proposed Settlement and be eligible for an Class Settlement Payment and/or an PAGA Settlement Payment. As a Participating Class Member, though, you will give up your right to assert Class Period wage claims and PAGA Period penalty claims against Defendant.
- (2) **Opt-Out of the Class Settlement**. You can exclude yourself from the Class Settlement (opt-out) by submitting the written Request for Exclusion or otherwise notifying the Administrator in writing. If you opt out of the Settlement, you will not receive a Class Settlement Payment. You will, however, preserve your right to personally pursue Class Period wage claims against Defendant, and, if you are an Aggrieved Employee, remain eligible for a PAGA Settlement Payment. You cannot opt-out of the PAGA portion of the proposed Settlement. Any Class Member may request to be excluded from the Class by mailing a "Request for Exclusion" from the Settlement within the Response Deadline, stating, as follows or in substantially similar terms: "I WISH TO BE EXCLUDED FROM THE CLASS IN THE CARTER V. MEDLAB2020, INC. CLASS ACTION LAWSUIT, ORANGE COUNTY SUPERIOR COURT CASE NO. 30-2022-01247444-CU-OE-CXC. I UNDERSTAND THAT IF I ASK TO BE EXCLUDED FROM THE CLASS, I WILL NOT RECEIVE ANY MONEY FROM THE SETTLEMENT OTHER THAN MY SHARE OF THE PAGA PAYMENT." Any Request for Exclusion must include the name, address, telephone number, last four digits of the Class Member's Social Security Number, and the signature of the Class Member requesting exclusion. The Request for Exclusion should be mailed to the Settlement Administrator: ILYM Group, Inc., 14751 Plaza Dr., Ste J, Tustin, CA 92780. Any such request must be made in accordance with the terms of the Notice, and the Notice will advise Class Members of these requirements. In the case of re-mailed Notice, the Request for Exclusion Deadline will be 46 days after the date of the re-mailed Notice. Any Class Member who timely requests exclusion in compliance with these requirements (i) shall not have any rights under this Settlement other than a right to receive a pro-rata share of the portion of the PAGA payment allocated to the Class Members if the Class Member is also PAGA Employee; (ii) shall not be entitled to receive any Settlement Payments under this Settlement other than as stated in Paragraph 26(j); and (iii) shall not be bound by this Settlement or the Court's Order and Final Judgment other than as it applies to the PAGA Claim.
- (3) You cannot opt-out of the PAGA portion of the proposed Settlement.

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	If you do nothing, you will be a Participating Class Member,
Anything to	eligible for an Class Settlement Payment and an PAGA Settlement
Participate in the	Payment (if any). In exchange, you will give up your right to assert
Settlement	the wage claims against Defendant that are covered by this
	Settlement (Released Claims).

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You Can Opt-out of	If you don't want to fully participate in the proposed Settlement,
the Class Settlement	you can opt out of the Class Settlement by sending the
but not the PAGA	Administrator a written Request for Exclusion. Once excluded,
Settlement	you will be a Non-Participating Class Member and no longer
	eligible for a Class Settlement Payment. Non-Participating Class
The Opt-out Deadline	Members cannot object to any portion of the proposed Settlement.
is [date]	See Section 6 of this Notice.
	You cannot opt out of the PAGA portion of the proposed
	Settlement. Defendant must pay PAGA Settlement Payments to all
	Aggrieved Employees and the Aggrieved Employees must give up
	their rights to pursue Released Claims (defined below).
Participating Class	All Class Members who do not opt out ("Participating Class
Members Can Object	Members") can object to any aspect of the proposed Settlement.
to the Class Settlement	
	The Court's decision on whether to finally approve the Settlement
but not the PAGA	will include a determination of how much will be paid to Class
Settlement	Counsel and Plaintiff who pursued the Action on behalf of the
	Class. You are not personally responsible for any payments to
Written Objections	Class Counsel or Plaintiff, but every dollar paid to Class Counsel
Must be Submitted by	and Plaintiff reduces the overall amount paid to Participating Class
[date]	Members. You can object to the amounts requested by Class
	Counsel or Plaintiff if you think they are unreasonable. See
	Section 7 of this Notice.
You Can Participate in	The Court's Final Approval Hearing is scheduled to take place on
the [date] Final	[date]. You don't have to attend but you do have the right to
Approval Hearing	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	The amount of your Class Settlement Payment and PAGA
Calculation of Your	Settlement Payment (if any) depends on how many workweeks you
Class	worked at least one day during the Class Period and how many
Workweeks/PAGA	workweeks you worked at least one day during the PAGA Period,
Workweeks	respectively. The number Covered Workweeks and PAGA
VV UI KWEEKS	
Writton Challenges	workweeks you worked according to Defendant's records is stated
Written Challenges	on the first page of this Notice. If you disagree with either of these
Must be Submitted by	numbers, you must challenge it by [date]. See Section 4 of this
[date]	Notice.

#### 1. WHAT IS THE ACTION ABOUT?

Plaintiff is Defendant's former employee. The Action accuses Defendant of violating California labor laws by failing to pay overtime and double overtime wages, minimum wages, and wages due upon termination, and failing to provide meal periods, rest breaks, accurate itemized wage statements, and unreimbursed business expenses. Based on the same claims, Plaintiff has also

asserted a claim for civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698, et seq.) ("PAGA"). Plaintiff is represented by attorneys in the Action: Justin F. Marquez, Christina M. Le, and Zachary D. Greenberg of Wilshire Law Firm, PLC ("Class Counsel.")

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

#### 2. WHAT DOES IT MEAN THAT THE ACTION HAS SETTLED?

So far, the Court has made no determination whether Defendant or Plaintiff is correct on the merits. In the meantime, Plaintiff and Defendant hired an experienced mediator in an effort to resolve the Action by negotiating an to end the case by agreement (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 Action and enforcing the Agreement, Plaintiff 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.

Plaintiff and Class Counsel strongly 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 considering the strength of the claims and the risks and uncertainties of continued litigation; and (2) Settlement is in the best interests of the Class Members and Aggrieved Employees. The Court preliminarily approved the proposed Settlement as fair, reasonable, and adequate, authorized this Notice, and scheduled a hearing to determine Final Approval.

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

- 1. Defendant Will Pay \$290,000.00 as the Gross Settlement Amount (Gross Settlement). Defendant has agreed to deposit the Gross Settlement into an account controlled by the Administrator of the Settlement. The Administrator will use the Gross Settlement to pay the Class Settlement Payments, PAGA Settlement payments, Class Representative Service Payment, Class Counsel's attorney's fees and expenses, the Administrator's expenses and penalties to be paid to the Labor and Workforce Development Agency ("LWDA"). Assuming the Court grants Final Approval, Defendant will fund the Gross Settlement not more than 30 days after the Judgment entered by the Court becomes final. The Judgment will be final on the date the Court enters Judgment, or a later date if Participating Class Members object to the proposed Settlement or the Judgment is appealed.
- 2. <u>Court Approved Deductions from Gross Settlement.</u> At the Final Approval Hearing, Plaintiff and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement, the amounts of which will be decided by the Court at the Final Approval Hearing:

- A. Up to \$96,666.67 (33 1/3% of the Gross Settlement] to Class Counsel for attorneys' fees and up to \$20,000.00 for their litigation expenses. To date, Class Counsel has worked and incurred expenses on the Action without payment.
- B. Up to \$10,000.00 as a Class Representative Award for filing the Action, working with Class Counsel, and representing the Class. A Class Representative Award will be the only monies Plaintiff will receive other than Plaintiff's Class Settlement Payment and any PAGA Settlement Payment.
- C. Up to \$15,000.00 to the Administrator for services administering the Settlement.
- D. Up to \$15,000.00 for PAGA Penalties that are allocated to the LWDA.

Participating Class Members have the right to object to any of these deductions. The Court will consider all objections.

- 3. Net Settlement Distributed to Class Members. After making the above deductions in amounts approved by the Court, the Administrator will distribute the rest of the Gross Settlement (the "Net Settlement") by making Settlement Class Payments to Participating Class Members based on their Covered Workweeks.
- 4. Taxes Owed on Payments to Class Members. Plaintiff and Defendant are asking the Court to approve an allocation of 33 1/3% of each Settlement Class Payment to taxable wages ("Wage Portion"), 66 2/3% to interest and 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 individual PAGA Settlement Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Non-Wage Portions of the Settlement Class Payments on IRS 1099 Forms.

Although Plaintiff 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 Settlement Class Payments and PAGA Settlement 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 canceled, and the monies will be irrevocably lost to you because they will be paid to a non-profit organization or foundation ("Cy Pres").
- 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 [date], that you wish to opt-out. The easiest way to notify the Administrator is to send a written and signed Request for Exclusion by

the [date] "Response Deadline." "Response Deadline" means the date sixty (60) days after the Settlement Administrator initially mails the Notice to Settlement Class Members ("Notice") and the last date on which Settlement Class Members may submit a request for exclusion or written objection to the Settlement. In the case of a re-mailed Notice, the Response Deadline will be 46 days after the date of the re-mailed Notice. The Request for Exclusion should be a letter from a Class Member or his/her representative setting forth a Class Member's name, present address, telephone number, and a simple statement electing to be excluded from the Settlement. Excluded Class Members (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 portion of the Settlement. Class Members who exclude themselves from the Class Settlement (Non-Participating Class Members) remain eligible for PAGA Settlement Payments and are required to give up their right to assert PAGA claims against Defendant based on the PAGA Period facts alleged in the Action.

- 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 enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiff and Defendant have agreed that, in either case, the Settlement will be void: Defendant will not pay any money and Class Members will not release any claims against Defendant. Please take note that the Response Deadline to submit a request for exclusion or written objection means the date sixty (60) days after the Settlement Administrator initially mails the Notice and the last date on which Settlement Class Members may submit a request for exclusion or written objection to the Settlement. In the case of a remailed Notice, the Response Deadline will be 46 days after the date of the re-mailed Notice.
- 8. Administrator. The Court has appointed a neutral company, ILYM Group, Inc. (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 over Workweeks, mail and re-mail 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. <u>Class Members' Release.</u> Upon the final approval by the Court of this Settlement and Defendant's payment of all sums due pursuant to this Settlement, and except as to such rights or claims as may be created by this Settlement, the Class Representatives, the Class and each Class Member who has not submitted a valid and timely request for exclusion as to claims other than the PAGA claim, and each PAGA Employee, regardless of whether they have requested exclusion from the Settlement of Class claims, will release claims as follows:

The Class Members will be bound by the following release:

Each and every Class Member, on behalf of himself or herself and his or her heirs and assigns, unless he or she has submitted a timely and valid Request for Exclusion (which will not effectuate an opt-out from the release of Released PAGA Claims), hereby releases Releasees from the following claims for the entire Class Period:

- 1) any and all claims stated in the Action, or that could have been stated based on the facts alleged in the Action, including but not limited to all state wage and hour claims (including all claims under the California Labor Code) for unpaid wages, minimum wage, overtime, off-the-clock work, meal periods, rest periods, unreimbursed business expenses, wage statement violations, interest, penalties, and attorneys' fees, waiting time penalties, withholding from wages and the related provisions of the Labor Code including but limited to Labor Code §§ 201-204, 210, 216, 218.6, 226, 226.3, 226.7, 510, 512, 512.5, 558, 1194, 1194.2, 1198, 2802, derivative claims under California Business & Professions Code §§ 17200 et seq., and all claims under the governing Wage Order, and FLSA ("Released Claims"); and
- 2) as to any Class Member who cashes their Settlement Payment, the Settlement Administrator shall include language on the Settlement Payments that informs the Class Members that the signing and negotiation of that check shall serve as the Class Member's consent to join the Action for purposes of releasing all claims arising under the Fair Labor Standards Act that are alleged in the Action or related to the claims stated or that could have been stated in the Action, implicitly or explicitly.
- 10. <u>Aggrieved Employees' PAGA Release</u>. All Class Members, including all Aggrieved Employees, release the PAGA portion of the Settlement, regardless of whether they have requested exclusion from the Settlement as to Class claims.

#### 4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

- 1. Settlement Class Payments. The Administrator will calculate Class Settlement 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. The Court may review the Administrator's decisions on disputes. The Response Deadline to submit a dispute is sixty (60) days after the Settlement Administrator initially mails the Notice to Settlement Class Members ("Notice") and the last date on which Settlement Class Members may submit a dispute to the Settlement. In the case of a re-mailed Notice, the Response Deadline will be 46 days after the date of the re-mailed Notice.
- 2. <u>PAGA Settlement Payments.</u> The Administrator will calculate PAGA Settlement Payments by (a) dividing \$15,000.00 by the total number of PAGA Workweeks worked by all Aggrieved Employees and (b) multiplying the result by the number of PAGA Period Workweeks worked by each individual Aggrieved Employee.

3. Workweek Challenges. The number of Covered Workweeks you worked during the Class Period and the number of PAGA Workweeks you worked during the PAGA Period, as recorded in Defendant's records, are stated in the first page of this Notice. You have until [date] to challenge the number of Covered Workweeks and/or PAGA Workweeks credited to you. You can submit your challenge by 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 Covered Workweeks and/or PAGA 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 resolveCovered and/or PAGA 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. The Court may review the Administrator's decisions on disputes.

#### 5. HOW WILL I GET PAID?

- 1. <u>Participating Class Members.</u> 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 Aggrieved Employees. The single check will combine the Individual Class Payment and the PAGA Settlement Payment.
- 2. <u>Non-Participating Class Members.</u> The Administrator will send, by U.S. mail, a single PAGA Settlement Payment check to every Aggrieved Employee who opts out of the Class Settlement (i.e., every Non-Participating Class Member).

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?

Submit a written and signed letter with your name, present address, telephone number, and a simple statement that you do not want to participate in the Settlement. The Administrator will exclude you based on any writing communicating your request be excluded. Be sure to personally sign your request, identify the Action as *Auxaviair Carter v. Medlab2020, Inc.*, and include your identifying information (full name, address, telephone number, approximate dates of employment, and social security number for verification purposes). You must make the request yourself. If someone else makes the request for you, it will not be valid. **The Administrator must be sent your request to be excluded by [date], or it will be invalid.** Section 9 of the Notice has the Administrator's contact information.

The Response Deadline to submit a request for exclusion or written objection to the Settlement is sixty (60) days after the Settlement Administrator initially mails the Notice to Settlement Class Members ("Notice"). In the case of a re-mailed Notice, the Response Deadline will be 46 days after the date of the re-mailed Notice.

#### 7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement. Before deciding whether to object, you may wish to see what Plaintiff and Defendant are asking the Court to approve. At least [insert] days before the [date] Final Approval Hearing, Class Counsel and/or Plaintiff will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair, and (2) a Motion for Fees, Litigation Expenses and Service Award stating (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; and (ii) the amount Plaintiff is requesting as a Class Representative Service Award. 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 [need details] or the Court's website [need details].

A Participating Class Member who disagrees with any aspect of the Agreement, the Motion for Final Approval and/or Motion for Fees, Litigation Expenses and Service Award may wish to object, for example, that the proposed Settlement is unfair, or that the amounts requested by Class Counsel or Plaintiff are too high or too low. **The deadline for sending written objections to the Administrator is [date]**. 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 Action, *Auxaviair Carter v. Medlab2020, Inc.* and include your name, current address, telephone number, and approximate dates of employment for Defendant and sign the objection. Section 9 of this Notice has the Administrator's contact information

The Response Deadline to submit a request for exclusion or written objection to the Settlement is sixty (60) days after the Settlement Administrator initially mails the Notice to Settlement Class Members ("Notice"). In the case of a re-mailed Notice, the Response Deadline will be 46 days after the date of the re-mailed Notice.

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 [date] at [time] in Department CX-103 of the Orange County Superior Court, located at 751 W. 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 will be paid to Class Counsel, Plaintiff, and the Administrator. The Court will invite comment from objectors, Class Counsel and Defense Counsel before making a decision. You can attend (or hire a lawyer to attend) either personally or virtually via remote appearance (see https://www.occourts.org/general-information/remote-appearance-information\_and\_https://acikiosk.azurewebsites.us/advisement?dept=CX103.

[confirm]). 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 [www.etc.] 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 Plaintiff 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 [specify whose] website at [URL of website]. 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 (http://www.lacourt.org/casesummary/ui/index.aspx) [confirm] and entering the Case Number for the Action, Case No. 30-2022-01247444-CU-OE-CXC. You can also make an appointment to personally review court documents in the Clerk's Office at the Civil Complex Center Courthouse by calling (657) 622-6878.

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

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#### Settlement Administrator:

IYLM Group, Inc.

Email: claims@ilymgroup.com

P.O. Box 2031 Tustin, CA 92781

Telephone: (888) 250-6810

Fax Number: (888) 845-6185

#### 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 will have no way to recover the money.

#### 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.