

CLASS AND PAGA ACTION SETTLEMENT AGREEMENT AND CLASS NOTICE

This Class and “PAGA” (Private Attorneys General Act of 2004, California Labor Code section 2698 et seq.) Action Settlement Agreement (“Agreement”) is made by and between Plaintiff Gerardo Toledo (“Plaintiff”) and Defendant Los Angeles Centers for Alcohol and Drug Abuse (“Defendant”). The Agreement refers to Plaintiff and Defendant collectively as “Parties,” or individually as “Party.”

1. DEFINITIONS.

- 1.1 “Action” means the class action lawsuit entitled *Gerardo Toledo v. Los Angeles Centers for Alcohol and Drug Abuse*, filed in the Superior Court of California, County of Los Angeles, with case number 22STCV08368.
- 1.2 “Attorneys’ Costs” or “Litigation Costs” means the amount to be reimbursed to Class Counsel for their litigation costs and expenses. Attorneys’ Costs shall not exceed \$18,000.00
- 1.3 “Attorneys’ Fees” means the amount to be awarded to Class Counsel for the work they have performed in furtherance of the Action. Attorneys’ Fees shall not exceed \$333,333.33, which represents 33 1/3% of the Gross Settlement Amount
- 1.4 “Class” or “Class Member” means any and all persons who worked for Defendant as non-exempt, hourly employees in California during the Class Period.
- 1.5 “Class Counsel” means Moon Law Group, PC; Kane Moon and Allen Feghali.
- 1.6 “Class Data” means Class Member identifying information in Defendant’s possession including the Class Member’s name, last-known mailing address, Social Security number, and number of Class Period Workweeks and PAGA Pay Periods.
- 1.7 “Class Notice” means the notice of Class and PAGA Action Settlement mutually agreed upon by the Parties and approved by the Court to be sent to the Class Members and PAGA Members following preliminary approval, which includes the scope of release language for Released Claims and Released PAGA Claims, notifies Class Members and PAGA Members of the Settlement, explains the Class Members’ options, including how Class Members may opt out or object to the Settlement, and explains the facts and methods based on which the Class Members’ and PAGA Members’ estimated Individual Class Payments and Individual PAGA Payments are calculated, substantially in the form attached hereto as **Exhibit A**.
- 1.8 “Class Period” means the period from March 8, 2018 through the date Court preliminarily approves of the settlement, or June 17, 2023, whichever is earlier.
- 1.9 “Class Representative” means the named Plaintiff in the operative complaint in the Action seeking Court approval to serve as a class representative.
- 1.10 “Class Representative Service Payment” means the payment to the Class Representative for initiating the Action and providing services in support of the Action, and for which

Plaintiff will provide a general release and waiver of Civil Code section 1542 rights. Subject to the Court's approval, Plaintiff shall receive \$10,000.00 as Class Representative Service Payment.

- 1.11 "Court" means the Superior Court of California, County of Los Angeles.
- 1.12 "Defense Counsel" means Attorneys Kathleen Carter and Jeff Gillette of Messner Reeves, LLP.
- 1.13 "Effective Date" means the date by when both of the following have occurred: (a) the Court enters a Final Judgment on its Order Granting Final Approval of the Settlement; and (b) the judgment is final. The judgment is final as of the latest of the following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Final Judgment; (b) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Final Judgment; or if a timely appeal from the Final Judgment is filed, the day after the appellate court affirms the Final Judgment and issues a remittitur.
- 1.14 "Final Approval Order" means the Court's order granting final approval of the Settlement.
- 1.15 "Final Approval Hearing" means the Court's hearing on the motion for final approval of the Settlement.
- 1.16 "Final Judgment" means the judgment entered by the Court upon granting final approval of the Settlement.
- 1.17 "Gross Settlement Amount" means \$1,000,000.00 which is the maximum total amount Defendant agrees to pay under the Settlement except as provided in Paragraph 9 below. The Gross Settlement Amount will be used to pay Individual Class, Attorneys' Fees, Attorneys' Costs, Class Representative Service Payment, the Settlement Administration Costs, and PAGA Penalties.
- 1.18 "Individual Class Payment" means the Participating Class Member's pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.
- 1.19 "Individual PAGA Payment" means the PAGA Member's pro rata share of the 25% of the PAGA Penalties calculated according to the number of Workweeks worked during the PAGA Period.
- 1.20 "LWDA PAGA Payment" means the 75% of the PAGA Penalties paid to the Labor and Workforce Development Agency's ("LWDA") under Labor Code section 2699, subd. (i).
- 1.21 "Net Settlement Amount" means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Class Representative Service Payment, Attorneys' Fees, Attorneys' Costs, the Settlement Administration Costs, and PAGA Penalties. The remainder is to be paid to Participating Class Members as Individual Class Payments.

- 1.22 “PAGA Members” or “Aggrieved Employees” means all hourly-paid, non-exempt employees of Defendant who worked for Defendant in the State of California during the PAGA Period.
- 1.23 “PAGA Penalties” means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 75% to the LWDA and 25% to the PAGA Members for the settlement of PAGA Claims. The PAGA Penalties shall be \$100,000.00.
- 1.24 “PAGA Period” means from February 20, 2021 through date the Court preliminarily approves of the settlement, or June 17, 2023, whichever is earlier.
- 1.25 “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the class portion of the Settlement.
- 1.26 “Pay Period” means any bi-weekly pay period in which a PAGA Member performed work for Defendant at least one day during the PAGA Period.
- 1.27 “Preliminary Approval Order” means the proposed order granting preliminary approval of the Settlement.
- 1.28 “Released Claims” means the claims being released as described in Paragraph 6.2 below.
- 1.29 “Released Parties” means Defendant and all related companies, subsidiaries, owners, shareholders, members, agents (including, without limitation, any investment bankers, accountants, insurers, reinsurers, attorneys and any past, present or future officers, directors and employees) predecessors, successors, and assigns.
- 1.30 “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the class portion of the Settlement signed by the Class Member.
- 1.31 “Response Deadline” means sixty (60) calendar days after the Settlement Administrator mails the Class Notice to Class Members, and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her objection to the Settlement. Class Members to whom Class Notice is resent after having been returned undeliverable to the Settlement Administrator shall have an additional 14 calendar days beyond expiration of the Response Deadline to respond.
- 1.32 “Settlement” means the disposition of the Action effected by this Agreement and the Final Judgment.
- 1.33 “Settlement Administrator” means Apex Class Action LLC, a neutral, third-party administrator mutually chosen by the Parties and approved by the Court.
- 1.34 “Settlement Administration Costs” means the amount the Settlement Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in administering the Settlement in accordance with this Agreement.
- 1.35 “Workweek” means any week during which a Class Member worked for Defendant for at least one day, during the Class Period.

2. RECITALS

- 2.1 On March 8, 2022, Plaintiff commenced this Action by filing a complaint alleging the following causes of action against Defendant: (1) Failure to Pay Minimum Wages [Cal. Lab. Code §§ 204, 1194, 1194.2, and 1197]; (2) Failure to Pay Overtime Compensation [Cal. Lab. Code §§ 1194 and 1198]; (3) Failure to Provide Meal Periods [Cal. Lab. Code §§ 226.7, 512]; (4) Failure to Authorize and Permit Rest Breaks [Cal. Lab. Code § 226.7]; (5) Failure to Indemnify Necessary Business Expenses [Cal. Lab. Code § 2802]; (6) Failure to Timely Pay Final Wages at Termination [Cal. Lab. Code §§ 201-203]; (7) Failure to Provide Accurate Itemized Wage Statements [Cal. Lab. Code § 226]; and (8) Unfair Business Practices [Cal. Bus. & Prof. Code §§ 17200, et seq.]. On April 27, 2022, Plaintiff filed a first amended complaint, alleging additional cause of action for Civil Penalties Under PAGA [Cal. Lab. Code § 2699, et seq.]. (The first amended complaint is the operative complaint in the Action [the “Operative Complaint”].)
- 2.2 Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint, and denies any and all liability for the causes of action alleged.
- 2.3 Pursuant to Labor Code section 2699.3, subd. (a), Plaintiff gave timely written notice to Defendant and the LWDA by sending a PAGA notice letter on February 20, 2022. Plaintiff’s PAGA case number is LWDA-CM-869246-22.
- 2.4 On April 17, 2023, the Parties participated in all-day mediation presided over by mediator Carl West, Esq., which led to this Agreement to settle the Action. The Parties agree that the terms and conditions of this Agreement are the result of lengthy, intensive arms-length negotiations between the Parties supervised by an experienced employment law mediator. The Parties agree that the Agreement is entered into in good faith as to each Class Member and PAGA Member and that the Settlement is fair, reasonable, and adequate as to each Class Member and PAGA Member.
- 2.5 Prior to mediation, Plaintiff obtained, through informal discovery, a sample of time records and payroll records pertaining to Class Members, the number of workweeks during the Class Period as well as the number of Class Members, employment policies and handbook, Plaintiff’s personnel file, and other relevant documents. Plaintiff retained an expert to analyze the records produced by Defendant. Plaintiff’s investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 (“*Dunk/Kullar*”).
- 2.6 The Parties, Class Counsel, and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3. CERTIFICATION AND APPOINTMENT

- 3.1 Class Certification. Solely for the purposes of this Settlement, the Parties stipulate and agree to certification of the claims asserted on behalf of Class Members. As such, the

Parties stipulate and agree that for this Settlement to occur, the Court must certify the Class as defined in this Agreement.

- 3.2 Conditional Nature of Stipulation for Certification. The Parties stipulate and agree to the certification of the claims asserted on behalf of Plaintiff and Class Members for purposes of this Settlement only. This Stipulation is contingent upon the preliminary and final approval and certification of the Settlement Class only for purposes of settlement. If the Settlement does not become final, for whatever reason, the fact that the Parties were willing to stipulate provisionally to certification as part of the Settlement shall have no bearing on and shall not be admissible or used in any way in connection with, the question of whether the Court should certify any claims in a non-settlement context in this Action or in any other lawsuit. Defendant expressly reserves the right to oppose class certification and/or to proactively move to deny class certification should this Settlement be modified or reversed on appeal or otherwise not become final.
- 3.3 Appointment of Class Representative. Solely for the purposes of this Settlement, the Parties stipulate and agree Plaintiff shall be appointed as the representative for the Class.
- 3.4 Appointment of Class Counsel. Solely for the purpose of this Settlement, the Parties stipulate and agree that the Court appoint Class Counsel to represent the Class.

4. MONETARY TERMS

- 4.1 Gross Settlement Amount. Except as otherwise provided by Paragraph 9 below, Defendant promises to pay \$1,000,000.00 and no more as the Gross Settlement Amount. Defendant shall separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. Defendant has no obligation to pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Paragraph 5.3 of this Agreement. The Settlement Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendant.
- 4.2 Payments from the Gross Settlement Amount. The Settlement Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval Order:
- 4.2.1 To Plaintiff: Class Representative Service Payment to the Class Representative of not more than \$10,000.00 (in addition to any Individual Class Payment the Class Representative is entitled to receive as a Participating Class Member). Defendant will not oppose Plaintiff's request for a Class Representative Service Payment that does not exceed this amount. As part of the motion for final approval, Plaintiff will seek Court approval for any Class Representative Service Payments no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payment less than the amount requested, the Settlement Administrator will retain the remainder in the Net Settlement Amount. The Settlement Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment.

4.2.2 To Class Counsel: Attorneys's Fees of not more than 33 1/3% of the Gross Settlement Amount, or \$333,333.33, and Litigation Costs of not more than \$18,000. Defendant will not oppose requests for these payments provided that they do not exceed these amounts. Plaintiff and/or Class Counsel will file a motion for final approval which will include a request for Class Counsel Attorneys' Fees and Litigation Costs no later than 16 court days prior to the Final Approval Hearing. If the Court approves Attorneys' Fees and/or Litigation Costs less than the amounts requested, the Settlement Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other plaintiff's counsel arising from any claim to any portion any Attorneys' Fees and/or Attorneys' Costs. The Settlement Administrator will pay the Class Counsel Attorneys' Fees and Attorneys' Costs using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Attorneys' Fees and Attorneys' Costs and holds Released Parties harmless, and indemnifies Released Parties, from any dispute or controversy regarding any division or sharing of any of these Payments.

4.2.3 To the Settlement Administrator: Settlement Administration Costs not to exceed \$14,000.00 except for a showing of good cause and as approved by the Court. To the extent the Settlement Administration Costs are less or the Court approves payment less than \$14,000.00, the Settlement Administrator will retain the remainder in the Net Settlement Amount for distribution to the Participating Class Members.

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

4.2.4.1 Tax Allocation of Individual Class Payments. The Settlement Administrator will pay the amount of the Participating Class Members' portion of normal payroll withholding taxes out of each person's Individual Class Payment. The Settlement Administrator will calculate the amount of the Participating Class Members' and Defendant's portion of payroll withholding taxes. The Settlement Administrator will submit Defendant's portion of payroll withholding tax calculation to Defendant for additional funding and forward those amounts along with each person's Individual Class Payment withholdings to the appropriate taxing authorities. 20% of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. 40% of each Participating Class Member's Individual Class Payment will be allocated to interest with the remaining 40% as penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any taxes owed on their Individual Class Payment.

4.2.5 To the LWDA and PAGA Members: PAGA Penalties in the amount of \$100,000.00 to be paid from the Gross Settlement Amount, with 75% (\$75,000.00)

allocated to the LWDA PAGA Payment and 25% (\$25,000.00) allocated to the Individual PAGA Payments.

4.2.5.1 The Settlement Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the PAGA Members' 25% share of PAGA Penalties (\$25,000.00) by the total number of Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment. PAGA Members will receive their respective Individual PAGA Payments regardless of whether they opt out of the Settlement with respect to their class claims.

4.2.5.2 If the Court approves PAGA Penalties of less than the amount requested, the Settlement Administrator will allocate the remainder to the Net Settlement Amount. The Settlement Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

5. SETTLEMENT FUNDING AND PAYMENTS.

- 5.1 Class Workweeks. Based on a review of its records through April 9, 2023, Defendant estimated there were approximately 65,000 Workweeks in the Class Period as of that date.
- 5.2 Class Data. Not later than fourteen (14) calendar days after the Court issues the Preliminary Approval Order, Defendant will deliver the Class Data to the Settlement Administrator, in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Settlement Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to the Settlement Administrator employees who need access to the Class Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must send the Class Data to the Settlement Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.
- 5.3 Funding of Gross Settlement Amount. Defendant shall fully fund the Gross Settlement Amount by transmitting the funds to the Settlement Administrator in two equal \$500,000.00 shares: half after the Court issues its Final Approval Order and half six months thereafter.
- 5.4 Payments from the Gross Settlement Amount. Within fourteen (14) calendar days after Defendant funds the Gross Settlement Amount, the Settlement Administrator will mail checks for all Individual Class Payments, Individual PAGA Payments, Class Counsel Attorneys' Fees, Class Counsel Litigation Costs, the Class Representative Service Payment, and the LWDA PAGA Payment. Disbursement of Class Counsel Attorneys'

Fees, Class Counsel Litigation Costs, and the Class Representative Service Payment shall not precede disbursement of Individual Class and PAGA Payments.

5.4.1 The Settlement Administrator will issue checks for the Individual Class and PAGA Payments and send them to Participating Class Members and PAGA Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Settlement Administrator will cancel all checks not cashed by the void date. The Settlement Administrator will send checks for Individual Class Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the "National Change of Address Database."

5.4.2 The Settlement Administrator must conduct a Participating Class Member Address Search for all Participating Class Members whose checks are returned undelivered without USPS forwarding address. ("Class Member Address Search" means the Settlement Administrator's investigation and search for Participating Class Members' current mailing addresses using all reasonably available sources, methods and means including, but not limited to, the "National Change of Address Database", skip traces, and direct contact by the Settlement Administrator with Participating Class Members.) Within seven (7) calendar days of receiving a returned check, the Settlement Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Class Member Address Search. The Settlement Administrator need not take further steps to deliver checks to Participating Class Members whose re-mailed checks are returned as undelivered. The Settlement Administrator shall promptly send a replacement check to any Participating Class Member whose original check was lost or misplaced, requested by the Participating Class Member prior to the void date.

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

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

6. RELEASES OF CLAIMS.

Effective on the date when Defendant fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiff, Participating Class Members, and Class Counsel will release claims against all Released Parties as follows:

6.1 Plaintiff's Release. Plaintiff and his respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences, including, but not limited to all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint or ascertained during the Action and released under 6.2 below. ("Plaintiff's Release.") Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

6.1.1 Plaintiff's Waiver of Rights Under California Civil Code Section 1542. For purposes of Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, which reads:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

6.2 Release by Participating Class Members: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint and ascertained in the course of the Action, including but not limited to unpaid wages, overtime, missed meal and rest periods, waiting time penalties, wages not timely paid during employment, payroll stub violations, and failure to keep requisite payroll records ("Released Claims"). 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.

6.3 Release by PAGA Members: All PAGA Members are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA Penalties that were alleged, or reasonably could have been alleged, based on the

PAGA Period facts stated in the Operative Complaint and Plaintiff's PAGA notice to the LWDA ("Released PAGA Claims"). These include claims for unpaid wages, overtime, missed meal and rest periods, waiting time penalties, wages not timely paid during employment, payroll stub violations, and failure to keep requisite payroll records. All PAGA Members shall release all claims arising under PAGA regardless of their decision to participate in the Settlement.

7. MOTION FOR PRELIMINARY APPROVAL. The Parties agree to jointly prepare and file a motion for preliminary approval ("Motion for Preliminary Approval").

- 7.1 Plaintiff's Responsibilities. Plaintiff will prepare all documents necessary to obtain preliminary approval of the Settlement and deliver them to Defense Counsel at least five (5) business days before the motion and supporting papers are filed with the Court. Class Counsel is responsible for delivering the Court's Preliminary Approval Order to the Settlement Administrator.
- 7.2 Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant preliminary approval or conditions a Preliminary Approval Order on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

8. SETTLEMENT ADMINISTRATION.

- 8.1 Selection of Settlement Administrator. The Parties have jointly selected Apex Class Action LLC to serve as the Settlement Administrator and verified that, as a condition of appointment, Apex Class Action LLC agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Settlement Administration Costs. The Parties, Class Counsel and Defense Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.
- 8.2 Employer Identification Number. The Settlement Administrator shall have and use its own "Employer Identification Number" for purposes of calculating payroll tax withholdings and providing reports to state and federal tax authorities.
- 8.3 Qualified Settlement Fund. The Settlement Administrator shall establish a settlement fund that meets the requirements of a qualified settlement fund ("QSF") under US Treasury Regulation section 468B-1.
- 8.4 Notice to Class Members.
- 8.4.1 No later than three (3) business days after receipt of the Class Data, the Settlement Administrator shall notify Class Counsel and Defense Counsel that the list

has been received and state the number of Class Members and Workweeks in the Class Data.

8.4.2 Using best efforts to perform as soon as possible, and in no event later than fourteen (14) calendar days after receiving the Class Data, the Settlement Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service (“USPS”) mail, the Class Notice with Spanish translation, substantially in the form attached to this Agreement as Exhibit “A”. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class and/or PAGA Payment payable to the Class and/or PAGA Member, and the number of Workweeks used to calculate Individual Class Payments and Pay Periods used to calculate Individual PAGA Payments. Before mailing Class Notices, the Settlement Administrator shall update Class Member addresses using the National Change of Address Database.

8.4.3 Not later than seven (7) calendar days after the Settlement Administrator’s receipt of any Class Notice returned by the USPS as undelivered, the Settlement Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Settlement Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Settlement Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

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

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

8.5 Requests for Exclusion (Opt-Outs).

8.5.1 Class Members who wish to exclude themselves from (opt-out of) the class portion of the Settlement must send the Settlement Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than sixty (60) days after the Settlement Administrator mails the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member’s election to be excluded from the class portion of the Settlement and includes the Class Member’s name, address and email address or telephone number. To be valid,

a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

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

8.5.3 Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Released Claims under Paragraph 6.2 of this Agreement, regardless whether the Participating Class Member actually receives the Class Notice or objects to the class portion of the Settlement.

8.5.4 Every Class Member who submits a valid and timely Request for Exclusion is a "Non-Participating Class Member" and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement.

8.6 Challenges to Calculation of Workweeks. Each Class Member shall have sixty (60) days after the Settlement Administrator mails the Class Notice (plus an additional fourteen (14) days for Class Members whose Class Notice is re-mailed) to challenge the number of class Workweeks allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Settlement Administrator via fax, email or mail. The Settlement Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Settlement Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Settlement Administrator's determination of each Class Member's allocation of Workweeks shall be final and not appealable or otherwise susceptible to challenge. The Settlement Administrator shall promptly provide copies of all challenges to calculation of Workweeks to Defense Counsel and Class Counsel and the Settlement Administrator's determination of the challenges.

8.7 Objections to Settlement.

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

8.7.2 Participating Class Members may send written objections to the Settlement Administrator, by fax, email, or mail. In the alternative, Participating Class Members

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

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

8.8 Settlement Administrator's Duties.

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

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

8.8.3 Final Report. Within ten (10) days after the Settlement Administrator disburses all funds in the Gross Settlement Amount, the Settlement Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least fourteen (14) days before any deadline set by the Court, the Settlement Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Settlement Administrator's declaration in Court.

9. CLASS SIZE ESTIMATES and ESCALATOR CLAUSE. Based on its records, Defendant estimates that, as of April 7, 2023, there were approximately 878 Class Members and as of April 9, 2023, 65,000 total Workweeks during the Class Period as of those dates. If the increase in Workweeks is more than 10% from the original estimate of 65,000, meaning if the number of Workweeks is 71,500 or more at the time of the Final Approval Order, the settlement amount shall be increased by the percentage that that actual number of Workweeks exceeds 71,500. In the alternative, Defendant in its sole discretion may elect to end the release period on the date on which the Workweeks total reaches 71,500.

10. DEFENDANT’S RIGHT TO WITHDRAW. If the number of valid Requests for Exclusion exceeds 10% of the total Class Members, Defendant may, but is not obligated, elect to withdraw from the Settlement. The Parties agree that, if Defendant withdraws, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Defendant will remain responsible for paying all Settlement Administration Costs incurred to that point. Defendant must notify Class Counsel and the Court of its election to withdraw not later than thirty (30) days after expiration of the Response Deadline, or, alternatively, a continued Response Deadline if there is a subsequent mailing of Class Notice regardless of reason ; late elections will have no effect.

11. MOTION FOR FINAL APPROVAL. Not later than 16 court days before the calendared Final Approval Hearing, Plaintiff will file in Court, a motion for final approval of the Settlement that includes a proposed Final Approval Order and judgment (collectively “Motion for Final Approval”). Plaintiff shall provide drafts of these documents to Defense Counsel not later than five (5) business days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

- 11.1 Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than seven (7) calendar days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court. Plaintiff waives any right to object to the Settlement, and hereby endorses the Settlement as fair, reasonable and adequate and in the best interests of the Settlement Class, including all Class Members and all PAGA Members.
- 11.2 Duty to Cooperate. If the Court does not grant final approval or conditions the Final Approval Order on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court’s concerns by revising the Agreement as necessary to obtain final approval. The Court’s decision to award less than the amounts requested for the Class Representative Service Payment, Class Counsel Attorneys’ Fees, Class Counsel Litigation Costs and/or Settlement Administration Costs shall not constitute a material modification to the Agreement within the meaning of this paragraph.
- 11.3 Continuing Jurisdiction of the Court. The Parties agree that, after entry of Final Judgment, pursuant to Code of Civil Procedure section 664.6, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of and with respect to the interpretation, implementation, and enforcement of the terms of this

Agreement and all orders and judgment entered in connection therewith, and the Parties and their counsel hereto submit to the jurisdiction of the Court for purposes of (i) enforcing this Agreement and/or Final Judgment, (ii) addressing Settlement administration matters, and (iii) addressing such post-Final Judgment matters as are permitted by law.

- 11.4 Waiver of Right to Appeal. Provided the Final Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Attorneys' Fees and Class Counsel Litigation Costs set forth in this Settlement, the Parties, Class Counsel, Defense Counsel, all Participating Class Members, and all PAGA Members waive all rights to appeal from the Final Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If an objector appeals the Final Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Final Judgment becomes final.
- 11.5 Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing court vacates, reverses, or modifies the Final Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain final approval and entry of Final Judgment. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payment or any payments to Class Counsel shall not constitute a material modification of the Final Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

12. ADDITIONAL PROVISIONS.

- 12.1 No Admission of Liability, Class Certification or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the Operative Complaint have merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Defendant's defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does not grant preliminary approval, final approval or enter Final Judgment, Defendant reserves the right to contest certification of any class for any reasons, and Defendant reserves all available defenses to the claims in the Action, and Plaintiff reserves the right to move for class certification on any grounds available and to contest Defendant's defenses. The Settlement, this Agreement and Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).
- 12.2 Publicity. Class Counsel and Plaintiff agree to discuss the terms of this Settlement only in declarations submitted to the Court to establish Class Counsel's adequacy to serve as Class Counsel, in declarations submitted to the Court in support of the Motion for

Preliminary Approval, the Motion for Final Approval, for Attorneys' Fees, for Attorney's Costs, and any other pleading filed with the Court in conjunction with the Settlement, and in discussions with Class Members in the context of administering this Settlement until the Preliminary Approval Order is issued. Class Counsel and Plaintiff agree that they shall not publish any press releases or press statements regarding the Settlement, identify Defendant or Defense Counsel by name in any media including Class Counsel's website, or have any communications with the press or media about the Action or the Settlement. Plaintiff, in response to inquiries, will state that "the Action was resolved." This provision will not impede Class Counsel's ability to discharge fiduciary duties, including effectuating the terms of this Settlement.

- 12.3 Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, Defendant and Defense Counsel separately agree that, until the Motion for Preliminary Approval is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency.
- 12.4 No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Final Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.
- 12.5 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.
- 12.6 Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Defendant, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.
- 12.7 Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of the Action's mediator, Carl West, and/or the Court for resolution.

- 12.8 No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Parties in this Settlement.
- 12.9 No Tax or Legal Advice. The Parties understand and agree that the Parties are neither providing tax or legal advice, nor making representations regarding tax obligations or consequences, if any, related to this Agreement, and that Class Members will assume any such tax obligations or consequences that may arise from this Agreement, and that Class Members shall not seek any indemnification from the Parties or any of the Released Parties in this regard. The Parties agree that, in the event that any taxing body determines that additional taxes are due from any Class Member, such Class Member assumes all responsibility for the payment of such taxes. Neither Plaintiff, Class Counsel, Defendant nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.
- 12.10 Invalidity of Any Provision. Before declaring any provision of this Agreement invalid, the Parties request that the Court 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 valid and enforceable.
- 12.11 Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties and approved by the Court.
- 12.12 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 12.13 Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.
- 12.14 Fair, Adequate, and Reasonable Settlement. The Parties and their respective counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Action and have arrived at this Agreement through arms-length negotiations, taking into account all relevant factors, current and potential.
- 12.15 Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.
- 12.16 Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.
- 12.17 Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendant in connection with the mediation, other settlement negotiations,

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

- 12.18 Headings. The descriptive headings contained in this Agreement are inserted for convenience and reference only and in no way define, limit, extend or describe the scope of this Settlement or any provision hereof. Each term of this Settlement is contractual and not merely a recital.
- 12.19 Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.
- 12.20 Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff:

Kane Moon (SBN 249834)
Allen Feghali (SBN 301080)
MOON LAW GROUP, PC
1055 W. Seventh St., Suite 1880
Los Angeles, CA 90017
Office: 213.232.3128
kmoon@moonlawgroup.com
afeghali@moonlawgroup.com

To Defendant:

Kathleen Carter (SBN 157790)
Jeff Gillette (SBN 123346)
MESSNER REEVES, LLP
650 Town Center Drive, Suite 700
Costa Mesa, CA 92626
Office: 949.335.7895
kcarter@messner.com
jgillette@messner.com

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

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

12.22 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

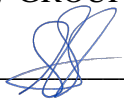
Date: 9/20/2023

DocuSigned by:
Gerardo Toledo
47182925F22546C...

Plaintiff Gerardo Toledo

Date:

MOON LAW GROUP, PC



Kane Moon
Allen Feghali
Attorneys for Plaintiff, the Class, and Aggrieved
Employees

Date: 09/19/2023

Juan Navarro

Defendant Los Angeles Centers for Alcohol and Drug
Abuse

Date: 9/19/2023

MESSNER REEVES, LLP
Jeffrey K. Gillette

Kathleen Carter
Jeff Gillette
Counsel for Defendant Los Angeles Centers for
Alcohol and Drug Abuse

Exhibit A

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

Gerardo Toledo v. Los Angeles Centers for Alcohol and Drug Abuse
Los Angeles Superior Court Case No. 22STCV08368

A court authorized this Notice. This is not a solicitation by a lawyer. You are not being sued.

IF YOU ARE OR WERE EMPLOYED BY LOS ANGELES CENTERS FOR ALCOHOL AND DRUG ABUSE (“DEFENDANT”) IN CALIFORNIA AS A NON-EXEMPT, HOURLY-PAID EMPLOYEE AT ANY TIME BETWEEN MARCH 8, 2018 THROUGH <<the earlier of June 17, 2023 or the date the Court grants preliminary approval>> YOU ARE A CLASS MEMBER AND PART OF THE CLASS. THIS PROPOSED CLASS ACTION SETTLEMENT MAY AFFECT YOUR RIGHTS.

Why should you read this Notice?

A proposed settlement (the “Settlement”) has been reached in a class action lawsuit entitled *Gerardo Toledo v. Los Angeles Centers for Alcohol and Drug Abuse*, Los Angeles Superior Court (“Court”) Case No. 22STCV08368 (the “Action”). The purpose of this Notice of Proposed Class Action Settlement (“Notice”) is to briefly describe the Action and to inform you of your rights and options in connection with the Action and the proposed Settlement. The proposed Settlement will resolve all claims in the Action.

A hearing concerning final approval of the proposed Settlement will be held before the Hon. David Cunningham on <<FA Date and Time>> in Department 11 of the Los Angeles Superior Court, 312 North Spring Street, Los Angeles, CA 90012, to determine whether the Settlement is fair, adequate and reasonable. As a Class Member, you are eligible to receive an individual settlement payment under the Settlement and will be bound by the release of claims described in this Notice and the Settlement filed with the Court, unless you timely request to be excluded from the Settlement.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
DO NOTHING – GET MONEY	If you do nothing, you will be considered part of the Class and will receive settlement benefits as explained more fully below. You will also give up rights to pursue a separate legal action against Defendant for the released claims asserted in the Action as explained more fully below.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS DEADLINE TO EXCLUDE YOURSELF: << RESPONSE DATE >>	You have the option to pursue separate legal action against Defendant about the claims in the Action. If you choose to do so, you must exclude yourself, in writing, from the Settlement by submitting a written request to be excluded. As a result, you will not receive any benefits under the Settlement except for any payment you may receive for the PAGA portion of the settlement as explained more fully below.
OBJECT TO THE SETTLEMENT DEADLINE TO SUBMIT WRITTEN OBJECTIONS: << RESPONSE DATE >>	To object to the Settlement, you may mail a written explanation of why you don’t like the Settlement to the settlement administrator, appear at the final approval hearing, or hire an attorney at your expense to object for you. This option is available only if you do <u>not</u> exclude yourself from the Settlement. Do <u>not</u> submit a request to be excluded if you wish to object. <i>Written</i> objections must be submitted by <<RESPONSE DATE>>.

Who is affected by this proposed Settlement?

The Court has certified, for settlement purposes only, the following class (the “Class”):

Any and all persons who worked for Defendant as non-exempt, hourly employees in California during the Class Period (the “Class Period” is March 8, 2018 through <<the earlier of June 17, 2023 or the date the Court grants preliminary approval>>).

According to Defendant’s records, you are a member of the Class (“Class Member”).

What is this case about?

On March 8, 2022, Plaintiff filed a class action complaint against the Defendant alleging several violations of California wage and hour laws. Plaintiff filed his lawsuit on behalf of himself and on behalf of all current and former non-exempt, hourly employees. Plaintiff’s complaint alleges that the Defendant: (1) failed to pay at least the minimum wage for all hours worked; (2) failed to pay overtime wages; (3) failed to provide compliant meal periods or compensation in lieu thereof; (4) failed to provide compliant rest periods or compensation in lieu thereof; (5) failed to reimburse necessary business expenses; (6) failed to timely pay wages at the time of separation; (7) failed to provide accurate wage statements; and (8) violated California’s Unfair Competition Law.

On April 27, 2022, Plaintiff amended his complaint to add a cause of action alleging Defendant owes civil penalties under California’s Private Attorneys General Act of 2004 (“PAGA”), California Labor Code §§ 2698-2699.5 (“Operative Complaint”). Plaintiff seeks unpaid wages, actual damages, declaratory relief, statutory penalties, civil penalties under PAGA, restitution, interest, attorneys’ fees, and costs.

Defendant denies all liability and is confident that it has strong legal and factual defenses to these claims, but it recognizes the risks, distractions, and costs associated with litigation. Defendant contends that its conduct is and has been lawful at all times relevant and that Plaintiff’s claims do not have merit and do not meet the requirements for class certification.

This Settlement is a compromise reached after good faith, arm’s length negotiations between Plaintiff and Defendant (the “Parties”), through their attorneys, and is not an admission of liability on the part of Defendant. Both sides agree that this Settlement is fair, adequate and reasonable. Plaintiff also believes this Settlement is in the best interests of all Class Members.

The Court has not ruled on the merits of Plaintiff’s claims or Defendant’s defenses.

Who are the attorneys representing the Parties?

The attorneys representing the Parties in the Action are:

Class Counsel

Kane Moon
Allen Feghali
MOON LAW GROUP, PC
1055 W. Seventh St., Suite 1880
Los Angeles, California 90017
Telephone: (213) 232-3128
Facsimile: (213) 232-3125
kmoon@moonlawgroup.com
afeghali@moonlawgroup.com

Defendant’s Counsel

Kathleen Carter
Jeff Gillette
MESSNER REEVES, LLP
650 Town Center Drive, Suite 1700
Costa Mesa, CA 92626
Office: 949.335.7895
kcarter@messner.com
jgillette@messner.com

What are the Settlement terms?

Subject to final Court approval, Defendant will pay \$1,000,000 (the “Gross Settlement Amount”) for: (a) Individual Settlement Payments to Class Members who do not request to be excluded from the Settlement; (b) the Court-approved class representative service payment to Plaintiff (\$10,000 to be requested); (c) the Court-approved attorneys’ fees and costs to class counsel (up to \$333,333.33 [33 1/3% of the Gross Settlement Amount] in fees and up to \$18,000 in costs to be requested); (d) payment of PAGA penalties in the amount of \$100,000

(\$75,000 to the California Labor and Workforce Development Agency (“LWDA”); \$25,000 to qualifying Class Members (“PAGA Settlement Payments”)); and (e) proposed payment to the settlement administrator for settlement administration services (up to an estimated maximum of \$14,000).

Individual Settlement Payments. After deduction from the Gross Settlement Amount for attorneys’ fees and costs, the class representative service payment to Plaintiff, PAGA penalties, and settlement administration costs, there will be a “Net Settlement Amount”. From this Net Settlement Amount, Defendant will make an ”Individual Settlement Payment” to each Class Member who does not request to be excluded from the Settlement (“Participating Class Members”).

The Net Settlement Amount shall be divided among all Participating Class Members on a pro rata basis based upon the total number of workweeks worked by each respective Participating Class Member as a non-exempt hourly employee in the State of California during the Class Period. Your estimated Individual Settlement Payment is listed below.

Your estimated minimum Individual Settlement Payment is <<Estimated Payment>> and your covered work weeks worked during the relevant period between March 8, 2018 to <<the earlier of June 17, 2023 or the date the Court grants preliminary approval>> are <<Work Weeks>>. To the extent you dispute the number of work weeks, you must make your dispute (“Work Week Dispute”) in writing and send it to the settlement administrator via fax or mail. Your Work Week Dispute must be postmarked or faxed no later than <<+60 days from date of mailing>> (the “Response Deadline”) to:

Apex Class Action LLC <<mailing address>>

Your Work Week Dispute must be in writing and contain: (a) your full name, signature, address, telephone number, and the last four digits of your Social Security number; (b) the number of work weeks you contend is correct; and (c) any evidence supporting your contention. Defendant’s records will be presumed correct unless you prove otherwise by credible evidence. The settlement administrator will resolve and decide all Work Week Disputes, and its decisions will be final and non-appealable. **REMINDER:** If you believe your estimated Individual Settlement Payment is incorrect because your work weeks (the number of total weeks you worked within the Class Period only) are wrong, the deadline to dispute the work weeks reported for you is <<RESPONSE DATE>>.

For tax reporting purposes, the payments to Participating Class Members will be allocated 20% to wages, 40% to penalties, and 40% to interest, excluding the \$25,000 in PAGA Settlement Payments, which will be allocated as 100% penalties. The wage portion of the Individual Settlement Payments shall be subject to the withholding of applicable local, state, and federal taxes, and the settlement administrator shall deduct applicable employee-side payroll taxes from the wage portion of the Individual Settlement Payments. The portion of the Individual Settlement Payments allocated to penalties and interest shall be classified as other miscellaneous income and reported on IRS Form 1099-MISC. Any taxes owed on that other miscellaneous income will be the responsibility of Participating Class Members receiving those payments. The employer’s share of any payroll taxes will be separately paid by Defendant.

All checks for Individual Settlement Payments paid to Participating Class Members shall advise that the checks will remain valid and negotiable for one hundred eighty (180) days from the date of the checks’ issuance and shall thereafter automatically be void if not cashed by a Participating Class Member within that time. Any Individual Settlement Payment that is not cashed by a Participating Class Member within one hundred eighty (180) days of issuance shall be transmitted to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Code of Civil Procedure Section 1500, *et seq.* in the names of those Participating Class Members who did not cash their checks until such time they claim their property. The settlement administrator shall void any tax documents issued to Participating Class Members who did not cash their checks within one hundred eighty (180) days of issuance. In such event, the Participating Class Members shall nevertheless remain bound by the Settlement.

None of the Parties or attorneys make any representations concerning the tax consequences of this Settlement or your participation in it. Participating Class Members should consult with their own tax advisors concerning the tax consequences of the Settlement. Class Counsel is unable to offer advice concerning the state or federal tax consequences of payments to any Class Member.

Calculation of Individual PAGA Settlement Payments. The PAGA allocation (a total of \$100,000) will be distributed to the LWDA and to hourly-paid, non-exempt employees who worked for Defendant at any time since

February 20, 2021 to <<the earlier of June 17, 2023 or the date the Court grants preliminary approval>> (“the PAGA Members”). In accordance with California law, 75 percent of the PAGA allocation (or \$75,000) will be paid to the LWDA and the remaining 25 percent of the PAGA allocation (or \$25,000) will be paid to the PAGA Members on a pro-rata basis based on the number of work weeks each PAGA Member worked for Defendant in California from February 20, 2021 to <<the earlier of June 17, 2023 or the date the Court grants preliminary approval>>(the “PAGA Period”). Your estimated individual work weeks during the PAGA Period and estimated PAGA Settlement Payment are listed below:

You worked a total of <<work weeks in the PAGA Period>>. Based on your work weeks during the PAGA Period, your estimated PAGA Settlement Payment is approximately \$<<Est PAGA Settlement Payment>>.

Each PAGA Settlement Payment will be allocated as 100 percent miscellaneous income and reported to state and federal taxing authorities by the settlement administrator using Form 1099-MISC. Any taxes owed on the PAGA Settlement Payment will be the responsibility of the PAGA Member receiving this payment.

Any individual PAGA Settlement Payment that is not cashed by a PAGA Member within one hundred eighty (180) days of issuance shall be transmitted to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Code of Civil Procedure Section 1500, *et seq.* in the names of those PAGA Members who did not cash their checks until such time they claim their property. The settlement administrator shall void any tax documents issued to PAGA Members who did not cash their checks within one hundred eighty (180) days of issuance. In such event, the PAGA Members shall nevertheless remain bound by the Settlement.

Class Counsel Attorneys’ Fees and Costs, Class Representative Service Award, Settlement Administration Costs and Payment to the LWDA. Class Counsel will ask the Court to award attorneys’ fees up to \$333,333.33 (33 1/3% of the Gross Settlement Amount) and reimbursement of reasonable costs incurred in the Action not to exceed \$18,000. In addition, Class Counsel will ask the Court to authorize a class representative service payment of \$10,000 for Plaintiff for his efforts in bringing the case on behalf of the Class. The Parties estimate the cost of administering the Settlement will not exceed \$14,000. A proposed payment in the amount of \$75,000 will also be made to the LWDA for PAGA penalties, which represents 75% of the \$100,000 set aside for payment under PAGA, the remaining \$25,000 will be distributed to PAGA Members as detailed above (“Released PAGA Claims”).

What claims are being released by the proposed Settlement?

Effective on the date when Defendant fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the wage portion of the Individual Settlement Payments, Plaintiff, Participating Class Members, and Class Counsel will release claims against all Released Parties as follows:

(a) **Identity of Released Parties.** The released parties are Defendant and all related companies, subsidiaries, owners, shareholders, members, agents (including, without limitation, any investment bankers, accountants, insurers, reinsurers, attorneys and any past, present or future officers, directors and employees) predecessors, successors, and assigns (collectively “Released Parties”).

(b) **Claims Released by Participating Class Members.** All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint and ascertained in the course of the Action, including but not limited to unpaid wages, overtime, missed meal and rest periods, waiting time penalties, wages not timely paid during employment, payroll stub violations, and failure to keep requisite payroll records (“Released Claims”). 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.

(c) **Claims Released by PAGA Members.** All PAGA Members are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA Penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and Plaintiff’s PAGA notice to the LWDA (“Released PAGA Claims”). These include claims for unpaid wages, overtime, missed meal and rest periods, waiting time penalties, wages not timely paid during employment, payroll stub violations, and

failure to keep requisite payroll records. All PAGA Members shall release all claims arising under PAGA regardless of their decision to participate in the Settlement.

What are my options in this matter?

You have two options under this Settlement, each of which is further discussed below. You may: (A) remain in the Class and receive an Individual Settlement Payment; or (B) exclude yourself from the Settlement. If you choose option (A), you may also object to the Settlement, as explained below.

If you remain in the Class, you will be represented at no cost by Class Counsel. Class Counsel, however, will not represent you for purposes of making objections to the Settlement. If you do not exclude yourself from the Settlement, you will be subject to any judgment that will be entered in the Action, including the release of the Released Claims as described above.

OPTION A. Remain in the Class. If you wish to remain in the Class and be eligible to receive an Individual Settlement Payment under the Settlement, **you do not need to take any action.** By remaining in the Class and receiving settlement monies, you consent to the release of the Released Claims as described above.

Any amount paid to Participating Class Members will not count or be counted for determination of eligibility for, or calculation of, any employee benefits (for example, vacations, holiday pay, retirement plans, non-qualified deferred compensation plans, etc.), or otherwise modify any eligibility criteria under any employee pension benefit plan or employee welfare plan sponsored by Defendant, unless otherwise required by law.

Objecting to the Settlement: If you believe the proposed Settlement is not fair, reasonable, or adequate in any way, you have several options that you may use to object to it or express any concerns. To object, you may appear in person at the final approval hearing, have an attorney object for you, or submit a written brief or statement of objection (“Written Objection”) to the settlement administrator at Apex Class Action LLC <<address>>. If you submit a Written Objection, it should contain sufficient information to confirm the your identity and the basis of the objection, including: (1) your full name; (2) the grounds for the objection; (3) your signature; and (4) be postmarked on or before <<Response Deadline>> and returned to the settlement administrator at the address listed above to ensure that it is received in time to be transmitted to and considered by the Court. You can also hire an attorney at your own expense to represent you in your objection. The Parties shall file responses to any written objections before the final approval hearing. Regardless of whether you object in writing, the Court may, in its sole discretion, permit you to state any objections you may have at the final approval hearing. **Even if you submit an objection, you will be bound by the terms of the Settlement, including the release of Released Claims as set forth above, unless the Settlement is not finally approved by the Court.**

Regardless of the form, an objection alone will not satisfy the requirement that a Participating Class Member must formally intervene and become a party of record in the action to appeal a judgment entered following an order finally approving this Settlement, as is required under the California Supreme Court decision of *Hernandez v. Restoration Hardware*, 4 Cal. 5th 260 (2018).

OPTION B. Request to Be Excluded from the Settlement and Receive No Money from the Settlement. If you do not want to be part of the Settlement and do not want to receive an Individual Settlement Payment, you must submit a written request to be excluded from the Settlement to the settlement administrator at Apex Class Action LLC <<address>>. In order to be valid, your written request to be excluded from the Settlement must be signed and include your name, address, and telephone number (to confirm your identity and make certain that only persons requesting exclusion are removed from the Settlement). You may also submit your request to be excluded via fax or email by the <<Response Deadline>> to <<administrator email and fax number>> along with a statement like the following: “I would like to be excluded from the Settlement in *Gerardo Toledo v. Los Angeles Centers for Alcohol and Drug Abuse*, Los Angeles Superior Court, Case No. 22STCV08368.”

Your written request to be excluded from the Settlement must then be signed and postmarked on or before <<Response Deadline>>. If you do not submit a written request to be excluded from the Settlement on time (as evidenced by the postmark, fax confirmation, or received email timestamp), your written request to be excluded from the Settlement will be rejected, you will be deemed a Participating Class Member, and you will be bound by the release of Released Claims as described above and all other terms of the Settlement. If you submit a written request to be excluded from the Settlement by the deadline to request exclusion, you will have no further role in the Action. **You will not be entitled to any benefit, including money,** as a result of the Action and Settlement, except to the extent that you receive a portion of the penalties provided for under PAGA. You cannot exclude

yourself from a PAGA Settlement Payment. You will not be able to complain to the Court about any aspect of the Settlement if you request to be excluded.

What is the next step in the approval of the Settlement?

The Court will hold a final approval hearing regarding the fairness, reasonableness and adequacy of the proposed Settlement, the plan of distribution, Class Counsel's request for attorneys' fees and costs, the class representative service payment to Plaintiff, the settlement administration costs, and the payment of PAGA penalties on <<**FA Date and Time**>> in Department 11 of the Los Angeles Superior Court, 312 North Spring Street, Los Angeles, CA 90012.

The final approval hearing may be continued without further notice to Class Members. You are not required to attend the final approval hearing to receive an Individual Settlement Payment.

IF YOUR ADDRESS CHANGES AT ANYTIME FOLLOWING YOUR RECEIPT OF THIS NOTICE, IT IS IMPORTANT THAT YOU ADVISE THE SETTLEMENT ADMINISTRATOR SO THAT YOU TIMELY RECEIVE YOUR SETTLEMENT PAYMENT. YOU CAN CONTACT THE ADMINISTRATOR AT: Apex Class Action LLC <<mailing address**>>**

How can I get additional information?

This Notice summarizes the Action and the basic terms of the Settlement. More details are in the Class and PAGA Action Settlement Agreement and Class Notice attached to the Declaration of Kane Moon in Support of Plaintiff's Motion for Preliminary Approval. The Class and PAGA Action Settlement Agreement and Class Notice, the pleadings and other records in this litigation may be examined online on the Los Angeles County Superior Court's website, known as "Case Access," at <https://www.lacourt.org/casesummary/ui/>. After arriving at the website, enter "22STCV08368" into the "Case Number" field, click the "Search" tab, click the link stating "Click here to access document images for this case" under "Case Information," click "Continue as Guest," enter "22STCV08368" into the "Case Number" field, and click "Search." Images of every document filed in the case may be viewed at a minimal charge. You may also view images of every document filed in the case free of charge by using one of the computer terminal kiosks available at each court location that has a facility for civil filings. You may also request a copy of the Settlement from Class Counsel referenced above. You can also obtain further information regarding this action and this settlement at: <<**CASE WEBSITE**>>.

PLEASE DO NOT CONTACT THE COURT FOR INFORMATION REGARDING THIS SETTLEMENT.