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Solutions Inc. and Gevork G. Gevojanyan

15 *Additional Counsel and Parties Listed on Next Page*

16 SUPERIOR COURT OF THE STATE OF CALIFORNIA

17 COUNTY OF LOS ANGELES

18 NINA JACKSON, individually and on behalf of
19 all others similarly situated,

20 Plaintiff,

21 vs.

22 QUANTUM BEHAVIORAL SOLUTIONS,
INC., a California corporation; GEVORK G.
23 GEVOJANYAN, an individual; and DOES 1
through 20, inclusive,

24 Defendants.
25
26
27
28

Case No. 21STCV12389

**CLASS ACTION AND PAGA
SETTLEMENT AGREEMENT**

Dept.: 12, Spring Street Courthouse

Judge: Hon. Carolyn B. Kuhl

[Assigned for all purposes]

Action Filed: April 1, 2021

Trial: T.B.D.

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1 This Class Action and PAGA Settlement Agreement is made by and between Plaintiff Nina
2 Jackson (“Plaintiff”), on behalf of herself and each of the Class Members and PAGA Members as
3 defined herein, and Defendants Quantum Behavioral Solutions, Inc. (“Quantum”) and Gevorg G.
4 Gevojanyan (“Gevojanyan”), and is intended to resolve and settle the pending class and PAGA
5 representative action entitled *Nina Jackson, et al. v. Quantum Behavioral Solutions, et al.*, Case No.
6 21STCV12389 (Los Angeles County Superior Court) (the “Settlement”).

7 1. **DEFINITIONS**

8 1.1 “Action” means the Plaintiff’s lawsuit alleging wage and hour violations against
9 Defendants captioned *Nina Jackson, et al. v. Quantum Behavioral Solutions, et al.*, Case No.
10 21STCV12389 (Los Angeles County Superior Court).

11 1.2 “Administrator” means ILYM Group, Inc., the neutral entity the Parties have
12 agreed to appoint to this Settlement.

13 1.3 “Administration Expenses Payment” means the amount the Administrator will be
14 paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in
15 accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with
16 Preliminary Approval of the Settlement.

17 1.4 “Agreement” refers to this Settlement Agreement.

18 1.5 “Attorneys’ Fees and Litigation Expenses” means the amount Class Counsel shall be
19 entitled to apply to the Court for attorneys’ fees payable to Class Counsel in the amount of up to
20 33.33% of the Gross Settlement Amount, which is estimated to be \$198,313.50 (“Attorneys’ Fees”),
21 and litigation expenses in an amount not to exceed \$30,000.00 (“Litigation Expenses”).

22 1.6 “Class” means all current and former non-exempt employees who worked for
23 Defendant Quantum within the State of California during the Class Period.

24 1.7 “Class Counsel” means Keith Custis of Custis Law, P.C.

25 1.8 “Class List and Data” means a list of contact information, compiled by Defendants
26 based on their records, containing the following information for each Class Member: full name,
27 last-known mailing address, last-known telephone number, Social Security number, number of
28 Workweeks during the Class Period, number of pay periods during the PAGA Period, along with

1 the start and end dates of employment in a non-exempt position in California during the Class
2 Period.

3 1.9 "Class Member" or "Settlement Class Member" means a member of the Class, as
4 either a Participating Class Member or Non-Participating Class Member (including a Non-
5 Participating Class Member who qualifies as a PAGA Member).

6 1.10 "Class Notice" means the Court Approved Notice of Class Action Settlement and
7 Hearing Date for Final Court Approval, to be mailed to Class Members in English in the form,
8 without material variation, attached as Exhibit 1 and incorporated by reference into this
9 Agreement.

10 1.11 "Class Period" means the time from April 1, 2017 through February 9, 2024.

11 1.12 "Class Representative" means the named Plaintiff (Nina Jackson) in the operative
12 complaint in the Action seeking Court approval to serve as a Class Representative.

13 1.13 "Class Representative Service Payment" means the payment to the Class
14 Representative for initiating the Action and providing services in support of the Action.

15 1.14 "Court" means the Superior Court of California, County of Los Angeles.

16 1.15 "Defendants" means Quantum Behavioral Solutions, Inc. and Gevork G.
17 Gevojanyan.

18 1.16 "Effective Date" of the Settlement means the date by when both of the following
19 have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the
20 Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following
21 occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters
22 Judgment; (b) if one or more Participating Class Members objects to the Settlement, the day after
23 the deadline for filing a notice of appeal from the Judgment; or if a timely appeal from the
24 Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

25 1.17 "Employer's Share of Payroll Taxes" means Defendants' share of all applicable
26 federal, state, and local payroll taxes and customary withholdings, including the employer's FICA,
27 FUTA, and SDI contributions, on the portion of the Individual Settlement Share that constitutes
28 wages. The Employer's Share of Payroll Taxes shall be separately paid by Defendants and shall

1 not be paid from the Gross Settlement Amount or Net Settlement Amount. The Administrator
2 shall be responsible for calculating the Employer's Share of Payroll Taxes as set forth in this
3 Agreement.

4 1.18 "Final Approval Hearing" means the Court's hearing on the Motion for Final
5 Approval of the Settlement.

6 1.19 "Final Approval Order" means the order of the Court that grants final approval of the
7 Settlement.

8 1.20 "Final Judgment" means the final judgment entered by the Court upon granting Final
9 Approval of the Settlement.

10 1.21 "Gross Settlement Amount" means the maximum total amount of Five Hundred
11 Ninety-Five Thousand Dollars and Zero Cents (\$595,000.00) payable by Defendants under this
12 Settlement Agreement, inclusive of the Attorneys' Fees and Litigation Expenses incurred by Class
13 Counsel, the Administration Expenses Payment, the Class Representative Service Payment, and the
14 PAGA Payment, but excluding the Employer's Share of Payroll Taxes. The Gross Settlement
15 Amount is non-reversionary and exclusive of the Employer's Share of Payroll Taxes which shall be
16 paid separately.

17 1.22 "Individual Class Payment" means the amount to be paid to a Participating Class
18 Member from the Net Settlement Amount calculated according to the number of workweeks
19 worked during the Class Period.

20 1.23 "Individual PAGA Payment" means the PAGA Member's pro-rata share of the 25%
21 portion of the PAGA Payment allocated to PAGA Members calculated according to the number of
22 PAGA Pay Periods worked during the PAGA Period.

23 1.24 "LWDA" means the California Labor and Workforce Development Agency, the
24 agency entitled, under Labor Code section 2699, subd. (i).

25 1.25 "LWDA PAGA Payment" means the 75% of the PAGA Payment paid to the
26 LWDA under Labor Code section 2699, subd. (i).

27 1.26 "Net Settlement Amount" means the Gross Settlement Amount, less the Court-
28 approved amounts of Attorneys' Fees and Litigation Expenses, Class Representative Service

1 Payment, Administration Expenses Payment, and PAGA Payment.

2 1.27 “Non-Participating Class Member” means any Class Member who opts out of the
3 Settlement by sending the Administrator a valid and timely Request for Exclusion.

4 1.28 “PAGA Member(s)” means all individuals who are or who have been employed by
5 Defendant Quantum in California as a non-exempt employee for any period of time during the
6 PAGA Period.

7 1.29 “PAGA Notice” means Plaintiff’s letter to Quantum and the LWDA providing
8 notice pursuant to Labor Code section 2699.3, subd.(a).

9 1.30 “PAGA Payment” means the payment made to the LWDA and PAGA Members for
10 civil penalties pursuant to PAGA and the terms of this Agreement.

11 1.31 “PAGA Period” means the time from March 30, 2020 through February 9, 2024.

12 1.32 “PAGA Pay Period(s)” refers to the pay period(s) during the PAGA Period in which
13 a PAGA Member worked for Quantum for at least one day during the PAGA Period.

14 1.33 “Participating Class Member” means a Class Member who does not submit a valid
15 and timely Request for Exclusion from the Settlement.

16 1.34 “Parties” means Plaintiff and Defendants, collectively.

17 1.35 “Party” means Plaintiff or Quantum or Gevojanyan, individually.

18 1.36 “Plaintiff” means Plaintiff Nina Jackson.

19 1.37 “Preliminary Approval Order” means the order of the Court that grants preliminary
20 approval of the Settlement.

21 1.38 “Released Parties” means Defendants, and each of them, the owners and operators of
22 Quantum (including Gevojanyan), and each of their past, present, and future parent companies,
23 subsidiaries, related companies, and affiliates, and their respective shareholders, members, partners,
24 representatives, fiduciaries, agents (including, without limitation, any investment bankers,
25 accountants, insurers, reinsurers, attorneys, trustees, equity sponsors, joint employers, alter-egos,
26 joint venturers, auditors, consultants, and any past, present, or future officers, directors and
27 employees), and each of their predecessors, successors, heirs, and assigns, and any individual or
28 entity which could be jointly liable with Defendants, or any of them.

1 1.39 “Request for Exclusion” means a Class Member’s submission of a written request to
2 be excluded from the Class Settlement signed by the Class Member.

3 1.40 “Response Deadline” means the last date on which Class Members may submit a
4 Request for Exclusion or objection to the Settlement. Class Members will have forty-five (45)
5 calendar days from the mailing of the Class Notice to submit a Request for Exclusion, dispute, or
6 objection. Those Class Members who receive a re-mailed Class Notice (as a result of the
7 Administrator locating an updated address by way of skip-trace search, forwarding address
8 provided by the post office, or request from the Parties or Class Members), will have the later of
9 (a) fifteen (15) calendar days from the date the Class Notice is re-mailed or (b) the Response
10 Deadline to postmark a Request for Exclusion, objection, or dispute regarding Workweeks or
11 PAGA Workweeks to the Administrator (“Extended Response Deadline”).

12 1.41 “Workweek(s)” means any week during the Class Period in which a Class Member
13 worked for at least one day for Quantum.

14 2. **RECITALS**

15 2.1 **Procedural History.** On April 1, 2021, Plaintiff initiated this Action by filing a
16 wage and hour class action against Defendants in Court. On July 16, 2021, Plaintiff filed her First
17 Amended Complaint. On February 7, 2023, Plaintiff filed the operative Second Amended
18 Complaint, asserting the following causes of action against Defendants: (1) failure to pay minimum
19 wages; (2) failure to pay overtime wages; (3) failure to provide rest periods; (4) failure to provide
20 meal periods; (5) failure to reimburse business expenses; (6) failure to provide accurate wage
21 statements; (7) failure to pay wages timely during employment; (8) failure to pay wages timely at
22 separation; (9) violation of Business and Professions Code § 17200; and (10) for civil penalties
23 under the Private Attorneys General Act of 2004 (“PAGA”).

24 2.2 **Pre-Filing PAGA Notice.** On March 30, 2021, Class Counsel provided pre-filing
25 written notice to the LWDA and by certified mail to Defendants of the allegations on behalf of
26 Plaintiff and similarly situated aggrieved employees in accord with the PAGA, Labor Code
27 section 2699.3(a). On May 12, 2021, Class Counsel provided an amended PAGA Notice to the
28 LWDA and by certified mail to Defendants of additional allegations on behalf of Plaintiff and

1 similarly situated aggrieved employees in accord with the PAGA, Labor Code section 2699.3(a).

2 **2.3 Discovery And Investigation.** The Parties engaged in extensive formal and
3 informal discovery and investigation. In advance of both mediations, Class Counsel requested
4 production of key information and documents such as the number of Class Members and PAGA
5 Members, relevant wage and hour policies, time and payroll records, rates of pay, among other
6 things. Class Counsel reviewed policy documents, interviewed Class Members, analyzed time and
7 payroll records, and engaged an expert to determine violation rates across the Class. Plaintiff's
8 investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot*
9 *Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.*
10 (2008) 168 Cal.App.4th 116, 129-130 ("*Dunk/Kullar*").

11 **2.4 Mediation.** On July 7, 2021, the parties participated in a private mediation with
12 mediator the Hon. Rita Miller (Ret.). The settlement discussions were conducted at arm's length.
13 However, the mediation was unsuccessful. On December 11, 2023, the Parties participated in a
14 second, private mediation with mediator Ann Kotlarski. The settlement discussions were conducted
15 at arm's length. At the end of the mediation, the Parties accepted the mediator's proposal to resolve
16 all the issues in this Action. The Settlement is the result of an informed and detailed analysis of the
17 risks facing all Parties in litigating this case, including but not limited to, careful consideration of
18 the legal and factual obstacles to Plaintiff's prospects of obtaining class certification and prevailing
19 on the merits, and Defendants' defenses, as well as Defendants' potential exposure and the
20 additional costs of litigating the Action.

21 **2.5 Benefits of Settlement to Class Members.** Plaintiff and Class Counsel recognize
22 the expense and length of continued proceedings necessary to litigate their disputes through trial
23 and through any possible appeals. Plaintiff and Class Counsel have also taken into account the
24 uncertainty and risks of the outcome of further litigation, and the difficulties and delays inherent in
25 such litigation. Further, Plaintiff and Class Counsel are aware of the burdens of proof necessary to
26 establish liability for the claims asserted in the Action, both generally and in response to
27 Defendants' defenses thereto, and the difficulties in establishing damages for Class Members.
28 Based on the foregoing, Plaintiff and Class Counsel have determined that the settlement set forth

1 herein is a fair, adequate and reasonable settlement, and is in the best interests of Class Members
2 and PAGA Members.

3 2.6 **Defendants' Reasons for Settlement and Non-Admission.** Defendants have
4 concluded that any further defense of this litigation would be protracted and expensive for all
5 Parties. Substantial amounts of time and resources of Defendants have and, unless this settlement
6 is made, will continue to be devoted to the defense of the claims asserted by Plaintiffs.
7 Defendants have also taken into account the risks of further litigation in reaching their decision to
8 enter into this Settlement Agreement. Despite continuing to contend that they are not liable for
9 any of the claims set forth by Plaintiff in this Action, Defendants have nonetheless agreed to settle
10 in the manner and upon the terms set forth in this Agreement to put to rest the claims alleged in
11 the Action. Defendants have claimed and continue to claim that the Plaintiff's Released Claims,
12 Settlement Class Members' Released Claims, and PAGA Group Members' Released Claims have
13 no merit and do not give rise to liability. This settlement is a compromise of disputed claims. As
14 further set forth in Section 17.2, the Parties specifically agree that the agreement of Defendants to
15 settle this matter is not, and shall not be construed as, an admission of any wrongdoing whatsoever
16 by Defendants against Plaintiff and/or any Settlement Class Members.

17 2.7 **This Settlement Is Fair, Adequate, and Reasonable.** The Parties believe that this
18 settlement is a fair, adequate, and reasonable settlement of the Action and have arrived at this
19 settlement after extensive arms-length negotiations, taking into account all relevant factors,
20 present and potential. In addition, the mediator may, at her discretion, execute a declaration
21 supporting the settlement and the reasonableness of this settlement, and the Court, may in its
22 discretion, contact the mediator to discuss the settlement and whether or not the settlement is fair
23 and reasonable.

24 3. **RELEASES AND WAIVERS**

25 3.1 **Release and Waiver of Claims by Participating Class Members**

26 All Participating Class Members, on behalf of themselves and their respective former and
27 present representatives, heirs, successors, assigns, administrators, and/or agents, and each of them,
28 upon the Effective Date, and subject to Quantum's payment of the Settlement Amount and by

operation of the Final Approval Order, shall fully and finally release and discharge the Released Parties from all debts, liabilities, demands, actions, causes of action and/or claims that were alleged or that reasonably could have been alleged based on the facts asserted in the Second Amended Class Action Complaint filed by Plaintiff in the Action arising at any time during the Class Period including, but not limited to claims for: (1) failure to pay minimum wages; (2) failure to pay overtime wages; (3) failure to authorize and permit rest periods or pay all rest period premium pay at the proper rate; (4) failure to authorize and permit meal periods or pay all meal period premium pay at the proper rate; (5) failure to reimburse all necessary business expenses (including, but not limited to, data, internet, cell phone, mileage, gas, and vehicle expenses); (6) failure to provide accurate, itemized wage statements, including statutory wage statement penalties; (7) failure to pay wages timely during employment; (8) failure to pay final wages timely due at separation, including statutory waiting time penalties; (9) claims brought under Business & Professions Code section 17200, *et seq.*, including, but not limited to all claims for unfair, unlawful and harmful conduct to class members, the general public, and Defendants' competitors, and claims of unlawfully gaining an unfair advantage over other businesses; and (10) any claims for statutory penalties, interest and attorneys' fees; and costs arising out of the facts asserted in the Second Amended Class Action Complaint and the aforementioned causes of action (collectively, the "Participating Class Members' Released Claims").

Except as set forth in Section 3.1 of this Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

3.2 **Release and Waiver of Claims By PAGA Members**

Upon the Effective Date, subject to Quantum's payment of the Settlement Amount, and by operation of the Final Approval Order, Plaintiff, the LWDA, and each and all PAGA Members, on behalf of themselves and their respective former and present representatives, heirs, successors, assigns, administrators, and/or agents, will be deemed to have fully and finally released and discharged the Released Parties, and each of them, from all liability, causes of action and and/or

1 claims for civil penalties arising or accruing under PAGA during the PAGA Period that were
2 alleged or reasonably could have been alleged based on the facts and legal theories alleged in
3 Plaintiff's March 30, 2021 PAGA Notice, Plaintiff's May 12, 2021 amended PAGA Notice, and
4 the Second Amended Class Action Complaint, including, but not limited to, alleged violations of
5 Labor Code sections 201, 202, 203, 204, 210, 226, 226.3, 226.7, 510, 512, 558, 1102.5, 1174,
6 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198.1, 1198, 1198.5, 2699 et seq., and 2802; and
7 shall further release the Released Parties from any claims and/or liability for interest and all
8 attorneys' fees and costs available under PAGA arising out of the facts asserted in the Second
9 Amended Class Action Complaint for the aforementioned Labor Code violations ("PAGA
10 Members' Released Claims"). A PAGA Member is subject to this release even if the PAGA
11 Member is not a Participating Class Member.

12 3.3 **General Release and Waiver of Claims by Plaintiff**

13 As of and subject to the occurrence of the Effective Date, and subject to Quantum's
14 payment of the Settlement Amount, and in exchange for the Class Representative Service Payment
15 described in Section 12.3, Plaintiff, on behalf of herself and her heirs, successors, assigns, and/or
16 agents, and each of them, fully and finally releases the Released Parties, and each of them, from any
17 and all claims, whether asserted or unasserted, known and unknown, unforeseen, unanticipated,
18 unsuspected or latent, which Plaintiff or any of her heirs, successors, assigns, and/or agents has at
19 any time owned or held prior to the date of execution of this Agreement, under federal, state and/or
20 local law, statute, ordinance, regulation, common law, or other source of law, including but not
21 limited to claims arising from or in any way related to her employment with Quantum and/or her
22 compensation while an employee of Quantum ("Plaintiff's Released Claims"). Plaintiff's Released
23 Claims include, but are not limited to, all claims arising from or related to the Action; all claims for
24 unpaid wages, including, but not limited to, failure to pay minimum wages, straight time
25 compensation, overtime compensation, double-time compensation, and interest; the calculation of
26 the regular rate of pay; wages related to alleged illegal rounding; missed meal periods and rest
27 periods; failure to pay proper meal and/or rest period penalties at the proper rate of pay;
28 reimbursement for all business expenses; payment for all hours worked, including off-the-clock

1 work; inaccurate wage statements; unauthorized or improper deductions; failure to keep accurate
2 records; unfair business practices; penalties, including, but not limited to, meal/rest period penalties,
3 recordkeeping penalties, wage statement penalties, minimum-wage penalties, and waiting-time
4 penalties; and attorneys' fees and costs; all claims arising under the California Labor Code
5 (including, but not limited to, sections 200, 201, 201.1, 201.3, 201.5, 202, 203, 204, 205.5, 206,
6 210, 216, 218, 218.5, 218.6, 221, 222, 222.5, 223, 224, 225, 225.5, 226, 226.2, 226.3, 226.7, 226.8,
7 227.3, 256, 450, 510, 511, 512, 516, 550, 551, 552, 558, 558.1, 1174, 1174.5, 1182.12, 1194,
8 1194.2, 1197, 1197.1, 1197.2, 1198, 2802, 2698 et seq., and 2699 et seq.); all claims arising under
9 the Wage Orders of the California Industrial Welfare Commission; PAGA; California Business and
10 Professions Code section 17200, et seq., the California Civil Code (to include, but not limited to,
11 sections 3287, 3336 and 3294); 12 CCR § 11040; 8 CCR § 11060; California Code of Civil
12 Procedure § 1021.5, the California common law of contract, the FLSA, 29 U.S.C. § 201, et seq.,
13 federal common law, and the Employee Retirement Income Security Act, 29 U.S.C. § 1001, et seq.;
14 all claims for lost wages and benefits, emotional distress, punitive damages, other damages, and
15 attorneys' fees and costs arising under federal, state, or local laws for discrimination, harassment,
16 retaliation, and wrongful termination, such as, by way of example only, (as amended) 42 U.S.C.
17 section 1981, Title VII of the Civil Rights Act of 1964, the Americans With Disabilities Act, the
18 Age Discrimination in Employment Act, and the California Fair Employment and Housing Act; and
19 the law of contract and tort. This release excludes the release of claims not permitted by law.
20 Plaintiff's Released Claims include all claims, whether known or unknown. Plaintiff stipulates and
21 agrees that, upon the Effective Date, Plaintiff shall be deemed to have, and by operation of the Final
22 Approval Order shall have, expressly waived and relinquished, to the fullest extent permitted by
23 law, the provisions, rights and benefits of Section 1542 of the California Civil Code, or any other
24 similar provision under federal or state law, which provides:

25 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT
26 THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR
27 SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF
28 EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR

1 HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER
2 SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

3 Plaintiff may hereafter discover facts in addition to or different from those Plaintiff now
4 knows or believes to be true with respect to the subject matter of Plaintiff's Released Claims and
5 this General Release, but Plaintiff, upon the Effective Date, shall be deemed to have, and by
6 operation of the Final Approval Order shall have, fully, finally, and forever settled and released any
7 and all of the claims released pursuant to the General Release, whether known or unknown,
8 suspected or unsuspected, contingent or non-contingent, which now exist, or heretofore have
9 existed upon any theory of law or equity now existing or coming into existence in the future,
10 including, but not limited to, conduct that is negligent, intentional, with or without malice, or a
11 breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such
12 different or additional facts. Provided however, that Plaintiff does not release her rights to any
13 claims for earned benefits under the terms of any employee benefit plan applicable to her, claims to
14 enforce rights provided by this Agreement, claims that arise after the execution of this Agreement,
15 and claims that cannot be released as a matter of law.

16 4. **SETTLEMENT ADMINISTRATION**

17 4.1 Selection of Administrator. The Parties have jointly selected ILYM Group, Inc. to
18 serve as the Administrator and verified that, as a condition of appointment, agrees to be bound by
19 this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange
20 for payment of Administration Expenses. The Parties and their Counsel represent that they have
21 no interest or relationship, financial or otherwise, with the Administrator other than a professional
22 relationship arising out of prior experiences administering settlements.

23 4.1.1 The Administrator has a duty to perform or observe all tasks to be
24 performed or observed by the Administrator contained in this Agreement or otherwise, including,
25 but not limited to, the following:

26 4.1.2 Website, Email Address and Toll-Free Number. The Administrator will
27 establish and maintain and use an internet website to post information of interest to Class
28 Members including the date, time and location for the Final Approval Hearing and copies of the

1 Settlement Agreement, Motion for Preliminary Approval, the Preliminary Approval, the Class
2 Notice, the Motion for Final Approval, the Motion for Class Counsel Fees Payment, Class
3 Counsel Litigation Expenses Payment and Class Representative Service Payment, the Final
4 Approval and the Judgment. The Administrator will also maintain and monitor an email address
5 and a toll-free telephone number to receive Class Member calls and emails.

6 4.1.3 Mailing the Class Notice to Class Members and PAGA Group Members as
7 directed by the Court;

8 4.1.4 Consulting with counsel for the Parties concerning any relevant issue,
9 including (without limitation) the estimated payments to Settlement Class Members and PAGA
10 Members;

11 4.1.5 Receiving and processing Workweek Disputes and rejecting untimely or
12 improper Workweek Disputes;

13 4.1.6 Keeping track of Requests for Exclusion, and rejecting untimely or
14 improper Requests for Exclusion;

15 4.1.7 Keeping track of Objections;

16 4.1.8 Calculation and distribution of payments in accordance with this Settlement
17 Agreement and the Court's orders. This service will include calculating and facilitating any and
18 all payments on behalf of Defendants of the Employer's Share of Payroll Taxes, which shall be
19 separately paid by Defendants and shall not be paid from the Gross Settlement Amount;

20 4.1.9 Providing weekly status reports to counsel for the Parties, including: (a) the
21 number of Class Notices mailed; (b) the number of Workweek Disputes received; (c) the number
22 of Objections received; and (d) the number of Requests for Exclusion received;

23 4.1.10 No later than twenty-one (21) calendar days before the Final Approval
24 Hearing, preparing and providing to Class Counsel and Defendants' Counsel, for filing with the
25 Court in support of Plaintiffs' motion for final approval of the settlement, a declaration of due
26 diligence setting forth its compliance with its obligations under this Settlement Agreement;

27 4.1.11 Notifying Defendants' Counsel, within three (3) business days after the
28 Effective Date, of the wiring instructions to fund the Gross Settlement Amount and the

1 Employer's Share of Payroll Taxes, which must be paid by Defendants in the amounts and in
2 accordance with the deadlines set forth in Section 12.8;

3 4.1.12 Issuing the following: IRS Form W-2 to each Settlement Class Member for
4 the wage portion of each Individual Settlement Share, IRS Form 1099 (if required) to each
5 Settlement Class Member for the non-wage portion of each Individual Settlement Share, IRS
6 Form 1099 to Plaintiff for her Class Representative Service Payment, IRS Form 1099 to Class
7 Counsel for the Attorneys' Fees and Costs award, and IRS Form 1099 to the Administrator for the
8 Administration Expenses Payment; and,

9 4.1.13 Such other tasks as the Parties mutually agree or the Court orders the
10 Administrator to perform, including responding to questions from Class Members and PAGA
11 Members.

12 4.1.14 Employer Identification Number. The Administrator shall have and use its
13 own Employer Identification Number for purposes of calculating payroll tax withholdings and
14 providing reports to state and federal tax authorities.

15 4.1.15 Qualified Settlement Fund. The Administrator shall establish a settlement
16 fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury
17 Regulation section 468B-1.

18 5. **Notice to Class Members**

19 The Parties submit a Notice of Class Action Settlement ("Class Notice"), in the form
20 attached hereto as "Exhibit 1," to the Court for approval. The Class Notice will include,
21 nonexclusively, information regarding the nature of the Action; a summary of the substance of the
22 Settlement; the definition of the Class and PAGA Members; the formula used to determine the
23 Individual Settlement Payments for the Participating Class Members and Individual PAGA
24 Payments for PAGA Members; the number of Workweeks and PAGA Pay Periods credited to
25 each Class Member and PAGA Member, respectively; the estimated Individual Settlement
26 Payment and/or Individual PAGA Payment; the procedures and deadlines for objecting to the
27 Settlement, seeking exclusion from the Settlement (except PAGA Members shall have no right to
28 exclude themselves from the PAGA portion of the Settlement), and/or disputing the number of

1 Workweeks or PAGA Pay Periods credited to them; and the date for the Final Approval Hearing.

2 To determine the estimated Individual Settlement Payment for each Class Member for
3 purposes of the Class Notice, the Administrator will divide each Class Member's respective
4 Workweeks by the total workweeks worked by all Class Members during the Class Period, and will
5 multiply the resulting figure by the Net Settlement Amount. To determine the estimated Individual
6 PAGA Payment for each PAGA Member, the Administrator will divide each PAGA Member's
7 respective PAGA Pay Periods by the total pay periods worked by all PAGA Members during the
8 PAGA Period, and will multiply the resulting figure by the portion of the PAGA Payment
9 (\$6,250.00) allocated to PAGA Members.

10 6. **Mailing of the Class Notice**

11 Within twenty one (21) calendar days following notice by Plaintiff or the Court of the
12 Preliminary Approval Order, Quantum shall provide the Administrator with the Class List and
13 Data in readable Microsoft Excel spreadsheets. The Class List and Data shall not be shared with
14 Class Counsel.

15 Within fifteen (15) calendar days after the Administrator's receipt of the Class List and
16 Data, the Administrator shall mail the Class Notice to the Class Members via first-class regular
17 U.S. mail. Class Members will have forty-five (45) calendar days from the mailing of the Class
18 Notice to submit a Request for Exclusion (as further defined below), dispute, or objection. The
19 date of initial mailing of the Class Notice by the Administrator to the Class Members is the "Initial
20 Mailing." Prior to mailing the Class Notice to Class Members, the Administrator will perform one
21 search based on the National Change of Address Database information to update and correct the
22 Class List and Data for any known or identifiable address changes.

23 If, within thirty (30) calendar days of the Initial Mailing, a Class Notice is returned with a
24 forwarding address, then within five (5) calendar days of receiving the undeliverable Class Notice,
25 the Administrator shall forward the original Class Notice to the updated address via first-class
26 regular U.S. mail indicating on the Class Notice the date of such re-mailing. If a Class Notice is
27 returned within thirty (30) calendar days of the Initial Mailing as undeliverable without a
28 forwarding address, then within five (5) calendar days of receiving the undeliverable Class Notice,

1 the Administrator will promptly attempt to determine the correct address using a skip-trace search,
2 and will perform a single re-mailing to any addresses located indicating the date of the re-mailing
3 on the Class Notice. Those Class Members who receive a re-mailed Class Notice (as a result of
4 the Administrator locating an updated address by way of skip-trace search, forwarding address
5 provided by the post office, or request from the Parties or Class Members), will have the later of
6 (a) fifteen (15) calendar days from the date the Class Notice is re-mailed or (b) the Response
7 Deadline to postmark a Request for Exclusion, objection, or dispute regarding Workweeks or
8 PAGA Workweeks to the Administrator.

9 In the event that the procedures in this Section are followed and the intended recipient of a
10 Class Notice still does not receive the Class Notice, the intended recipient shall be bound by all
11 terms of the Settlement and any Final Approval Order and Final Judgment entered by the Court if
12 the Settlement is approved by the Court. In the event the procedures in this Section are followed
13 and a Class Member does not ultimately return a Request for Exclusion and/or the Request for
14 Exclusion is rejected by the Administrator, the Class Member shall be deemed a Participating
15 Class Member and will be bound by all terms of the Settlement and any Final Approval Order and
16 Final Judgment entered by the Court if the Settlement is approved by the Court.

17 **7. Objection to the Settlement**

18 Any Participating Class Member may object to the settlement by either mailing a written
19 objection to the Administrator (“Objection”), or appearing at the Final Approval Hearing to
20 discuss the Settlement Class Member’s objection with the Court and the Parties at Settlement
21 Class Member’s own expense. To be timely, written Objections must be mailed to the
22 Administrator, postmarked on or before the Response Deadline, or in the instance of a re-mailed
23 Class Notice, the Extended Response Deadline.

24 An Objection should: (1) be signed by the Class Member; (2) contain the case name and
25 case number of the Lawsuit; (3) contain the Class Member’s full name, telephone number, mailing
26 address, and last four digits of his or her Social Security Number; (4) clearly state the factual and
27 legal basis for objecting to the settlement; (5) indicate whether the Class Member is represented by
28 counsel and identify said counsel; and (6) indicate whether the Class Member intends to appear at

1 the Final Approval Hearing and seeks to be heard at the Final Approval Hearing. The Parties
2 agree that the Administrator shall not disclose the last four digits of any objecting Class Member's
3 Social Security number to anyone but the Parties, that such information will be securely held, and
4 that the disclosure of those last four digits to the Parties shall not be used for any purpose except to
5 ascertain the identity of the objector for administration of this Settlement.

6 If a Participating Class Member objects to this Settlement, the Participating Class Member
7 will remain a member of the Class for Settlement purposes, and if the Court grants final approval
8 of the Settlement, he or she will be bound by the terms of the Settlement and any Final Approval
9 Order and Final Judgment.

10 Within three (3) business days of receipt of an objection, the Administrator shall provide
11 counsel for the Parties with a copy of the objection. No later than fourteen (14) calendar days
12 before the Final Approval Hearing, the Administrator shall provide counsel for the Parties with a
13 complete list of Participating Class Members who have submitted an objection. Prior to the Final
14 Approval Hearing, the Administrator shall submit copies of the objections that it has received to the
15 Court by way of a declaration.

16 8. **Request for Exclusion from the Settlement**

17 Class Members who wish to exclude themselves from the Settlement must submit a valid
18 and timely Request for Exclusion to the Administrator by mail, postmarked on or before the
19 Response Deadline or, in the instance of a re-mailed Class Notice, the Extended Response
20 Deadline. The date of the postmark on the return mailing envelope will be the exclusive means for
21 determining whether a Request for Exclusion has been timely submitted. A Request for Exclusion
22 must be in writing which contains: (1) the Class Member's full name, current address, last four
23 digits of his/her Social Security number; (2) the case name and number; (3) a clear statement that
24 the Class Member wishes to be excluded from the Settlement; and (4) the Class Member's signature
25 and the date of signature. With respect to Class Members who submit a Request for Exclusion, the
26 Parties agree that the Administrator shall not disclose the last four digits of any such Class
27 Member's Social Security number to anyone but the Parties, that such information will be securely
28 held, and that the disclosure of those last four digits to the Parties shall not be used for any purpose

1 except to ascertain the identity of the individual who wishes to exclude himself or herself from the
2 Settlement for administration of this Settlement.

3 The name and last four digits of the Social Security number provided by the Class Member
4 on the Request for Exclusion must match Quantum's records as provided to the Administrator, or
5 match Quantum's records for that particular Class Member. The name and Social Security number
6 provided by the Class Member will be deemed to match Quantum's records only if: (1) both the
7 first name and the last name and the last four digits of the Social Security number provided by the
8 Class Member match Quantum's records; (2) the first name and the last four digits of the Social
9 Security number provided by the Class Member match Quantum's records and it appears the last
10 name has been changed as a result of a change in marital status or is a shortened or lengthened
11 version of the name that appears in Quantum's records; or (3) the last four digits of the Social
12 Security number and last name match Quantum's records and the first name provided is either a
13 nickname or a shortened or lengthened version of the name that appears in Quantum's records.
14 Each Class Member who does not submit a Request for Exclusion in compliance with this
15 paragraph will be deemed to be a Participating Class Member. Participating Class Members will be
16 bound by all terms of the Agreement and the Final Approval Order and Final Judgment. Any Class
17 Member who submits a timely, valid Request for Exclusion will not be a Participating Class
18 Member, will not be entitled to receive any Individual Settlement Payment, and will not be bound
19 by this Agreement or have any right to object, appeal, or comment thereon; provided, however, that
20 there is no statutory or other right for any Class Member or PAGA Member to opt out or otherwise
21 exclude himself or herself from the PAGA portion of the Settlement. A Class Member who submits
22 a valid and timely Request for Exclusion and who is also a PAGA Member shall still receive his or
23 her Individual PAGA Payment and shall be bound by the release of the PAGA claims during the
24 PAGA Period.

25 No later than thirty (30) calendar days before the Final Approval Hearing, the Administrator
26 shall provide counsel for the Parties with a complete list of all Class Members who have submitted
27 a valid and timely Request for Exclusion.

28 If a Class Member submits both a Request for Exclusion and written objection to the

1 Administrator prior to the Response Deadline, the Administrator will first attempt to contact the
2 Class Member(s) to determine if they intended to submit only the Request for Exclusion or written
3 objection. If the Administrator is unable to contact the Class Member(s) within ten (10) calendar
4 days of receiving both the Request for Exclusion and written objection or if the Class Member(s)
5 fails to respond to the Administrator within ten (10) calendar days of being contacted, then only the
6 Request for Exclusion will be deemed valid. The Class Member(s)' written objection will be
7 invalid, and the Class Member will no longer be considered a Participating Class Member, will not
8 receive his or her Individual Settlement Payment, and will not be bound by the release of Released
9 Claims (but will still have fully and finally released and discharged the Released Parties of all
10 Released Claims arising during the PAGA Period that may be asserted under PAGA).

11 9. **DISPUTES REGARDING WORKWEEKS**

12 The Class Notice mailed to each Class Member will indicate the Workweeks and PAGA
13 Pay Periods credited to each Class Member and the estimated Individual Settlement Payment and/or
14 Individual PAGA Payment that he/she is to receive based upon Quantum's records and the formula
15 set forth in Section 12.6 below. If a Class Member disputes the Workweeks and/or PAGA Pay
16 Periods credited to him or her, as stated in the Class Notice, the Class Member must submit written
17 correspondence to the Administrator that is postmarked no later than the Response Deadline, or in
18 the instance of a re-mailed Class Notice, the Extended Response Deadline, explaining the basis for
19 the dispute and including any supporting documentation showing that the Workweeks and/or
20 PAGA Pay Periods credited to him or her is inaccurate. Quantum's records will be presumed
21 determinative, absent credible evidence to rebut the accuracy of the Workweeks and/or PAGA Pay
22 Periods credited to a Class Member based thereon. The Administrator will evaluate the evidence
23 submitted by the Class Member and make a recommendation to the Parties as to which figures
24 should be applied. If the Parties disagree with the Administrator's recommendation, the dispute
25 will be presented to the Court for determination.

26 10. **No Solicitation of Objections to or Exclusions from the Settlement**

27 The Parties agree to use their best efforts to carry out the terms of this Agreement. At no
28 time shall any of the Parties or their counsel seek to solicit or otherwise encourage Class Members

1 to submit Requests for Exclusion, objections to the Settlement, or appeal from or seek review of the
2 Court's Preliminary Approval Order, Final Approval Order, or Final Judgment, provided, however,
3 that Class Counsel may respond to any questions received from Class Members regarding the
4 Settlement and this Agreement.

5 11. **DEFENDANTS' RIGHT TO RESCIND**

6 If either (i) 10% or more of the Class Members, or, (ii) a number of Class Members whose
7 Individual Settlement Payments in the aggregate are 10% or more of the Settlement Amount, either
8 opt out of and/or object to the Settlement, or if both (i) and (ii) occur, Defendants may, at their
9 election, rescind the Settlement and all actions taken in furtherance of it will be thereby null and
10 void. If Defendants exercise this right of recession, it must do so in writing, sent to Class Counsel
11 by email to kcustis@custislawpc.com and overnight mail, addressed to: Keith A. Custis of Custis
12 Law, P.C., 2121 Avenue of the Stars, Suite 800, Los Angeles, California 90067. If the option to
13 rescind is exercised, Defendants must exercise it no later than five (5) court days prior to the Final
14 Approval Hearing, and Defendants shall be solely responsible for all Settlement Administration
15 Costs accrued to that point. If such provision is exercised, the Action will return to its pre-
16 settlement litigation posture.

17 12. **MONETARY TERMS**

18 12.1 **Gross Settlement Amount**

19 In consideration of the mutual covenants and promises set forth herein, Defendants agree to
20 pay the Gross Settlement Amount. Defendants shall not be required to pay any amount above the
21 Gross Settlement Amount under this Settlement Agreement, with the exception of the Employer's
22 Share of Payroll Taxes. The Parties agree that the Gross Settlement Amount will be paid by
23 Defendants on a non-reversionary basis and no portion of the Gross Settlement Amount will revert
24 to Defendants. At no time shall Defendants have the obligation to segregate the funds comprising
25 the Gross Settlement Amount, and Defendants shall retain exclusive authority over, and the
26 responsibility for, those funds through and until the date Defendants are obligated to fund the
27 settlement through an order of final approval. The Parties agree, subject to Court approval, that the
28 Gross Settlement Amount shall be funded by Defendants in two separate payments as set forth in

1 this Agreement, and shall be apportioned as follows:

2 12.2 **Payments from the Gross Settlement Amount.**

3 The Administrator will make and deduct the following payments from the Gross Settlement
4 Amount, in the amounts approved by the Court and specified in the Final Approval Order:

5 12.3 **Payment of the Class Representative Service Payment to Plaintiff**

6 Plaintiff will apply to the Court for a Class Representative Service Payment of no more than
7 Ten Thousand Dollars and Zero Cents (\$10,000.00), to be paid out of the Gross Settlement Amount.
8 Defendants will not oppose such an application, so long as it is consistent with the provisions of this
9 Agreement. Plaintiff shall be solely and legally responsible to pay any and all applicable taxes on
10 the Class Representative Service Payment and shall hold harmless the Released Parties from any
11 claim or liability for taxes, penalties or interest arising as a result of the payment. Plaintiff is solely
12 responsible for providing a completed IRS W-9 form to the Administrator prior to distribution. The
13 Administrator will issue to Plaintiff an IRS Form 1099 reflecting the Class Representative Service
14 Payment. If the Court awards less than \$10,000.00, the difference will be added to the Net
15 Settlement Amount.

16 12.4 **Payment of Attorneys' Fees and Litigation Expenses**

17 Class Counsel shall be entitled to apply to the Court for Attorneys' Fees in the amount of up
18 to 33.33% of the Gross Settlement Amount, which is estimated to be \$198,313.50, and Litigation
19 Expenses in an amount not to exceed \$30,000.00. The amounts set forth above for Attorneys' Fees
20 and Litigation Expenses will cover all work performed and all fees and costs incurred by Class
21 Counsel to date, and all work to be performed and all fees to be incurred in connection with the
22 litigation of the Action, seeking preliminary and final approval by the Court of this Settlement and
23 Agreement, the administration of the Settlement, seeking and obtaining a Preliminary Approval
24 Order and Final Approval Order, and obtaining Final Judgment. Class Counsel is solely
25 responsible for providing completed IRS W-9 forms to the Administrator prior to distribution. The
26 Administrator shall issue an IRS Form 1099 to Class Counsel reflecting the awarded Attorneys'
27 Fees and Litigation Expenses. Should Plaintiff and/or Class Counsel request a lesser amount for
28 Attorneys' Fees and Litigation Expenses/or the Court approves a lesser amount, the difference

1 between the lesser amount and the requested 33.33% (estimated to be \$198,313.50) in Attorneys'
2 Fees and \$30,000 in Litigation Expenses will be a part of the Net Settlement Amount. Class
3 Counsel will not be permitted to petition the Court for, or accept, any additional payments from
4 Defendants for attorneys' fees, costs, or expenses in connection with the Action. Class Counsel
5 shall assume full responsibility and liability for the payment of taxes due on such awards.

6 Defendants' payment of the Attorneys' Fees and Litigation Expenses awarded to Class
7 Counsel shall constitute full satisfaction of the obligation to pay any amounts to any person,
8 attorney, or law firm for attorneys' fees, costs, or expenses in the Action incurred by any attorney
9 on behalf of the Plaintiff, the Class Members, and the PAGA Members, and shall relieve
10 Defendants, the Settlement Administrator, and Defendants' counsel of any other claims or liability
11 to any other attorney or law firm for any attorneys' fees, costs, and expenses to which any of them
12 may claim to be entitled on behalf of Plaintiff and/or the Class Members and PAGA Members.

13 **12.5 Payments to the Administrator**

14 Subject to approval by the Court, the Parties agree that the Administration Expenses
15 Payment shall be deducted from the Settlement Amount, not to exceed \$17,000.00, absent approval
16 of the Court for a greater amount. If the Administrator's actual costs are lower than, or the Court
17 awards less than the total amount allocated for Administration Expenses Payment, the difference in
18 any such amounts will be a part of the Net Settlement Amount.

19 **12.6 Payments to the LWDA and PAGA Members**

20 The Parties agree to allocate the amount of Twenty-Five Thousand Dollars and Zero Cents
21 (\$25,000.00) from the Settlement Amount pursuant to PAGA as the PAGA Payment. Seventy-five
22 percent (75%) of this amount, or \$18,750.00, will be paid to the LWDA and twenty-five percent
23 (25%) of this amount, or \$6,250.00, will be distributed to PAGA Members. The portion of the
24 PAGA Payment (\$6,250.00) distributed to PAGA Members shall be calculated and distributed on a
25 pro rata basis based on PAGA Members' respective number of PAGA Pay Periods during the
26 PAGA Period. The Administrator will (1) divide each PAGA Member's PAGA Pay Periods by the
27 total number of pay periods worked by all PAGA Members during the PAGA Period, and (2)
28 multiply the resulting figure by the portion of the PAGA Payment (\$6,250.00) allocated to PAGA

Members in order to yield each PAGA Member's Individual PAGA Payment.

In the event that the Court finds the Parties' allocation of proceeds from the Settlement Amount to PAGA to be insufficient, the Parties expressly reserve the right to amend this Agreement to increase the allocated amount to a level that satisfies the Court's discretion, but provided that such increase does not increase the Settlement Amount.

12.7 Calculation of Payments to the Participating Class Members

Individual Settlement Payments to be made to Participating Class Members will be funded by Defendants in two separate payments as set forth in this Agreement, and will be determined as follows: The Administrator will calculate the total number of Workweeks worked by all Participating Class Members during the Class Period ("Total Workweeks"). To determine the Individual Settlement Payment for each Participating Class Member, the Administrator will (1) divide each Participating Class Member's respective Workweeks by the Total Workweeks, and (2) multiply the resulting figure by the Net Settlement Amount. The Individual Settlement Payment will be reduced by any required legal deductions for each Participating Class Member, provided that such legal deductions will not include the employer's share of any payroll taxes, as set forth in Section 1.17 above.

12.8 Settlement Funding and Distribution Deadlines

a. Not later than three (3) business days after the Effective Date, the Administrator shall calculate the Employers' Share of Payroll Taxes and notify Class Counsel and Defendants' Counsel of the total amount of the Employers' Share of Payroll Taxes that Defendants shall pay to the Administrator in addition to the Gross Settlement Amount.

b. Defendants shall fund fifty percent (50%) of the Gross Settlement Amount and fifty-percent (50%) of the Employers' Share of Payroll Taxes within thirty (30) calendar days after the Effective Date, and the other fifty percent (50%) of the Gross Settlement Amount and other fifty-percent (50%) of the Employers' Share of Payroll Taxes six (6) months after the Effective Date.

c. No later than ten (10) calendar days after Defendants fund each installment of the Gross Settlement Amount, the Administrator shall distribute payments in accordance with

1 this Agreement and the Court's orders, as follows: (i) one half of the Class Representative Service
2 Payment to Plaintiff; (ii) one half of the LWDA PAGA Payment to the LWDA; (iii) one half of the
3 Individual Settlement Payments to Settlement Class Members and PAGA Members; (iv) one half
4 of the Attorneys' Fees and Litigation Expenses to Class Counsel; and (v) one half of the
5 Administration Expenses Payment to the Settlement Administrator.

6 d. Settlement checks will be valid for a period of one hundred and eighty (180)
7 calendar days from the date of issuance, and after this time period, the checks will be cancelled and
8 the funds associated with such cancelled checks will be transmitted to the Controller of the State of
9 California to be held pursuant to the Unclaimed Property Law, California Civil Code sections 1500,
10 *et seq.*, for the benefit of those Settlement Class Members and PAGA Group Members who did not
11 cash their checks until such time that they are claimed. The Parties agree that this disposition results
12 in no unpaid residue under Code of Civil Procedure § 384, as the entire Net Settlement Amount will
13 be paid out to Class Members and PAGA Members, whether or not they all cash their settlement
14 checks. Defendants will not be required to pay any interest on such amounts.

15 d. The remittance of all Court ordered and approved payments, under this
16 Agreement, to the Administrator shall constitute the full and complete discharge of the entire
17 obligation of Defendants under this Agreement.

18 e. No person shall have any claim against the Administrator, Defendants,
19 Plaintiff, Class Counsel, Defendants' Counsel, or any other agent designated by Plaintiff or
20 Defendants based upon the distribution of payments made in accordance with this Agreement or
21 further orders of the Court.

22 f. Defendants shall not be obligated to make any payments contemplated by this
23 Settlement Agreement unless and until the Court enters the Final Approval Order and Judgment,
24 and after the Effective Date, and no amounts will be owed or payable until all appeals or other
25 collateral attack have been lapsed or have been favorably resolved in favor of the settlement and no
26 further challenge to the settlement is possible.

27 **12.9 Allocation**

28 All Individual Settlement Payments will be allocated as follows: 10% as wages ("wage

portion”) and 90% as penalties, any other non-taxable items, and interest. The wage portion of each Individual Settlement Payment will be subject to W-2 reporting and, therefore, normal employee’s share of payroll taxes and withholdings will be deducted pursuant to applicable state and federal law. Quantum shall be responsible for paying employer-side taxes separately from the Settlement Amount. Participating Class Members will be issued an IRS Form 1099 for the portion of their Individual Settlement Payments that is treated as interest and penalties and any other non-taxable items and will assume full responsibility and liability for the payment of taxes due on such awards, if any. All Individual PAGA Payments will be allocated as 100% penalties and interest and PAGA Members will be issued an IRS Form 1099 for their Individual PAGA Payment and will assume full responsibility and liability for the payment of taxes due on such awards, if any. The Parties make no representations about the tax consequences to the portion of the Individual Settlement Payments representing interest and penalties.

13. **INTEREST**

The Settlement Amount includes any and all interest accruals and no additional interest shall be due under any circumstances.

14. **TAXATION**

14.1 It is the sole obligation of Plaintiff, each of the Participating Class Members, and each of the PAGA Members to pay appropriate federal, state, and local income taxes on any amounts they receive under this Agreement that lawfully qualify as taxable income.

14.2 CIRCULAR 230 DISCLAIMER: EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF THIS SECTION, THE “ACKNOWLEDGING PARTY” AND EACH PARTY TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN “OTHER PARTY”) ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR SHALL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31

1 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED
2 EXCLUSIVELY UPON HIS, HER, OR ITS OWN, INDEPENDENT LEGAL AND TAX
3 ADVISERS FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS
4 AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE
5 RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO
6 ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY
7 COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISOR TO ANY
8 OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE
9 ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISOR TO ANY OTHER
10 PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY
11 OF ANY SUCH ATTORNEY'S OR ADVISOR'S TAX STRATEGIES (REGARDLESS OF
12 WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE
13 ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY
14 TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS
15 AGREEMENT.

16 15. **COURT APPROVAL**

17 15.1 Following the Preliminary Approval Order, if Defendants do not exercise its right
18 to cancel the Settlement solely as provided for herein, a motion for final approval of the
19 Settlement will be filed by Class Counsel, which, if not separately filed by Class Counsel, will
20 include a request for Attorneys' Fees, Litigation Expenses, and Service Award as provided for
21 herein, which Defendants will not oppose. The Parties agree to take all steps as may be
22 reasonably necessary to secure final approval of the Settlement as quickly as possible, to the extent
23 not inconsistent with the terms of this Agreement, and will not take any action adverse to each
24 other in obtaining Court approval, and, if necessary, appellate approval, of the Agreement in all
25 respects.

26 15.2 If the Court does not grant preliminary approval and/or final approval of the
27 Settlement, or if the Court's Final Approval Order and Final Judgement are reversed or materially
28 modified on appeal, then this Settlement will become null and void.

1 15.3 In the event the Court declines to enter the Final Approval Order and Final
2 Judgment, this Agreement shall be null and void and any order or judgment entered by the Court
3 in furtherance of this Agreement shall be treated as void. In such a case, the Parties and any funds
4 to be awarded under this Settlement shall be returned to their respective statuses as of the date and
5 time immediately prior to the execution of this Agreement, and the Parties shall proceed in all
6 respects as if this Agreement had not been executed, except that any fees and expenses already
7 reasonably incurred by the Administrator shall be paid by Defendants.

8 16. **AMENDED JUDGMENT.**

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

11 17. **MISCELLANEOUS PROVISIONS**

12 17.1 **Jurisdiction, Enforcement, and Interpretation**

13 The Court has jurisdiction over the Parties and the subject matter of the Action. The
14 Action includes claims that, while Defendants deny them in their entirety, would, if proven,
15 authorize the Court to grant relief pursuant to the California laws cited therein. If the Settlement is
16 approved, the Court will retain jurisdiction with respect to the interpretation, implementation, and
17 enforcement of the terms of this Agreement and all orders and judgments entered in connection
18 therewith, pursuant to California Rules of Court Rule 3.769, et seq. and California Code of Civil
19 Procedure Section 664.6, and the Parties hereto submit to the jurisdiction of the Court for purposes
20 of interpreting, implementing, and enforcing the Settlement embodied in this Agreement and all
21 orders and judgments entered in connection therewith. The Parties and their counsel agree that a
22 court, upon motion, may enter judgment pursuant to the Agreement and California Code of Civil
23 Procedure Section 664.6 and the Agreement is admissible in evidence for purposes of enforcement
24 pursuant to California Evidence Code Section 1123. The Agreement will be interpreted and
25 enforced under the laws of the State of California without regard to its conflict of laws provisions.
26 Any dispute arising out of or relating to the Agreement, or the subject matter hereof, will be
27 resolved solely and exclusively in the Court, and the Parties hereby consent to the jurisdiction of
28 the Court over them solely in connection therewith.

1 17.2 **No Admission with Respect to Liability**

2 17.2.1 The Parties agree that this Agreement reflects their good faith
3 compromise of the Action, based upon their assessment of the mutual risks and costs of further
4 litigation and the assessments of their respective counsel. This Agreement does not constitute, is
5 not intended to constitute, and will not be deemed to constitute, an admission of liability or lack of
6 liability by the Parties as to the merits, validity, or accuracy of any of the allegations or claims
7 made against Defendants in the Action or the appropriateness of class certification. Defendants
8 deny each of Plaintiff's allegations in their entirety and allege that Plaintiff and all other Class
9 Members and PAGA Members were provided compensation and treated in all respects in
10 accordance with California law with regard to the claims and facts alleged in the Second Amended
11 Complaint.

12 17.2.2 Nothing in this Agreement, nor any action taken or made in
13 implementation thereof, including, without limitation, any statements, discussions,
14 communications, or any materials prepared, exchanged, issued, or used during the course of the
15 negotiations leading up to the Agreement, is intended by the Parties to or will constitute, be
16 introduced, or be submitted in any way in the Action or any other judicial, arbitral, administrative,
17 investigative or other forum or proceeding as evidence of any violation of any federal, state, or
18 local law, statute, ordinance, regulation, rule, or executive order, or any obligation or duty at law
19 or in equity. Notwithstanding the foregoing, the Agreement may be used in any proceeding in the
20 Court that has as its purpose the interpretation, implementation, or enforcement of the Agreement
21 or any orders or judgments of the Court entered into in connection therewith. Additionally,
22 insofar as any of the foregoing material is required to be filed by any Court, by Court order, the
23 Parties will comply with such order but will notify the other Party of such an order at least ten (10)
24 days prior to filing of the documents.

25 17.2.3 The Parties agree that Plaintiff's forthcoming motion for preliminary
26 approval of the Settlement, which will, among other things, seek certification of the Class, is for
27 purposes of the Settlement only. If, for any reason, the Settlement is not approved, the stipulation
28 to certification will have no force or effect. The Parties agree that certification for purposes of the

1 Settlement is in no way an admission that class certification is proper under the standard applied to
2 contested certification motions and that this Agreement will not be submitted in this or any other
3 proceeding as evidence that (i) the Class should be certified, or (ii) Defendants are liable to
4 Plaintiff or any of the Class Members or PAGA Members. Further, neither this Agreement nor the
5 Court's actions with regard to this Agreement will be submitted in any court or other tribunal
6 regarding the propriety of class certification or collective treatment for purposes other than the
7 settlement of the Action. In the event that this Agreement is not approved by the Court or any
8 appellate court, is terminated, or otherwise fails to be enforceable, Defendants will not be deemed
9 to have waived, limited, or affected in any way, any of its objections or defenses in the Action,
10 including, but not limited to, its defenses in opposition to class certification.

11 17.3 **Class Certification**

12 For the purposes of this Agreement only, the Parties agree to the certification of the Class.
13 As set forth above, Defendants expressly reserve their right to oppose class certification should the
14 Court decide to not approve this Settlement.

15 17.4 **No Effect on Regular Rate or Overtime Compensation**

16 Participating Class Members and PAGA Members will receive payment under the
17 Settlement, as determined by the Administrator in accordance with this Agreement. The Parties
18 agree that this payment is not viewed as additional compensation for purposes of calculating a
19 "regular rate" of pay under California or federal law for the period during which it is received, and
20 no additional overtime compensation is required as a result of such payment; further, any claim to
21 entitlement to any additional overtime compensation is expressly waived under the terms of this
22 Agreement. No person or entity shall have any claim against Defendants, Defendants' Counsel,
23 Plaintiff, any Class Members or PAGA Members, Class Counsel, or the Administrator based upon
24 distributions and payments made in accordance with this Agreement.

25 17.5 **No Effect on Employee Benefits**

26 The Individual Settlement Payments and/or Individual PAGA Payments to be paid to
27 Plaintiff, Participating Class Members, and PAGA Members, and the Service Award to be paid to
28 Plaintiff, shall be deemed not to be pensionable earnings and shall not have any effect on the

1 eligibility for, or calculation of, any of the employee benefits (e.g., vacations, holiday pay,
2 retirement plans, etc.) of Plaintiff, any Participating Class Members, or any PAGA Members. Such
3 payments do not represent any modification of Plaintiff's, Participating Class Members', or PAGA
4 Members' previously credited hours of service or other eligibility criteria under any employee
5 pension benefit plan or employee welfare benefit plan sponsored by Quantum. Further, any
6 Individual Settlement Payment, Individual PAGA Payment, or Service Award shall not be
7 considered "compensation" in any year for purposes of determining eligibility for, or benefit
8 accrual within, an employee pension benefit plan or employee welfare benefit plan sponsored by
9 Quantum.

10 17.6 **No Prior Assignments**

11 The Parties separately represent and warrant that they have not directly or indirectly
12 assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or
13 entity any portion of any liability, claim, demand, action, cause of action, or right released and
14 discharged by the Party in this Settlement.

15 17.7 **No Tax Advice**

16 Neither Plaintiff, Class Counsel, Defendants nor Defense Counsel are providing any advice
17 regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within
18 the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or
19 otherwise.

20 17.8 **Headings**

21 The descriptive headings of any paragraphs or sections of this Agreement are inserted for
22 convenience of reference only and do not constitute a part of this Agreement.

23 17.9 **Integrated Agreement**

24 This Agreement constitutes the exclusive and final understanding and expression of all
25 agreements between the Parties with respect to the resolution of the Action, and supersedes all prior
26 agreements and understandings between the Parties relating to the subject matter hereof. Plaintiff,
27 on behalf of herself and on behalf of the Class Members, PAGA Members, and LWDA, and
28 Defendants enter into this Agreement based solely upon its terms and not in reliance upon any

1 representations or promises other than those contained in this Agreement.

2 17.10 **Amendment or Modification**

3 This Agreement may be amended or modified only by a written instrument signed by
4 counsel for the Parties, or their successors, and approved by the Court.

5 17.11 **Execution in Counterparts**

6 This Agreement may be executed in one or more actual counterparts, all of which will be
7 considered one and the same instrument and all of which will be considered duplicate originals. A
8 signature by facsimile or DocuSign on this Agreement shall be as legally binding as an original
9 signature.

10 17.12 **Authority**

11 Counsel for all Parties represent and warrant they are expressly authorized by the Parties
12 whom they represent to negotiate this Agreement and to take all appropriate actions required or
13 permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to
14 execute any other documents required to effectuate the terms of this Agreement. The Parties and
15 their counsel will cooperate with each other and use their best efforts to effectuate the
16 implementation of the Settlement. If the Parties are unable to reach an agreement on the form or
17 content of any document needed to implement the Settlement, or on any supplemental provisions
18 that may become necessary to effectuate the terms of the Settlement, the Parties shall seek the
19 assistance of the Mediator and, then, the Court to resolve such disagreement. The person signing
20 this Agreement on behalf of Quantum represents and warrants that he is authorized to sign this
21 Agreement on its behalf.

22 17.13 **Binding on Successors and Assigns**

23 This Agreement shall be binding upon, and inure to the benefit of, the successors or assigns
24 of the Parties hereto, as previously defined.

25 17.14 **Interim Stay of Proceedings**

26 The Parties agree to stay and hold all proceedings in the Action in abeyance, except such
27 proceedings necessary to implement and complete the Settlement, pending the Final Approval
28 Hearing to be conducted by the Court. Pursuant to CCP section 583.330, the Parties further agree,

upon the signing of this Agreement, to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

17.15 Cooperation in Drafting

Each of the Parties has cooperated in the drafting and preparation of this Agreement. Hence, in any construction made to this Agreement, the same shall not be construed against any of the Parties.

17.16 Cooperation

The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event that 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.

17.17 Confidentiality

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

17.18 Invalidity of Any Provision

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

17.19 Plaintiff's Waiver of Right to Be Excluded

By signing this Agreement, Plaintiff is bound by the terms herein stated and further agrees not to submit a Request for Exclusion from the Settlement. Any such Request for Exclusion shall therefore be void and of no force or effect. Plaintiff also agrees to not disparage the Settlement to Class Members or PAGA Members or encourage, in any way, Class Members to submit or not to submit a Request for Exclusion. In addition, neither Plaintiff nor Class Counsel will initiate any

1 contact with Class Members or PAGA Members about the amount or terms of the Settlement.

2 17.20 **Publicity**

3 Plaintiff and Class Counsel, and each of them, agree that they (i) will keep the fact, amount
4 or terms of the Settlement strictly confidential (except as required by law or Court order and only
5 until such time as the Settlement becomes a matter of public record); (ii) will not issue any press
6 releases, initiate any contact with the press, respond to any press inquiry or have any
7 communication with the press about the fact, amount or terms of the Settlement; and (iii) will not
8 engage in any advertising or distribute any marketing materials that disclose or mention the fact,
9 amount or terms of the Settlement of this case, including but not limited to any postings on any
10 websites maintained by Class Counsel; provided, however, that following the filing of preliminary
11 approval papers, Plaintiff and Class Counsel may respond to (but not initiate) press inquiries by
12 stating only that the matter has been resolved and referring the press to court filings. Plaintiff's
13 Counsel shall not be prohibited from including information about the Settlement on any of
14 Plaintiffs' Counsel's websites, as long as no specific references are made to Defendants, Plaintiff,
15 and/or the Action by party name(s), the court where the Action was filed, or court case number.
16 This paragraph does not preclude referring any third party to Court filings. At all times, though, the
17 Plaintiff and Class Counsel remain bound by Section 10 above.

18 17.21 **Defense**

19 To the extent permitted by law, this Settlement may be plead as a full and complete defense
20 to, and may be used as the basis for an injunction against, any action, suit, or other proceeding that
21 may be instituted, prosecuted, or attempted with respect to the Released Claims against the
22 Released Parties in breach of or contrary to the Settlement.

23 17.22 **Final Judgment**

24 The Parties agree that, upon final approval of the Settlement, a Final Judgment will be made
25 and entered, resolving the Action in its entirety.

26 //

27 //

28 //

WHEREFORE, Plaintiff, on behalf of herself, the Participating Class Members, PAGA Members, and LWDA, and Defendants, have executed this Agreement as of the dates set forth below.

Executed on: 4/23/2024

DocuSigned by:
NINA JACKSON
PLAINTIFF NINA JACKSON

Executed on:

DEFENDANT QUANTUM BEHAVIORAL SOLUTIONS, INC.

Executed on:

DEFENDANT GEVORK G. GEVOJANYAN

CUSTIS LAW, P.C.

Executed on: April 23, 2024


KEITH A. CUSTIS

For Plaintiff Nina Jackson and the Class

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

Executed on:

GREG S. LABATE
MICHAEL T. CAMPBELL
BERNICE DIAZ

For Defendants Quantum Behavioral Solutions, Inc.
and Gevork G. Gevojanan

1 WHEREFORE, Plaintiff, on behalf of herself, the Participating Class Members, PAGA
2 Members, and LWDA, and Defendants, have executed this Agreement as of the dates set forth
3 below.

4
5 Executed on: _____

6 4/17/2024

7 Executed on: _____

PLAINTIFF NINA JACKSON

DocuSigned by:

George Gevorganyan

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8
9 4/17/2024

10 Executed on: _____

DocuSigned by:

George Gevorganyan

8214E1C607324A5...

DEFENDANT QUANTUM BEHAVIORAL
SOLUTIONS, INC.

DEFENDANT GEVORK G. GEVOJANYAN

CUSTIS LAW, P.C.

11
12
13
14 Executed on: _____

KEITH A. CUSTIS

For Plaintiff Nina Jackson and the Class

15
16
17
18 4/17/2024

19 Executed on: _____

DocuSigned by:

Michael Campbell

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SHEPPARD, MULLIN, RICHTER & HAMPTON LLP
GREG S. LABATE
MICHAEL T. CAMPBELL
BERNICE DIAZ

For Defendants Quantum Behavioral Solutions, Inc.
and Gevork G. Gevojanan