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15 Attorney for Defendants

16 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
17 **FOR THE COUNTY OF SANTA CLARA**

18 Michael Schmitz, Min Duong and Ryan  
19 Winters, Individually and on behalf of all  
20 others similarly situated;

21 Plaintiffs,

22 vs.

23 HealthIQ Re, Inc., a California Corporation;  
24 Hi.Q, Inc. Which Will Do Business In  
25 California As Health IQ, a California  
26 Corporation; and Does 1 through 25,

27 Defendants.

Case No.: 18CV337951

Hon. Mark H. Pearce – Dept. 2

**JOINT STIPULATION OF CLASS  
ACTION AND CALIFORNIA  
LABOR CODE PRIVATE  
ATTORNEYS GENERAL ACT  
("PAGA") SETTLEMENT AND  
RELEASE**

1 **INTRODUCTION AND SUMMARY OF SETTLEMENT TERMS**

2 1. This action was brought by Plaintiffs Michael Schmitz, Min Duong and Ryan  
3 Winters (“Plaintiffs”), individually and on behalf of all similarly situated individuals who worked  
4 for Defendants HealthIQ Re, Inc. and/or Hi.Q, Inc. Which Will Do Business In California As  
5 Health IQ (“Health IQ” or “Defendants”) as a Sales and/or Operations Person in California during  
6 the Class Period, as defined below. This action was also brought by Plaintiffs as representatives  
7 of the State of California on behalf of all individuals who worked for Health IQ as a Sales and/or  
8 Operations Person during the PAGA Period as defined below.

9 2. In their anticipated Second Amended Complaint, which will be Plaintiffs’ operative  
10 pleading, Plaintiffs allege, as applicable, causes of action against Defendants for: (1) Violation of  
11 Labor Code § 510; (2) Violation of Labor Code §§ 226.7 and 512(a); (3) Violation of Labor Code  
12 §226; (4) Violation of Labor Code §§201 and 202; (5) Violation of Labor Code §2802; (6)  
13 Violation of Business & Professions Code §§ 17200 *et seq.*; and (7) Violation Of Labor Code  
14 Private Attorneys General Act (“PAGA”) (Cal. Lab. Code § 2698, *et. seq.*)

15 3. For their part, Defendants categorically deny they violated California law and deny  
16 that they owe Plaintiffs and other putative class members/represented employees on whose behalf  
17 the lawsuit was filed any additional wages, penalties, or any other relief.

18 4. Plaintiffs, individually and as a representative of all putative/represented  
19 individuals, and Defendant desire to fully and finally settle any and all existing or potential claims  
20 that are raised, which could have been raised, or that arise out of or are in any way related to  
21 Plaintiffs and the represented individuals’ employment or purported employment with Defendants,  
22 including all individual claims and all claims that arise under the PAGA, that may lawfully be  
23 released by private agreement on the terms and conditions set forth below (the “Settlement.”)

24 5. Under the terms of the Settlement, and after approval/final approval of the  
25 Settlement and the other conditions as set forth below have been satisfied, Defendants will pay a  
26 maximum total gross-settlement amount of One Million One Hundred Dollars and Two Cents  
27 (\$1,000,100.02), plus the employer’s share of payroll taxes (the “Gross Settlement Amount”)  
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1 calculated as provided herein in full and final settlement of Plaintiffs individually and as a  
2 representative of all putative/represented individuals' claims that are or could be asserted in this  
3 lawsuit as follows:

4 (1) In full and final settlement of Plaintiffs and the represented individuals'  
5 claims arising under the PAGA (the "PAGA Settlement Class Members"), and only  
6 after entry of this Court's order approving this settlement of these PAGA claims  
7 pursuant to California Labor Code section 2699(1)(2) and only after entry of this  
8 Court's order granting final approval and entry of judgment of Plaintiffs' non-  
9 PAGA claims and only after the Effective Date, Defendants will pay the total  
10 maximum sum of One Hundred and Sixty Eight Thousand Four Hundred and  
11 Twenty Five Dollars and Forty Eight Cents (\$168,425.48) as detailed more  
12 completely within (the "Gross PAGA Settlement Amount");

13 (2) In full and final settlement of Plaintiffs and the putative class members'  
14 non-PAGA claims (the "Non-PAGA Settlement Class Members"), and after entry  
15 of this Court's order approving the settlement of Plaintiffs' PAGA claims and only  
16 after entry of this Court's order granting final approval and entry of judgment  
17 pursuant to California Rule of Court 3.769 of Plaintiffs' non-PAGA claims and  
18 only after the Effective Date, Defendants will pay the total maximum sum of Eight  
19 Hundred and Thirty One Thousand Six Hundred and Seventy Four Dollars and  
20 Fifty Four Cents (\$831,674.54) plus the employer's share of payroll taxes<sup>1</sup>.

21 (3) These settlement funds will be payable in two installments, the first of  
22 which, a potential maximum of Five Hundred Thousand, Fifty Dollars and One  
23 Cent (\$500,050.01), will be due 21 days after the Effective Date, which includes  
24 entry of this Court's order approving this settlement of Plaintiffs' PAGA claims  
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26  
27 <sup>1</sup> As provided within, Defendants' obligation to pay the employer's share of the payroll taxes shall be based  
28 on and calculated on the Net non-PAGA Settlement Amount (*i.e.* the Gross non-PAGA Settlement Amount less  
Plaintiffs' attorneys' fees and litigation costs, the Settlement administration costs, and Plaintiffs' incentive payments)  
that are allocated to Plaintiffs and the non-PAGA putative class members' wages. The Net non-PAGA Settlement  
Amount shall be allocated one-third to wages; one-third to penalties; and one-third to interest.

1 pursuant to California Labor Code section 2699(1)(2) and after entry of this Court’s  
2 order granting final approval and entry of judgment of Plaintiffs’ non-PAGA claims  
3 pursuant to California Rule of Court 3.769. The second installment of a maximum  
4 of Five Hundred Thousand, Fifty Dollars and One Cent (\$500,050.01) will be due  
5 six (6) months (183 days) after the first payment is due. If the date the first or  
6 second payment is due falls on a weekend or a holiday, the due date for the payment  
7 shall be continued forward to the next business day that is not a weekend or a  
8 holiday.

9 (4) If either payment is not made by the date it is due, Defendants shall have  
10 the opportunity to cure as provided herein. The date for Defendants’ payment of  
11 the second amount shall be calculated by the date the first payment is initially due  
12 regardless of any breach.

13 6. Provided that Defendants comply with the terms of this Settlement Agreement,  
14 Defendants shall not be liable for any additional sums to the Non-PAGA Settlement Class  
15 Members, PAGA Settlement Class Members, Class Counsel, Plaintiffs, or the Claims  
16 Administrator.

17 7. This Settlement will be administered by a third-party settlement administrator with  
18 experience administering PAGA and class action settlements of this type. Until all of the  
19 conditions for payment of any portion of any settlement payment by Defendants have been met,  
20 no amount will be due by Defendants. In addition, until all of the conditions for the payment of  
21 any settlement amounts to the representative persons under the PAGA and the putative class  
22 members have been met, no payment of any settlement amount shall be made. The Settlement  
23 Administrator shall establish a Qualified Settlement Fund (the “QSF”) into which Defendants shall  
24 deposit their settlement payments.

25 8. The settlement of Plaintiff and the putative class members’ non-PAGA claims is on  
26 an opt-out basis. Non-PAGA Settlement Class Members shall not be required to submit a claim  
27 form.  
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1           9.       PAGA Settlement Class Members shall receive a pro-rata share of the Net PAGA  
2 Settlement Amount after the Effective Date and after entry of this Court’s order approving the  
3 settlement of Plaintiffs’ PAGA claims and after entry of this Court’s order granting final approval  
4 and entry of judgment pursuant to California Rule of Court 3.769 of Plaintiffs’ non-PAGA claims  
5 and after Defendants make the first payment of the Gross-Settlement Amount.

6           10.       Non-PAGA Settlement Class Members will receive a share of the Net non-PAGA  
7 Settlement Amount based on their Rate of Pay and Qualifying Workweeks worked unless they  
8 affirmatively and timely opt-out of the Settlement as provided herein and after the Effective Date  
9 and after entry of this Court’s order approving the settlement of Plaintiffs’ PAGA claims and after  
10 entry of this Court’s order granting final approval and entry of judgment pursuant to California  
11 Rule of Court 3.769 of Plaintiffs’ non-PAGA claims and after Defendants make the first payment  
12 of the Gross-Settlement Amount.

13           11.       The Non-PAGA Settlement Class Member’s share of the settlement will be  
14 calculated by the Settlement Administrator by multiplying the Qualified Workweeks by the Non-  
15 PAGA Settlement Class Member’s Rate of Pay to determine their Gross Earnings. The Non-  
16 PAGA Settlement Class Member’s Gross Earnings will then be divided by the total Gross Earnings  
17 for all Non-PAGA Settlement Class Members and that Non-PAGA Settlement Class Member will  
18 receive that percentage of the Net Non-PAGA Settlement Amount.

19           12.       Because Defendants are paying the Gross Settlement Amount in two payments,  
20 Non-PAGA Settlement Class Members will not receive their full distribution of their share of the  
21 Net non-PAGA Settlement Amount following Defendants first payment of the Gross-Settlement  
22 Amount. Accordingly, following Defendants first payment of the Gross-Settlement Amount as  
23 stated above, Non-PAGA Settlement Class Members will receive a percentage of their share of the  
24 Net Non-PAGA Settlement Amount. The percentage the Non-PAGA Settlement Class Members  
25 shall receive in this first distribution will be the percentage of their share of the Net Non-PAGA  
26 Settlement Amount applied to the amount of money remaining in the QSF following Defendants  
27 first payment of the Gross-Settlement Amount. Non-PAGA Settlement Class Members shall  
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1 receive the balance of their distribution of the Non-PAGA Settlement Amount following  
2 Defendants second payment of the Gross-Settlement Amount.

3 13. The Parties agree that the following disbursements will be made from the Gross  
4 PAGA Settlement Amount, subject to Court approval of Plaintiffs' PAGA claims and after the  
5 Effective Date and after entry of this Court's order granting final approval and entry of judgment  
6 pursuant to California Rule of Court 3.769 of Plaintiffs' non-PAGA claims:

- 7 A. One half (1/2) of the Settlement Administration Costs, estimated to be  
8 \$5,250.00.
- 9 B. Class Counsel's PAGA Attorneys' Fees, to be approved by the Court, in an  
10 amount not to exceed Fifty Six Thousand and One Hundred and Forty One  
11 Dollars and Eighty Three Cents (\$56,141.83), which is one-third (1/3) of  
12 the Gross PAGA Settlement Amount;
- 13 C. One half (1/2) Class Counsel's reasonable and actual litigation costs, as  
14 approved by the Court, estimated to be a total of no more than Five  
15 Thousand Dollars and Zero Cents (\$5,000.00); total costs litigation are  
16 anticipated to be no more than Ten Thousand Dollars and Zero Cents  
17 (\$10,000.00);
- 18 D. A payment of approximately Seventy Six Thousand Five Hundred and  
19 Twenty Five Dollars and Twenty Four Cents (\$76,525.24) to the  
20 California's Labor and Workforce Development Agency ("LWDA"), which  
21 represents 75% of the Gross PAGA Settlement Amount after the Settlement  
22 Administration Costs, Class Counsel's attorneys' fees, and Class Counsel's  
23 litigation costs apportioned to the PAGA claims are deducted.
- 24 E. The remainder of the Gross PAGA Settlement Amount (the "Net PAGA  
25 Settlement Amount") will be distributed to PAGA Settlement Class  
26 Members based on the methodology discussed in Section IV.A., below. It  
27 is estimated that the Net PAGA Settlement Amount will be approximately  
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Twenty Five Thousand Five Hundred and Eight Dollars and Forty One Cents (\$25,508.41) after deducting the above referenced Class Counsel’s Attorneys’ Fees, Class Counsel’s litigation costs, the Settlement Administration Costs, each of which are apportioned to the PAGA claims, and the payment to the LWDA.

14. The Parties agree that the maximum Gross Non-PAGA Settlement Amount may be reduced by the amount (before subtracting attorneys’ fees, costs, and expenses) of any and all Non-PAGA Settlement Class Members who opt-out of the settlement would have received had they participated in the settlement.

15. The Parties also agree that the following disbursements will be made from the Gross Non-PAGA Settlement Amount, subject to Court approval at the final approval hearing for the settlement of Plaintiffs and the putative class members’ non-PAGA claims:

- A. One half (1/2) of the Settlement Administration Costs, estimated to be \$5,250.00.
- B. Class Counsel’s non-PAGA Attorneys’ Fees, to be approved by the Court, in an amount not to exceed Two Hundred and Seventy Seven Thousand and Two Hundred and Twenty Four Dollars and Eighty Five Cents (\$277,224.85), which is one-third (1/3) of the Gross non-PAGA Settlement Amount;
- C. One half (1/2) Class Counsel’s reasonable and actual litigation costs, as approved by the Court, estimated to be a total of no more than Five Thousand Dollars and Zero Cents (\$5,000.00); total costs litigation are anticipated to be no more than Ten Thousand Dollars and Zero Cents (\$10,000.00);
- D. A Service Award to each representative Plaintiff in the amount of Three Thousand and Five Hundred Dollars and Zero Cents (\$3,500.00 each, \$10,500 total) as payment for their time and efforts in pursuing this Action;

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E. The remainder of the Gross non-PAGA Settlement Amount (the “Net non-PAGA Settlement Amount”) will be distributed to Non-PAGA Settlement Class Members based on the methodology discussed in section IV.B below. It is estimated that the Net non-PAGA Settlement Amount will be approximately Five Hundred and Thirty Three Thousand Six Hundred and Ninety Nine Dollars and Sixty Nine Cents (\$533,699.69) after the deductions for Class Counsel’s Attorneys’ Fees for the non-PAGA claims, Class Counsel’s litigation costs apportioned to the non-PAGA claims, Settlement Administration Costs apportioned to the non-PAGA claims, and Service Award payments to Plaintiffs are made.

16. Defendant represents that it has employed a total of approximately One Hundred and Seventy (170) individuals, including the Three (3) named Plaintiffs/Class Representatives who are covered by the Class definition in this Action and worked Qualifying Workdays during the Non-PAGA Class Period and the PAGA Class Period. Thirty Nine (39) of these individuals are Non-PAGA Settlement Class Members and PAGA Settlement Class Members. One Hundred and Thirty One (131) of these individuals are only PAGA Settlement Class Members.

17. In the event that there are more than 170 PAGA Settlement Class Members, the Gross PAGA Settlement Amount will be increased by multiplying the amount of pay periods the new PAGA Settlement Class Members worked by \$50.70.

18. In the event that there are more than 39 Non-PAGA Settlement Class Members, the Gross Non-PAGA Settlement Amount will be increased by multiplying the amount of workweeks the new Non-PAGA Settlement Class Members worked by \$635.56.

**II. DEFINITIONS**

17. As used in this Stipulation, the following terms shall have the meanings set forth below:



1           A.     “Action” means this putative class and PAGA representative action pending  
2 in Santa Clara County Superior Court, and titled *Michael Schmitz, et al. v. HealthIQ Re, Inc., et*  
3 *al.*, Case Number 18CV337951.

4           B.     “Agreement” or “Stipulation” means this Stipulation of Class Action  
5 Settlement.

6           C.     “Class” means all employees of Defendants who worked as a Sales and/or  
7 Operations Person (as defined below) in California at any time during the Non-PAGA Class Period  
8 and who have not previously settled and released all wage and hour claims against Defendants.  
9 Defendants represent that there are approximately One Hundred and Seventy (170) such  
10 individuals.

11           D.     “Class Counsel” means Jon M. Lebe, Lebe Law, a Professional Law  
12 Corporation, 777 S. Alameda Street, Second Floor, Los Angeles, CA 90021, (213) 358-7046.

13           E.     “Class Counsel’s non-PAGA Attorneys’ Fees” means the amount to be paid  
14 to Class Counsel for attorneys’ fees, subject to Court approval at the Final Fairness and Approval  
15 Hearing for the prosecution and settlement of Plaintiffs’ non-PAGA Claims.

16           F.     “Class Counsel’s PAGA Attorneys’ Fees” means the amount to be paid to  
17 Class Counsel for attorneys’ fees for the prosecution and settlement of the PAGA Claims.

18           G.     “Class Counsel’s Costs” means the amount to be reimbursed to Class  
19 Counsel for their costs and expenses incurred in the Action, subject to Court approval at the hearing  
20 to approve the PAGA settlement and the Final Fairness and Approval Hearing.

21           H.     “Class Data” means each PAGA Settlement Class Member and Non-PAGA  
22 Settlement Class Member’s full name, employee ID number while employed with Defendants (if  
23 applicable), last known address, telephone number, email address (if known), social security  
24 number, number of Qualifying Workweeks worked by such PAGA Settlement Class Member  
25 and/or Non-PAGA Settlement Class Member, and Rate of Pay.

26           I.     “Class Member” is a person who is a member of the Class.

27           J.     “Complaint” means the Second Amended Complaint on file in the Action.  
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K. “Court” means the Superior Court of the State of California, in and for the County of Santa Clara, where the Action is pending.

L. “Defendants’ Counsel” means Benjamin Emmert, Littler Mendelson P.C., 50 West San Fernando Street, 7th Floor, San Jose, CA 95113-2434.

M. “Effective Date” means the date of entry of a final judgment which grants final approval of this Settlement (including all of the PAGA and non-PAGA claims), if no Objection to Settlement is filed and Plaintiffs and Class Counsel waive their rights to appeal the final judgment. If a timely Objection to Settlement of the non-PAGA claims is filed, “Effective Date” shall be the later of: (a) the date on which the time for all appeals relating to Objections to Settlement and the Final Approval Order has expired; or (b) if an appeal, review or writ is sought, the date on which the highest reviewing court renders its decision denying any petition (where the immediately lower court affirmed the final judgment) or affirming the final judgment.

N. “Employer’s Withholding Share” means the employer’s share of all federal, state, and local taxes and required withholdings, including without limitation, FICA, Medicare tax, FUTA, and state unemployment taxes.

O. “QSF” means a Qualified Settlement Fund to be established by the Settlement Administrator into which all payments from Defendants related to this Settlement will be deposited and from which all payments authorized by the Court will be made. Such QSF will be established prior to Defendants’ deposit of the Gross PAGA Settlement Amount and/or the Gross non-PAGA Settlement Amount.

P. “Final Approval Order” means the Order Granting Final Approval of Class Action Settlement and Judgment entered by the Court.

Q. “Final Fairness and Approval Hearing” means the hearing on Plaintiffs’ Motion for Final Approval of Class Action Settlement at which the Court will be asked to give final approval to the settlement terms set forth herein and to enter judgment.

1 R. “Gross Settlement Amount” means a gross maximum amount of One  
2 Million One Hundred Dollars and Two Cents (\$1,000,100.02), which Defendants will pay under  
3 this Settlement.

4 S. “Gross non-PAGA Settlement Amount” means gross maximum amount  
5 that is to be paid in the settlement of the non-PAGA claims in the Action – a potential gross  
6 maximum total of Eight Hundred and Thirty One Thousand Six Hundred and Seventy Four Dollars  
7 and Fifty Four Cents (\$831,674.54). This potential gross maximum total will be reduced by the  
8 value of any and all settlement shares any and all Non-PAGA Settlement Class Members who opt-  
9 out of the settlement would have received had they participated in the settlement.

10 T. “Gross PAGA Settlement Amount” means the gross amount that is to be  
11 paid in the settlement of the PAGA claims in the Action – One Hundred and Sixty Eight Thousand  
12 Four Hundred and Twenty Five Dollars and Forty Eight Cents (\$168,425.48).

13 U. “Net non-PAGA Settlement Amount” means the amount remaining from  
14 the Gross Non-PAGA Settlement Amount after payments of Court-approved Class Counsel’s  
15 Attorney’s Fees and Class Counsel’s Costs, Service Award to the Representative Plaintiff, and  
16 Settlement Administration Costs are made.

17 V. “Net PAGA Settlement Amount” means the amount remaining from the  
18 Gross PAGA Settlement Amount after payments of Court-approved Class Counsel’s Attorney’s  
19 Fees and Class Counsel’s Costs, payment to the LWDA, and Settlement Administration Costs are  
20 made.

21 W. “Non-PAGA Class Period” means the period from November 13, 2014 until  
22 the Preliminary Approval Date.

23 X. “Non-PAGA Settlement Class” means all Class Members who: (1) did not  
24 sign an Arbitration Agreement with a class action waiver in approximately August 2018 or  
25 thereafter; and/or (2) who have not previously settled and released all wage and hour claims against  
26 Defendants; and/or (3) and who have not timely submitted a valid and complete Request for  
27 Exclusion.  
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1           Y.     “Non-PAGA Settlement Class Member” means all Class Members who (1)  
2 did not sign an Arbitration Agreement with a class action waiver in approximately August 2018  
3 or thereafter; and/or (2) who have not previously settled and released all wage and hour claims  
4 against Defendants; and/or (3) and who have not timely submitted a valid and complete Request  
5 for Exclusion.

6           Z.     “Notice of Settlement” means the “Notice of Proposed Class Action  
7 Settlement and Final Approval Hearing,” the form of which is attached hereto as Exhibit A.

8           AA.    “Notice of Settlement of PAGA Claims” means the notice that will be sent  
9 to the PAGA Settlement Class Members once approval of the settlement of the PAGA claims is  
10 approved by the Court. The form of which is attached hereto as Exhibit B.

11           BB.    “Objection to Settlement” means any written objection to this Settlement of  
12 the non-PAGA claims sent by a Non-PAGA Settlement Class Member to the Settlement  
13 Administrator as specified herein and in the Notice of Settlement. An Objection to Settlement must  
14 be sent to the Settlement Administrator within the time limitations set forth in this Stipulation.

15           CC.    “PAGA Class Period” means the period from November 13, 2017 until the  
16 date the Court grants preliminary approval of Plaintiffs’ Non-PAGA claims.

17           DD.    “Parties” means the Representative Plaintiffs and Defendants Health IQ.

18           EE.    “Preliminary Approval Date” is the date the Court grants preliminary  
19 approval of this Settlement pursuant to California Rule of Court 3.769(c).

20           FF.    “PAGA Settlement Class Members” means those individuals who worked  
21 Qualifying Workdays during the PAGA Class Period and who have not previously settled and  
22 released their wage and hour claims against Defendants and are part of the PAGA claims in the  
23 Action.  
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25           GG.    “Qualifying Workweek” means a forty-hour week equivalent worked by a  
26 Class Member for Defendants in California during the Class Period.

27           HH.    “Rate of Pay” means the dollar amount calculated by dividing all wages  
28 earned by a Class Member by the regular hours worked.

1 II. “Non-PAGA Released Claims” and “PAGA Released Claims.”

2 (a) As approved by the Court, “Non-PAGA Released Claims” means  
3 all claims, demands, rights, liabilities and causes of action that were asserted in the Complaint in  
4 the Action or that could have been asserted based on the factual allegations in the Complaint in  
5 the Action, i.e., that Defendants failed to pay all wages due, failed to pay overtime wages due,  
6 failed to provide accurate wage statements, failed to provide compliant meal periods, failed to  
7 provide compliant rest periods, failed to reimburse for necessary expenditures, engaged in unfair  
8 and unlawful business practices, and for violations and penalties under PAGA for any violations  
9 enumerated above, together with any other civil penalties, waiting time penalties, or other fines,  
10 penalties, interest, or charges of any kind that were asserted in the Complaint in the Action or that  
11 could have been asserted based on the factual allegations in the Complaint in the Action at any  
12 time during the Non-PAGA Class Period. The release shall run for the duration of the Non-PAGA  
13 Class Period. Although referred to as Non-PAGA Released Claims, the Parties intend this release  
14 to apply to all claims that are or could have been asserted under the PAGA by Non-PAGA  
15 Settlement Class Members because all of the Non-PAGA Settlement Class Members are also  
16 PAGA Settlement Class Members.

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18 (b) As approved by the Court, “PAGA Released Claims” means all  
19 claims, demands, rights, and liabilities that were asserted or could have been asserted in the  
20 Complaint under California’s Labor Code Private Attorneys General Act of 2004 (“PAGA”) based  
21 on the factual allegations in the Complaint. This release shall run for the duration of the Non-  
22 PAGA Class Period.

23 JJ. “Released Parties” means Defendants, their past or present officers,  
24 owners, directors, shareholders, clients, joint employers, employees, agents, principals, heirs,  
25 representatives, accountants, auditors, consultants, insurers and reinsurers, and their respective  
26 successors and predecessors in interest, subsidiaries, affiliates, parents and attorneys, but only as  
27 to the “Non-PAGA Released Claims” and the “PAGA Released Claims.”

1                   KK.    “Representative Plaintiffs” means Michael Schmitz, Min Duong and Ryan  
2 Winters.

3                   LL.    “Request for Exclusion” means a written request by a Class Member to be  
4 excluded from the Non-PAGA Settlement Class that is submitted in accordance with the procedure  
5 set forth herein, also known as an “opt-out request.”

6                   MM.    Sales And/Or Operations Person is defined as including, but not limited to  
7 those persons holding the position(s) of Account Manager, Senior Account Manager, Sales  
8 Driver, Account Executive, Associate Account Executive, Senior Account Executive, Sales  
9 Manager, Inside Sales Qualifier, Electronic Sales Qualifier, E-Mail Sales Qualifier, Inside Sales  
10 Representative, Executive Account Manager, Sales Development Representative, Licensed Sales  
11 Agent, Life Insurance Agent, Life Insurance Sales Agent, Sales Agent, Client Manager, Client  
12 Success, Customer Success, Case Manager, Client Concierge, Exams, DELs, DELs Development  
13 Representative, Policy Holder Services Representative, DELs Manager, or other job titles that  
14 performed substantially similar work as the foregoing job titles, and who were classified as  
15 exempt from overtime premium pay requirements under federal and state law.

16                   NN.    “Service Award” means the payment to be made to the Representative  
17 Plaintiffs for their service to the Class Members. The Service and Release Award is subject to  
18 Court approval. Plaintiffs shall not have the right to revoke this Agreement in the event the Court  
19 approves less than the amount requested by Plaintiffs for the Service Award.

20                   OO.    “Settlement” means the disposition of the Action and all related claims  
21 effectuated by this Agreement.

22                   PP.    “Settlement Administration Costs” means the fees and costs incurred or  
23 charged by the Settlement Administrator in connection with the execution of its duties under this  
24 Agreement including, but not limited to fees and costs associated with: (1) establishing and  
25 maintaining the QSF; (2) preparing, issuing and/or monitoring reports, filings, and notices  
26 (including the cost of printing and mailing all notices and other documents to the Class Members)  
27 required to be prepared in the course of administering the Settlement; (3) computing the amount  
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1 of the settlement payments, taxes, and any other payments to be made under this Agreement; (4)  
2 handling inquiries about the calculation of individual settlement payments; (5) establishing and  
3 operating a settlement payment center website, address, and phone number to receive Class  
4 Members' inquiries about the Settlement; (6) providing a due diligence declaration for submission  
5 to the Court prior to the final approval hearing; (7) printing and providing PAGA Settlement Class  
6 Members and Non-PAGA Settlement Class Members and the Plaintiffs with W-2 and 1099 forms  
7 as required under this Agreement and applicable law; (8) preparing, issuing, and filing any tax  
8 returns and information returns and any other filings required by any governmental taxing  
9 authority or other governmental agency; and (9) for such other tasks as the Parties mutually agree  
10 or the Court orders the Settlement Administrator to perform. Settlement Administration Costs will  
11 be paid out of the Gross Settlement Amount.

12 QQ. "Settlement Administrator" refers to CPT Group, Inc.

13 **III. BACKGROUND**

14 18. During the Class Period, Health IQ has been in the business of being an insurance  
15 brokerage company. Class Members and represented individuals are Sales and/or Operations  
16 Persons who worked for Defendants in California during the PAGA Class Period and the Non-  
17 PAGA Class Period. Plaintiffs contends that Class Members/represented individuals were not paid  
18 for all overtime, denied compliant meal and rest breaks, were not reimbursed for expenses and  
19 were not provided with accurate wage statements. Defendants deny all of Plaintiffs' claims and  
20 contend, among other things, that all Class Members/represented individuals were properly paid  
21 for all work within the required time frame, that all expenses incurred by Class  
22 Members/represented individuals were reimbursed, that Class Members/represented individuals  
23 were provided with compliant meal and rest breaks, and that all wage statements accurately  
24 reflected the information required by Labor Code section 226.

25 19. The Parties have undertaken significant investigation and informal discovery  
26 during the prosecution of this Action. Such discovery and investigation include extensively  
27 interviewing the Representative Plaintiffs and other Class Members/represented individuals and  
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1 Defendants' production and Plaintiffs' counsel's review of payroll records, and other detailed  
2 information relevant to the Class Members/represented individuals' claims. Counsel for the Parties  
3 have investigated the law as applied to the facts discovered regarding the alleged claims of the  
4 Class and potential defenses thereto, and the potential damages claimed by the Class, including  
5 the review of the records produced by Defendants to Class Counsel for the purposes of mediation  
6 and with an eye towards class certification. Class Counsel has also analyzed this documentation  
7 to determine the scope of Class Members/represented individuals' potential damages.

8         20. The Parties' attorneys have engaged in extensive discussions about the strengths  
9 and weaknesses of the claims and defenses in the Action. On January 11, 2019, Class Counsel and  
10 Defendants and Defendants' Counsel, attended a mediation session before an experienced and  
11 well-regarded mediator, the Hon. Carl West (Ret.).

12         21. With the assistance of the Hon. Carl West (Ret.), Plaintiffs and Class Counsel have  
13 concluded, after considering the sharply disputed factual and legal issues involved in this Action,  
14 the risks attending further prosecution, and the substantial benefits to be received pursuant to the  
15 compromise and settlement of the Action as set forth in this Agreement, that this Settlement is in  
16 the best interests of the Representative Plaintiffs and the PAGA Settlement Class Members and  
17 the Non-PAGA Settlement Class Members, and is fair and reasonable.

18         22. Similarly, Defendants has concluded that there are benefits associated with settling  
19 this Action. After considering the sharply disputed factual and legal issues involved in the Action,  
20 the expense and burden of protracted litigation, and its desire to put the controversy to rest,  
21 Defendants believes that this Settlement is in Defendants' best interests and is fair and reasonable.

22         23. This Settlement contemplates: (i) the resolution of the Class's PAGA claims; (ii)  
23 entry of an order settling and dismissing the Class's PAGA claims; (iii) entry of an order  
24 preliminarily approving the Settlement of Non-PAGA Settlement Class Members' non-PAGA  
25 claims and approving certification of a provisional Class of Non-PAGA Settlement Class  
26 Members' non-PAGA claims for settlement purposes only, contingent upon the Court approving  
27 this settlement of the Class's PAGA claims pursuant to California Labor Code section 2699(1)(2)



1 and after entry of this Court’s order granting final approval and entry of judgment of Non-PAGA  
2 Settlement Class Members’ non-PAGA claims pursuant to California Rule of Court 3.769; (iv)  
3 dissemination of a notice to Non-PAGA Class Members about the settlement of non-PAGA  
4 claims; (v) entry of a Final Approval Order granting final approval of the Settlement of Non-PAGA  
5 Settlement Class Members’ non-PAGA claims; and (vi) entry of final judgment.

6 **IV. SETTLEMENT APPROVAL AND IMPLEMENTATION PROCEDURE**

7 **A. Settlement of The PAGA Claims.**

8 24. As soon as practicable, Class Counsel and Defendants’ Counsel will jointly submit  
9 this Stipulation to the Court for approval of the settlement of the PAGA claims asserted in the  
10 Action. Such submission will include such motions, pleadings, and evidence as may be required  
11 for the Court to determine that settlement should be approved as required by California Labor  
12 Code section 2699(1)(2), including a motion filed by Class Counsel requesting that the Court enter  
13 an order approving the settlement of the PAGA Settlement Class Members claims. Such  
14 submission will also include a proposed order.

15 25. The Parties have agreed to the settlement of the PAGA claims asserted in the Action  
16 for the sole purposes of effectuating this Settlement. Should the settlement of the PAGA claims  
17 and/or should final approval and entry of judgment of Plaintiffs’ Non-PAGA claims not be  
18 approved by the Court, the fact that the Parties were willing to settle these claims Action and any  
19 related agreements will have no bearing on, and will not be admissible in connection with the issue  
20 of whether the PAGA claims are at all viable, and in any of those events, Defendants expressly  
21 reserves the right to raise all available defenses. Additionally, if the settlement of the PAGA claims  
22 is not approved, this Agreement and all negotiations, court orders, and proceedings related thereto  
23 shall be without prejudice to the rights of all Parties hereto, and evidence relating to the Agreement  
24 and all negotiations shall not be admissible in the Action or otherwise. The Parties further agree  
25 that if, for any reason, the Settlement is not approved, this Settlement will have no force or effect  
26 and will be immediately revoked.  
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1           26.     The Parties agree to fully cooperate with each other to accomplish the terms of this  
2 Agreement, including but not limited to, execution of such documents and to take such other  
3 reasonably necessary action to implement the terms of this Agreement.

4           27.     The Parties acknowledge and agree that for purposes of the settlement of the PAGA  
5 only, all PAGA Settlement Class Members were allegedly aggrieved in the same manner pursuant  
6 to Labor Code § 2698, et. seq., in that each PAGA Settlement Class Members allegedly suffered  
7 at least one of the alleged Labor Code violations asserted in the Complaint for which the PAGA  
8 provides an available remedy. The Parties also acknowledge and agree that, by law, non-party  
9 employees have no right to opt out of, or object to, the settlement of PAGA claims, that the  
10 settlement of PAGA claims is subject to Court approval, and a judgment or order with respect to  
11 PAGA claims is binding with respect to non-party employees upon Court approval, pursuant to  
12 California Labor Code section 2699(1), *Arias v. Superior Ct. (Dairy)* (2009) 46 Cal. 4th 969, 985  
13 and *Cardenas v. McLane Foodservice, Inc.*, 2011 WL 379413 at \*3 (C.D. Cal. Jan. 31, 2011).

14           28.     Because of the binding nature of the Court’s approval of the settlement of the  
15 PAGA Settlement Class Members’ claims, irrespective of whether a PAGA Settlement Class  
16 Members submits a Request for Exclusion from the settlement of the non-PAGA claims, upon  
17 approval of the entire Settlement as provided herein, all PAGA Settlement Class Members will be  
18 issued payment for PAGA penalties as provided herein and shall be deemed to have released any  
19 and all of the PAGA Released Claims.

20           28.     The Parties agree that in full and final settlement of PAGA Settlement Class  
21 Members’ PAGA claims, and after entry of this Court’s order approving this settlement of  
22 Plaintiffs’ PAGA claims pursuant to California Labor Code section 2699(1)(2) and after entry of  
23 this Court’s order granting final approval and entry of judgment of Plaintiffs’ non-PAGA claims  
24 pursuant to California Rule of Court 3.769 and after the Effective Date Defendants will pay the  
25 total sum of One Hundred and Sixty Eight Thousand Four Hundred and Twenty Five Dollars and  
26 Forty Eight Cents (\$168,425.48) as follows:  
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A. The Parties agree that the following disbursements will be made from the Gross PAGA Settlement Amount, subject to Court approval at the hearing approving the settlement of Plaintiffs and the represented individuals' PAGA claims:

- i. One half (1/2) of the Settlement Administration Costs, estimated to be \$5,250.00.
- ii. Class Counsel's PAGA Attorneys' Fees, to be approved by the Court, in an amount not to exceed Fifty Six Thousand and One Hundred and Forty One Dollars and Eighty Three Cents (\$56,141.83), which is one-third of the Gross PAGA Settlement Amount;
- iii. One half (1/2) Class Counsel's reasonable and actual litigation costs, currently estimated to be no more than Five Thousand Dollars and Zero Cents (\$5,000.00); total costs litigation are anticipated to be no more than Ten Thousand Dollars and Zero Cents (\$10,000.00);
- iv. A payment of approximately Seventy Six Thousand Five Hundred and Twenty Five Dollars and Twenty Four Cents (\$76,525.24) to the LWDA, which represents 75% of the Gross PAGA Settlement Amount after the Settlement Administration Costs apportioned to the PAGA claims, Class Counsel's attorneys' fees, and Class Counsel's litigation costs apportioned to the PAGA claims are deducted.
- v. The remainder, the Net PAGA Settlement Amount, estimated to be approximately Twenty Five Thousand Five Hundred and Eight Dollars and Forty One Cents (\$25,508.41) after deducting Class Counsel's Attorneys' Fees for the PAGA claims, Class Counsel's litigation costs apportioned to the PAGA claims, the Settlement Administration Costs apportioned to the PAGA claims, and the

1 payment to the LWDA, will be distributed to PAGA Settlement  
2 Class Members based on a *pro rata* basis based on Workweeks the  
3 PAGA Settlement Class Members worked during the PAGA Class  
4 Period.

5 29. The Parties hereby acknowledge that Settlement Administration Costs for the  
6 PAGA claims and/or the non-PAGA claims may increase above the current estimate of \$10,500.00  
7 and that any such additional administration costs shall be taken out of the Gross PAGA Settlement  
8 Amount and the Gross Non-PAGA Settlement Amount in equal proportion. Any portion of the  
9 estimated or designated administration costs for the PAGA claims that are not in fact required to  
10 fulfill the total settlement administration costs of the PAGA claims shall be a part of the Net PAGA  
11 Settlement Amount and distributed to the PAGA Settlement Class Members as provided herein.

12 30. As soon as practicable, but no later than fourteen (14) calendar days after the  
13 Effective Date Defendants will provide the Settlement Administrator with the Class Data for the  
14 PAGA Settlement Class Members in an electronic format acceptable to the Settlement  
15 Administrator. The Settlement Administrator shall not share the Class Data with Class Counsel.  
16 The Parties estimate there are approximately One Hundred and Seventy (170) such individuals.  
17 This information will remain confidential and will not be disclosed to anyone, except as required  
18 to applicable taxing authorities, pursuant to Defendants' express written authorization, by order of  
19 the Court, or as otherwise provided for in this Agreement. This information shall not be used by  
20 anyone except as provided in this Agreement. This information shall be immediately and  
21 permanently destroyed following the Settlement Administrator's payment of the PAGA Settlement  
22 Amounts to the PAGA Settlement Class Members.

23 31. Using the Class Data for the PAGA Settlement Class Members, the Settlement  
24 Administrator will: (1) finalize and print the Notice of Settlement of PAGA Claims, which is  
25 attached hereto as Exhibit B; (2) check all addresses against the National Change of Address  
26 database; and (3) within ten (10) calendar days of receiving the Class Data for the PAGA  
27 Settlement Class Members, send to each such individual *via* First-Class United States mail the  
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1 notice and their PAGA settlement check to the most recent address. It will be conclusively  
2 presumed that if an envelope so mailed has not been returned within fifteen (15) calendar days of  
3 the mailing, the PAGA Settlement Class Member received the notice. In addition to mailing, the  
4 Settlement Administrator will provide a copy of the notice using any email addresses that have  
5 been provided Defendants.

6           32. Each PAGA Settlement Class Members shall receive a pro-rata share of the Net  
7 PAGA Settlement Amount after the Effective Date and after entry of this Court’s order approving  
8 the settlement of Plaintiffs’ PAGA claims and after entry of this Court’s order granting final  
9 approval and entry of judgment pursuant to California Rule of Court 3.769 of Plaintiffs’ non-  
10 PAGA claims and after Defendants make the first payment of the Gross-Settlement Amount. Each  
11 PAGA Settlement Class Member’s pro-rata share shall be calculated by determining the  
12 percentage of Qualifying Workweeks he/she worked during the PAGA Class Period as compared  
13 to the total number of Qualifying Workweeks worked by all PAGA Settlement Class Members  
14 during the PAGA Class Period. Each PAGA Settlement Class Member’s percentage of Qualifying  
15 Workweeks worked will then be multiplied by the Net PAGA Settlement Amount. The resulting  
16 sum shall then be paid to the PAGA Settlement Class Member.

17           33. If Defendants’ Counsel or Class Counsel becomes aware of new addresses for any  
18 PAGA Settlement Class Member, prior to the filing of the motion for final approval, such  
19 information must immediately be communicated to the Settlement Administrator. Subject to the  
20 limitations set forth in the following paragraph, the Settlement Administrator will then re-send a  
21 notice and settlement check to the PAGA Settlement Class Member(s) at the new address.

22           34. For any notice that is returned as undeliverable, the Settlement Administrator will  
23 perform a skip trace search. The returned notices and checks will be re-mailed to the new addresses  
24 obtained for such PAGA Settlement Class Members. Such searching and re-mailing will be  
25 completed within fifteen (15) calendar days of the date that Notices of Settlement were originally  
26 mailed.

27           35. For any notices that are returned as provided above and for which the Settlement  
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1 Administrator is not able to locate a new address and for any notices that are returned following  
2 the mailing of a second notice to a new address, the Settlement Administrator shall send the notice  
3 and the PAGA settlement check to the LWDA or as otherwise required by law.

4 **B. Approval of Settlement of The Non-PAGA Claims.**

5 36. As soon as practicable, Class Counsel and Defendants' Counsel will jointly submit  
6 this Stipulation to the Court for approval of the settlement of the non-PAGA claims asserted in the  
7 Action. Such submission will include such motions, pleadings, and evidence as may be required  
8 for the Court to determine that this Agreement is fair and reasonable, as required by California  
9 Code of Civil Procedure section 382 and California Rule of Court 3.769, including a motion filed  
10 by Class Counsel requesting that the Court enter a preliminary approval order of Plaintiffs' non-  
11 PAGA claims. Such submission will also include a proposed order.

12 37. Defendants and Class Counsel shall jointly submit this Stipulation and file a motion  
13 for preliminary approval of the settlement.

14 38. The Parties have agreed to the certification of the Class for the sole purposes of  
15 effectuating this Settlement. Should the Settlement not be approved by the Court or the judgment  
16 not become final, the fact that the Parties were willing to settle this Action and stipulate to class  
17 certification as part of the Settlement will have no bearing on, and will not be admissible in  
18 connection with the issue of whether a class should be certified in a non-settlement context in this  
19 Action, and in any of those events, Defendants expressly reserves the right to raise all available  
20 defenses, including but not limited to, opposing class certification. Additionally, if the Settlement  
21 does not become final, this Agreement and all negotiations, court orders, and proceedings related  
22 thereto shall be without prejudice to the rights of all Parties hereto, and evidence relating to the  
23 Agreement and all negotiations shall not be admissible in the Action or otherwise. The Parties  
24 further agree that if, for any reason, the Settlement is not approved, the certification for purposes  
25 of this Settlement will have no force or effect and will be immediately revoked.  
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1           39.     Should the Court decline to conditionally certify the Class or to preliminarily  
2 approve all material aspects of the Settlement, the Settlement will be null, and void and the Parties  
3 will have no further obligations under it.

4           40.     If the Court grants preliminary approval but does not grant final approval of the  
5 Settlement, then the preliminary approval order shall be vacated in its entirety, unless the Court  
6 orders otherwise.

7                   **(i)     Cooperation**

8           41.     The Parties agree to fully cooperate with each other to accomplish the terms of this  
9 Agreement, including but not limited to, execution of such documents and to take such other  
10 reasonably necessary action to implement the terms of this Agreement. No party, nor any of its  
11 attorneys or agents, shall solicit or encourage any Non-PAGA Settlement Class Member to opt out  
12 of or object to the Settlement of the non-PAGA claims.

13                   **(ii)    Notice of Settlement**

14           42.     As soon as practicable, but no later than fourteen (14) calendar days after the  
15 Preliminary Approval Date, Defendants will provide the Settlement Administrator with the Class  
16 Data for the Non-PAGA Settlement Class Members in an electronic format acceptable to the  
17 Settlement Administrator. The Settlement Administrator shall not share Class Data with Class  
18 Counsel. The Parties estimate there are approximately Thirty Nine (39) such individuals. At the  
19 same time, Defendants will provide the Class Data for the Non-PAGA Settlement Class Members,  
20 without the Non-PAGA Settlement Class Member names, contact information and social security  
21 numbers, to Class Counsel. This information will remain confidential and will not be disclosed to  
22 anyone, except as required to applicable taxing authorities, pursuant to Defendants' express written  
23 authorization, by order of the Court, or as otherwise provided for in this Agreement. This  
24 information shall not be used by anyone except as provided in this Agreement. This information  
25 shall be immediately and permanently destroyed following the Settlement Administrator's  
26 payment of the Non-PAGA Settlement Amounts to the Non-PAGA Settlement Class Members.

1           43.     Using the Class Data for the Non-PAGA Settlement Class Members, the Settlement  
2 Administrator will: (1) finalize and print the Notice of Settlement (a copy of which is attached  
3 hereto as Exhibit A); (2) check all addresses against the National Change of Address database; and  
4 (3) within ten (10) calendar days of receiving the Class Data, send to each Non-PAGA Settlement  
5 Class Members via First-Class United States mail a Notice of Settlement to the most recent address  
6 known for each Non-PAGA Settlement Class Members. It will be conclusively presumed that if  
7 an envelope so mailed has not been returned within fifteen (15) calendar days of the mailing, the  
8 Non-PAGA Settlement Class Members received the Notice of Settlement. In addition to mailing,  
9 the Settlement Administrator will provide a copy of the Notice of Settlement to Non-PAGA  
10 Settlement Class Members using any email addresses that have been provided Defendant.

11                           **(iii)     Re-Sending Class Notices**

12           44.     If Defendants’ Counsel or Class Counsel becomes aware of new addresses for any  
13 Non-PAGA Settlement Class Member, prior to the filing of the motion for final approval, such  
14 information must immediately be communicated to the Settlement Administrator. Subject to the  
15 limitations set forth in the following paragraph, the Settlement Administrator will then re-send a  
16 Notice of Settlement to the Non-PAGA Settlement Class Member(s) at the new address.

17           45.     For any Notice of Settlement that is returned as undeliverable, the Settlement  
18 Administrator will perform a skip trace search. The returned Notices of Settlement will be re-  
19 mailed to the new addresses obtained for such Non-PAGA Settlement Class Members. Such  
20 searching and re-mailing will be completed within fifteen (15) calendar days of the date that  
21 Notices of Settlement were originally mailed.

22           46.     Notwithstanding anything to the contrary in this Stipulation and absent approval  
23 from the Parties, through their counsel, no Notice of Settlement shall be re-sent to a Non-PAGA  
24 Settlement Class Member less than sixty (60) days before the date set for the Final Fairness and  
25 Approval Hearing. It will be conclusively presumed that if an envelope so re-mailed has not been  
26 returned within fifteen (15) calendar days of re-mailing, the Non-PAGA Settlement Class Member  
27 received the Notice of Settlement.  
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**(iv) Requests for Exclusion (Opt-Outs)**

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2 47. Any Non-PAGA Settlement Class Member who wishes to be excluded from the  
3 Settlement must notify the Settlement Administrator in writing of his or her desire to be excluded  
4 by mailing his or her own written statement to the Settlement Administrator that clearly expresses  
5 such desire and is signed by such Non-PAGA Settlement Class Member. Any such statement shall  
6 include the Non-PAGA Settlement Class Member’s name (and former names, if any), current  
7 address, telephone number, and last four numbers of the Non-PAGA Settlement Class Member’s  
8 social security number. To be valid, the Request for Exclusion must be postmarked no later than  
9 forty-five (45) days after the original date of the Settlement Administrator’s mailing of the Notice  
10 of Settlement or re-mailing for Non-PAGA Settlement Class Members whose Notices of  
11 Settlement were re-mailed. Any Non-PAGA Settlement Class Member who submits a valid and  
12 timely request to be excluded from the Settlement shall be barred from participating in this  
13 Settlement, shall be barred from objecting to this Settlement, and shall receive no benefit from this  
14 Settlement. In furtherance of the foregoing, any Non-PAGA Settlement Class Members who  
15 submits a valid and timely request to be excluded from the Settlement shall be deemed to have  
16 waived all objections and opposition to the fairness, reasonableness, and adequacy of this  
17 Settlement.  
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19 48. Any Non-PAGA Settlement Class Member who fails to submit a timely, complete,  
20 and valid Request for Exclusion shall be barred from opting out of the Settlement. It shall be  
21 conclusively presumed that, if a Request for Exclusion is not postmarked on or before the  
22 expiration of the period to submit a Request for Exclusion, the Non-PAGA Settlement Class  
23 Member did not make the request in a timely manner. Under no circumstances shall the Settlement  
24 Administrator have the authority to extend the deadline for Non-PAGA Settlement Class Members  
25 to file a Request for Exclusion.

26 49. Unless a Non-PAGA Settlement Class Member submits a timely, complete, and  
27 valid Request for Exclusion, he or she shall be bound by the terms and conditions of this  
28 Agreement. The releases provided for in this Agreement shall conclusively preclude any Non-

1 PAGA Settlement Class Member from asserting any of the Non-PAGA Released Claims against  
2 any of the Released Parties in any judicial, administrative, or arbitral forum.

3 50. Plaintiffs agree to execute this Settlement Agreement and, by their execution, are  
4 hereby bound by the terms herein. For good and valuable consideration, Plaintiffs further agree  
5 that they will not request to be excluded from the Settlement Agreement, nor object to any terms  
6 of it. Any such request for exclusion or objection or other efforts by Plaintiffs to circumvent the  
7 terms of this paragraph will be void and of no force or effect.

8 51. The Settlement Administrator shall promptly provide Class Counsel and  
9 Defendants' Counsel with copies of all Requests for Exclusion that it receives.

10 **(v) Declaration of Compliance**

11 52. As soon as practicable following the Preliminary Approval Date, the Settlement  
12 Administrator shall provide Class Counsel and Defendants' Counsel with a declaration attesting  
13 to completion of the notice process set forth in this Section IV, including the number of notices  
14 sent and returned, an explanation of efforts to resend undeliverable notices, and copies of all  
15 Requests for Exclusion, which declaration shall be filed with the Court by Class Counsel along  
16 with their papers requesting final approval of the Settlement.

17 **(vi) Sufficient Notice**

18 53. Compliance with the procedures described in this Section IV.B. shall constitute due  
19 and sufficient notice to Non-PAGA Settlement Class Members of this Settlement and of the Final  
20 Fairness and Approval Hearing, shall satisfy the requirements of due process, and nothing else  
21 shall be required of the Representative Plaintiff, Class Counsel, Defendant, Defendants' Counsel,  
22 or the Settlement Administrator to provide notice of the Settlement and the Final Fairness and  
23 Approval Hearing.

24 **(vii) Objections to Settlement**

25 **a. Deadline for Objections**

26 54. Any Non-PAGA Settlement Class Member wishing to object to the approval of this  
27 Settlement shall inform the Settlement Administrator in writing of his or her intent to object by  
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1 following the procedure set forth in the Notice of Settlement within forty-five (45) calendar days  
2 of mailing (or within forty-five (45) calendar days of any re-sending pursuant to Section IV(D))  
3 of the Notice of Settlement. Failure to strictly comply with this deadline will forever bar a Non-  
4 PAGA Settlement Class Member from objecting to the Settlement. A Non-PAGA Settlement  
5 Class Member who does not submit a valid and timely Request for Exclusion and who objects to  
6 the Settlement will still be considered a Non-PAGA Settlement Class Member.

7 **b. Responses to Objections**

8 55. Class Counsel and Defendants’ Counsel shall file any written objections from Non-  
9 PAGA Settlement Class Members submitted to the Settlement Administrator in accordance with  
10 this Agreement, and Class Counsel’s and Defendants’ Counsel’s responses to such objections, at  
11 least five (5) court days before the Final Fairness and Approval Hearing.

12 **c. Waiver of Appeal**

13 56. Any Non-PAGA Settlement Class Member who does not timely submit an  
14 objection to the Settlement and/or does not comply with any other substantive or procedural  
15 obligations imposed by law, waives any and all rights to appeal the Final Approval Order and  
16 Judgment, including all rights to any post-judgment proceeding and appellate proceeding such as  
17 a motion to vacate the judgment, motion for new trial, and extraordinary writs.

18 **(viii) Final Fairness and Approval Hearing**

19 57. On the date set by the Court, the Final Fairness and Approval Hearing shall be held  
20 before the Court in order to: (1) determine whether the Court should give this Stipulation final  
21 approval; (2) determine whether Class Counsel’s application for attorneys’ fees and costs, and  
22 request for the Service Payment to the Representative Plaintiff, should be granted; and (3) consider  
23 any timely Objections to the Settlement, including Class Counsel’s and Defendants’ Counsel’s  
24 responses thereto. At the Final Fairness and Approval Hearing, the Representative Plaintiff, Class  
25 Counsel, and Defendants’ Counsel shall ask the Court to give final approval to this Settlement.  
26 Upon final approval, the Court shall enter a Final Approval Order (in a form submitted by Class  
27 Counsel and approved by Defendants’ Counsel) which has the effect of adjudicating all claims set  
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forth in the Complaint and implementing the release of Non-PAGA Released Claims, as set forth in this Agreement. The Final Approval Order will be posted on the Settlement Administrator’s website, which will constitute service of the judgment upon Non-PAGA Settlement Class Members, as required by California Rule of Court 3.771(b).

**(ix) The Settlement Administrator**

58. The Settlement Administrator will perform the duties specified in this Stipulation and any other duties incidental to such obligations. The Settlement Administrator’s duties shall include, without limitation: preparing and distributing the Notice of Settlement; calculating and directing the disbursement of payments to PAGA Settlement Class Members, Non-PAGA Settlement Class Members, Class Counsel, the Class Representative and the LWDA; calculating and timely paying any and all payroll taxes from the wages portion of the Net Settlement Amount to the appropriate tax authorities, as required under this Agreement and applicable law; handling inquiries about the calculation of individual settlement payments; preparing and filing any tax returns and information returns and any other filings required by any governmental taxing authority or other governmental agency; providing weekly status reports to the Parties’ counsel; advising Defendants and Class Counsel of any Class Members who submit objections and/or requests for exclusions from the Settlement; providing a due diligence declaration for submission to the Court prior to the final approval hearing; printing and providing PAGA Settlement Class Members, Non-PAGA Settlement Class Members, and Plaintiffs with W-2 and 1099 forms as required under this Agreement and applicable law; arranging for and remitting funds from any uncashed settlement payment to the designated *cy pres* recipient as approved by the court; and for such other tasks as the Parties mutually agree or the Court orders the Settlement Administrator to perform. The Settlement Administrator shall establish a settlement payment center address, telephone number, facsimile number, and email address to receive Class Members’ inquiries about the Notice of Settlement, requests to be excluded from the Settlement and settlement payments.

1           59.     The Parties confirm, and Class Counsel and Defendants’ Counsel confirm that they  
2 do not have any financial interest in the Settlement Administrator or otherwise have a relationship  
3 with the Settlement Administrator that could create a conflict of interest.

4           60.     The Settlement Administrator, on Defendants’ and Class Counsel’s collective  
5 behalf, shall have the authority and obligation to make payments, credits, and disbursements,  
6 including payments and credits in the manner set forth herein, to Non-PAGA Settlement Class  
7 Members calculated in accordance with the methodology set out in this Agreement and orders of  
8 the Court.

9           61.     The Parties acknowledge and agree that the formula used to calculate individual  
10 settlement payments does not imply that all the elements of damages alleged in the Action are not  
11 being considered. The above formula was devised as a practical and logistical tool to simplify the  
12 settlement process.

13           62.     The Notice of Settlement sent to each Non-PAGA Settlement Class Member shall  
14 state the amount of the Non-PAGA Settlement Class Member’s Qualifying Workweeks and Rate  
15 of Pay, as reflected in the Class Data. Each Notice of Settlement shall also include an estimate of  
16 the Non-PAGA Settlement Class Member’s settlement payment as a member of the Settlement  
17 Class. The estimated settlement payment included in the Notice of Settlement will be calculated  
18 by assuming that no Non-PAGA Settlement Class Members will be excluded from the Settlement.

19  
20                   **(x)     Eligibility**

21           63.     Non-PAGA Settlement Class Members (but not those who exclude themselves or  
22 opt-out of the Settlement), will become eligible to receive a settlement payment from Defendants  
23 for the settlement of the Non-PAGA claims, distributed through the Settlement Administrator.

24           64.     Non-PAGA Settlement Class Members will receive a share of the Net non-PAGA  
25 Settlement Amount based on their Rate of Pay and Qualifying Workweeks worked unless they  
26 affirmatively and timely opt-out of the Settlement as provided herein and after the Effective Date  
27 and after entry of this Court’s order approving the settlement of Plaintiffs’ PAGA claims and after  
28 entry of this Court’s order granting final approval and entry of judgment pursuant to California

1 Rule of Court 3.769 of Plaintiffs’ non-PAGA claims and after Defendants make the first payment  
2 of the Gross-Settlement Amount.

3 65. The Non-PAGA Settlement Class Member’s share of the settlement will be  
4 calculated by the Settlement Administrator by multiplying the Qualified Workweeks by the Non-  
5 PAGA Settlement Class Member’s Rate of Pay to determine their Gross Earnings. The Non-  
6 PAGA Settlement Class Member’s Gross Earnings will then be divided by the total Gross Earnings  
7 for all Non-PAGA Settlement Class Members and that Non-PAGA Settlement Class Member will  
8 receive that percentage of the Net Non-PAGA Settlement Amount.

9 66. Should any question arise regarding the determination of eligibility for, or the  
10 amounts of, any settlement payments under the terms of this Agreement, Class Counsel and  
11 Defendants’ Counsel shall meet and confer in an attempt to reach agreement and, if they are unable  
12 to do so, the issue shall be submitted to the Court for determination on an expedited basis, through  
13 the submission of letter briefs of no more than three pages.

14 **(xi) Disputes about Qualifying Workweeks Or Rates of Pay**

15 67. If a Non-PAGA Settlement Class Member disagrees with the number of Qualifying  
16 Workweeks or Rates of Pay as stated in his or her Notice of Settlement, he or she may dispute that  
17 figure by informing the Settlement Administrator of the number of Qualifying Workweeks or Rate  
18 of Pay in dispute and submitting supporting documentation (such as, without limitation, payroll or  
19 time keeping records, and paycheck stubs) prior to the deadline for objecting to the Settlement.  
20 Non-PAGA Settlement Class Members must notify the Settlement Administrator of any such  
21 dispute within forty-five (45) days of mailing the Notice of Settlement. If there is a dispute, the  
22 Settlement Administrator will consult with Class Counsel and Defendants’ Counsel to determine  
23 whether an adjustment is warranted. However, the Settlement Administrator shall have the sole  
24 discretion to determine any such disputes.

25 **(xii) Allocation of Settlement Payments**

26 68. Payment to each Non-PAGA Settlement Class Member from the Net non-PAGA  
27 Settlement Amount shall be allocated as follows: one-third (33.33%) shall be attributed to wages,  
28

1 to be reported on a W-2 form; one-third (33.33%), as penalties; and one-third (33.33%) as interest.  
2 The amounts apportioned as interest and penalties will be reported on an IRS Form 1099.

3 **(xiii) Payment of Payroll Taxes.**

4 69. The amount paid to each participating Non-PAGA Settlement Class Member  
5 attributable to wages shall be subject to all applicable taxes and other withholdings and shall be  
6 net of the participating Non-PAGA Settlement Class Member’s share of all federal, state, and local  
7 taxes and required withholdings, including without limitation, FICA, Medicare tax, FUTA, and  
8 state unemployment taxes. The Employer’s Withholding Share shall be paid by Defendants  
9 separately and in addition to Defendants’ payment of the Gross non-PAGA Settlement Amount.  
10 The Settlement Administrator is responsible for withholding and paying taxes due for each Non-  
11 PAGA Settlement Class Member.

12 70. For each participating Non-PAGA Settlement Class Member, the Settlement  
13 Administrator shall determine the Employer’s Withholding Share. Information related to the  
14 Employer’s Withholding Share for each participating Non-PAGA Settlement Class Member shall  
15 be provided to Defendants by the Settlement Administrator. If Defendants disagrees with the  
16 Settlement Administrator’s determination of the Employer’s Withholding Share, it will  
17 communicate with and share information reasonably necessary to reach a good faith determination  
18 of the correct Employer’s Withholding Share.

19 **(xiv) Payments to Participating Non-PAGA Settlement Class Members**

20 71. Within ten (10) days of Defendants’ deposit of the Gross non-PAGA Settlement  
21 Amount with the Settlement Administrator as provided herein, the Settlement Administrator will  
22 make the settlement payments to Non-PAGA Settlement Class Members based on the payment  
23 formulas set forth above.

24 **(xv) No Credit Toward Benefit Plans**

25 72. The settlement payments made to Non-PAGA Settlement Class Members and  
26 PAGA Settlement Class Members under this Agreement, as well as any other payments made  
27 pursuant to this Agreement, will not be utilized to calculate any additional benefits under any  
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1 benefit plans to which any Non-PAGA Settlement Class Members or PAGA Settlement Class  
2 Members may be eligible, including without limitation any profit-sharing plans, bonus plans,  
3 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, or any other  
4 benefit or plan. It is the Parties' intention and agreement that this Settlement Agreement will not  
5 affect any rights, contributions, or amounts to which any Non-PAGA Settlement Class Members  
6 and PAGA Settlement Class Members may be entitled under any such benefit plans.

7 **(xvi) Time for Payment by Defendant**

8 73. Within 21 calendar days after the Effective Date, Defendants shall pay one half (1/2)  
9 of the Gross Settlement Amount and Employer's Withholding Share to the QSF Five Hundred  
10 Thousand, Fifty Dollars and One Cent (\$500,050.01). Within 183 days after the first payment,  
11 Defendants shall pay the remaining (1/2) of the Gross Settlement Amount and Employer's  
12 Withholding Share to the QSF, Five Hundred Thousand, Fifty Dollars and One Cent  
13 (\$500,050.01). If the date the first or second payment of the Gross Settlement Amount is due falls  
14 on a weekend or a holiday, the due date for the payment shall be continued forward to the next  
15 business day that is not a weekend or a holiday.

16 74. If, after the Effective Date Court enters a Final Approval Order, Defendants fail to  
17 timely make either the first or second payment under this Stipulation as set forth above, Class  
18 Counsel and/or the Settlement Administrator shall send counsel for Defendants written notice of  
19 the default and demand to cure (hereinafter referred to "Notice of Default"). Defendants shall  
20 have thirty (30) calendar days from the postmark date of the Notice of Default to cure the default.  
21 If Defendants do not cure within this time period by paying the full installment payment due and  
22 in default, then Class Counsel shall send counsel for Defendants written notice of the breach  
23 (hereinafter referred to as "Notice of Breach"). The Notice of Breach shall, at Class Counsel's  
24 election either: (1) continue the deadline for the installment payment in default; or (2) continue the  
25 deadline for the installment payment on the condition that interest on the amount of the installment  
26 payment in default accrues at the rate of six percent (6% simple interest per annum), which interest  
27 will begin accruing on the date of the installment payment that is in default was originally due.  
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1           75. If Defendant fails to cure any default in paying the Gross-Settlement amount and  
2 does not cure the default within the applicable time frame, Class Counsel, at his option, may either  
3 (1) declare the settlement terminated, in which case, the parties agree that the Court will nullify  
4 the Final Approval Order and Judgment and all liability releases provided for in this Stipulation  
5 and Plaintiffs may continue to prosecute his claims against Defendants, or (2) seek to collect all  
6 amounts owed under the Final Approval Order and Judgment.

7                           **(xvii) Payments to Class Counsel and the Representative Plaintiffs**

8           76. The Parties agree that the following disbursements will be made from the Gross  
9 non-PAGA Settlement Amount, subject to Court approval at the final approval hearing for the  
10 settlement of Plaintiffs and the putative class members' non-PAGA claims:

- 11           A. One half (1/2) of the Settlement Administration Costs, estimated to be  
12                 \$5,250.00.
- 13           B. Class Counsel's non-PAGA Attorneys' Fees, to be approved by the Court,  
14                 in an amount not to exceed Two Hundred and Seventy Seven Thousand and  
15                 Two Hundred and Twenty Four Dollars and Eighty Five Cents  
16                 (\$277,224.85), which is one-third (1/3) of the Gross non-PAGA Settlement  
17                 Amount;
- 18           C. One half (1/2) Class Counsel's reasonable and actual litigation costs, as  
19                 approved by the Court, currently estimated to be no more than Five  
20                 Thousand Dollars and Zero Cents (\$5,000.00); total costs litigation are  
21                 anticipated to be no more than Ten Thousand Dollars and Zero Cents  
22                 (\$10,000.00);
- 23           D. A Service Award to each representative Plaintiff in the amount of Three  
24                 Thousand and Five Hundred Dollars and Zero Cents (\$3,500.00 each,  
25                 \$10,500 total) as payment for their time and efforts in pursuing this Action;
- 26           E. The remainder of the Gross non-PAGA Settlement Amount will be  
27                 distributed to Non-PAGA Settlement Class Members based on the  
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1 methodology contained herein. It is estimated that the Net non-PAGA  
2 Settlement Amount will be approximately Five Hundred Thirty Three  
3 Thousand Six Hundred and Ninety Nine Dollars and Sixty Nine Cents  
4 (\$533,699.69) after the deductions for Class Counsel’s Attorneys’ Fees for  
5 the non-PAGA claims, Class Counsel’s litigation costs apportioned to the  
6 non-PAGA claims, Settlement Administration Costs apportioned to the  
7 non-PAGA claims, and Service Award payments to Plaintiffs are made.

8  
9 77. Within ten (10) days of Defendants’ first deposit of the Gross Settlement Amount  
10 with the Settlement Administrator, the Settlement Administrator shall make the first payment from  
11 the QSF to: (1) Class Counsel, for Class Counsel’s Attorneys’ Fees and Class Counsel’s Costs,  
12 awarded to Class Counsel by the Court on a *pro rata* basis; and (2) Plaintiffs/Class Representatives  
13 the Service Awards approved by the Court. Within ten (10) days of Defendants’ second deposit  
14 of the Gross Settlement Amount with the Settlement Administrator, the Settlement Administrator  
15 shall make the second payment from the QSF to: (1) Class Counsel, for Class Counsel’s Attorneys’  
16 Fees and Class Counsel’s Costs, awarded to Class Counsel by the Court on a *pro rata* basis; and  
17 (2) Plaintiffs/Class Representatives the Service Awards approved by the Court. These payments  
18 will be reported on an IRS Form 1099. Plaintiffs shall be solely responsible to pay any and all  
19 applicable taxes due on the Service Award.

20 **(xviii) Un-negotiated Settlement Payment Checks**

21 78. If any Class Member/represented individuals’ settlement payment check has not  
22 been negotiated sixty (60) days after disbursement, the Settlement Administrator shall attempt to  
23 contact each individual to advise them to cash their checks, and to offer to replace any checks  
24 reported as either lost or stolen. In attempting to contact such persons, the Settlement  
25 Administrator will only send notices by mail to the individuals’ last known addresses (as provided  
26 by Defendant) after first checking those addresses against the NCOA database and utility database  
27 and by telephoning or emailing such persons, in the event that Defendants provides telephone  
28 numbers and/or email addresses for such persons.

1           79.     If a Non-PAGA Settlement Class Members or PAGA Settlement Class Member’s  
2 check is not cashed within 180 days, the check will be void and a stop payment order may be  
3 placed on the check. In such event, the Settlement nevertheless will be binding upon the Non-  
4 PAGA Settlement Class Members or PAGA Settlement Class Members. The funds represented by  
5 all uncashed settlement checks will be governed by California Code of Civil Procedure section  
6 384, as approved by the Court. The funds represented by all uncashed checks will be disbursed  
7 on half each to the following *cy pres*: Bet Tzedek and the American Diabetes Association, or in  
8 the Court’s discretion to any appropriate *cy pres* the Court designates.

9                                   **(xiix) Class Counsel Attorneys’ Fees and Costs**

10           80.     Defendants will not oppose Class Counsel’s application for an award of non-PAGA  
11 attorneys’ fees of up to Two Hundred and Seventy Seven Thousand and Two Hundred and Twenty  
12 Four Dollars and Eighty Five Cents (\$277,224.85), which is one-third (1/3) of the Gross non-  
13 PAGA Settlement Amount. Defendants will not oppose Class Counsel’s application for an award  
14 of PAGA attorneys’ fees of up to Fifty Six Thousand and One Hundred and Forty One Dollars and  
15 Eighty Three Cents (\$56,141.83), which is one-third (1/3) of the Gross PAGA Settlement Amount.  
16 Plaintiffs and Class Counsel will not have the right to revoke this Agreement in the event the Court  
17 approves less than the amount of Class Counsel Attorneys’ Fees and Costs requested by Class  
18 Counsel.

19           81.     Defendants will not oppose Class Counsel’s application for an award of their  
20 reasonable litigation expenses and costs, which are currently estimated to be \$10,000 or less.

21           82.     Class Counsel’s Attorney’s Fees and Class Counsel’s Costs, as awarded by the  
22 Court, shall be paid from the Gross Settlement Amount.

23           83.     Upon the payment of the Court-approved amount of Class Counsel’s Attorneys’  
24 Fees and Class Counsel’s Costs, and except as otherwise provided by this Stipulation, Class  
25 Counsel waives any claim to costs and attorneys’ fees and expenses against Defendants arising  
26 from or related to the Action, including but not limited to claims based on the California Labor  
27 Code, the California Code of Civil Procedure, or any other statute or law.  
28

1                                   **(xix) Taxes**

2   **1. Withholding and Reporting Requirements**

3               84. The Settlement Administrator shall be responsible for ensuring that all taxes owed  
4 by the Non-PAGA Settlement Class Members or PAGA Settlement Class Members for wages  
5 received pursuant to this Settlement are timely paid to the appropriate tax authorities. The  
6 Settlement Administrator’s responsibilities include the following: (a) filing all Federal, state, and  
7 local employment tax returns, tax withholding returns, and any other tax returns associated with  
8 the taxes, (b) timely and proper filing of all required Federal, state, and local information returns  
9 (e.g., 1099s, W-2s, etc.) with the appropriate taxing authorities, and (c) completion of any other  
10 steps necessary for compliance with any tax obligations of the settlement fund under Federal, state  
11 and/or local law. To verify the Settlement Administrator’s compliance with the foregoing  
12 withholding and reporting requirements, as soon as administratively practicable, the Settlement  
13 Administrator shall furnish Class Counsel and Defendants’ Counsel with copies of all filed tax  
14 returns and information returns (including all 1099 and W-2 information returns), and a final  
15 accounting adequate to demonstrate full compliance with all tax withholding, payment and  
16 reporting obligations.

17   **2. Circular 230 Disclaimer**

18               85. Each party to this Agreement (for purposes of this section, the “Acknowledging  
19 Party”; and each party to this Agreement other than the Acknowledging Party, and “Other Party”)  
20 acknowledges and agrees that: (1) no provision of this Agreement, and no written communication  
21 or disclosure between or among the Parties or their attorneys and other advisers, is or was intended  
22 to be, nor shall any such communication or disclosure constitute or be construed or be relied upon  
23 as, tax advice within the meaning of United States Treasury Department Circular 230 (31 CFR  
24 Part 10, as amended); (2) the Acknowledging Party (a) has relied exclusively upon his, her, or its  
25 own, independent legal and tax advisers for advice (including tax advice) in connection with this  
26 Agreement, (b) has not entered into this Agreement based upon the recommendation of any other  
27 party or any attorney or advisor to any other party, and (c) is not entitled to rely upon any  
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1 communication or disclosure by any attorney or adviser to any other party to avoid any tax penalty  
2 that may be imposed on the Acknowledging Party; and (3) no attorney or adviser to any other party  
3 has imposed any limitation that protects the confidentiality of any such attorney’s or adviser’s tax  
4 strategies (regardless of whether such limitation is legally binding) upon disclosure by the  
5 Acknowledging Party of the tax treatment or tax structure of any transaction, including any  
6 transaction contemplated by this Agreement.

7 **V. LIMITATIONS ON USE OF THIS SETTLEMENT**

8 **A. No Admission of Liability**

9 86. Neither the acceptance nor the performance by Defendants of the terms of this  
10 Stipulation nor any of the related negotiations or proceedings is or shall be claimed to be, construed  
11 as, or deemed a precedent or an admission by Defendants of the truth or merit of any allegations  
12 in the Complaint, or that it has any liability to the Representative Plaintiffs or the Class  
13 Members/represented individuals on their claims. Defendants denies that it has engaged in any  
14 unlawful activity, has failed to comply with the law in any respect, or has any liability to anyone  
15 under the claims asserted in the Action. This Agreement is entered into solely for the purpose of  
16 compromising highly disputed claims.  
17

18 **B. Nullification**

19 87. If the Court for any reason does not approve this Settlement, this Stipulation shall  
20 be null and void and all Parties to this Settlement shall stand in the same position, without  
21 prejudice, as if the Settlement had been neither entered into nor filed with the Court.

22 88. Invalidation of any material portion of this Stipulation shall invalidate this  
23 Settlement in its entirety unless the Parties shall agree in writing that the remaining provisions  
24 shall remain in full force and effect.

25 **C. Termination for Lack of Sufficient Participation**

26 89. If four (4) or more of the Non-PAGA Settlement Class Members make a valid  
27 request to be excluded from the Class, Defendants will have the right, but not the obligation, to  
28 void the Agreement. If Defendants exercises that right to void the Agreement, then the Parties will

1 have no further obligations under the Agreement, including any obligation by Defendants to pay  
2 the Gross Settlement Amount, or any amounts that otherwise would have been owed under this  
3 Agreement, except that Defendants will pay the Settlement Administrator’s reasonable fees and  
4 expenses incurred as of the date that Defendants exercises the right to void the Agreement.

5 90. Defendants will notify Class Counsel, in writing via USPS and email, and the Court  
6 of Defendants’ election to terminate under this provision no later than seven (7) calendar days after  
7 being advised by the Settlement Administrator that it has received the number of Requests for  
8 Exclusion that will trigger this termination provision.

9 **VI. RELEASE**

10 91. It is the desire of the Representative Plaintiffs, Non-PAGA Settlement Class  
11 Members (except those who exclude themselves from the Settlement) and Defendants to fully,  
12 finally, and forever settle, compromise, and discharge the Non-PAGA Released Claims. Upon  
13 entry of the Final Approval Order and Defendants’ payment of the Gross Settlement Amount and  
14 Employer’s Withholding Share, and except as to such rights or claims as may be created by this  
15 Settlement Agreement, the Non-PAGA Settlement Class Members shall fully release and  
16 discharge the Released Parties from any and all Non-PAGA Released Claims that accrued during  
17 the Non-PAGA Class Period. This release shall be binding on all Non-PAGA Settlement Class  
18 Members who have not timely submitted a valid and complete Request for Exclusion, including  
19 each of their respective attorneys, agents, spouses, executors, representatives, guardians ad litem,  
20 heirs, successors, and assigns, and shall inure to the benefit of the Released Parties.

21 92. In addition to the releases made above, the Plaintiffs/Class Representatives shall  
22 make the following additional mutual general release of all claims known and unknown (“General  
23 Release”): Named Plaintiffs and Released Parties mutually release each other from all claims,  
24 demands, rights, liabilities and causes of action of every nature and description whatsoever, known  
25 or unknown, asserted or that might have been asserted, whether in tort, contract, or for violation  
26 of any state or federal statute, rule or regulation arising out of, relating to, or in connection with  
27 any act or omission by or on the part of any of the Released Parties committed up to the Final  
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1 Approval of this Agreement.

2 93. Named Plaintiffs and Released Parties stipulate and agree that they expressly waive  
3 and relinquish, to the fullest extent permitted by law, the provisions, rights and benefits of Section  
4 1542 of the California Civil Code, or any other provision under federal or state law, which  
5 provides: A general release does not extend to claims that the creditor or releasing party does not  
6 know or suspect to exist in his or her favor at the time of executing the release and that, if known  
7 by him or her, would have materially affected his or her settlement with the debtor or released  
8 party.

9 94. Notwithstanding the above, the scope of the General Release provided by the  
10 Named Plaintiffs does not include any claims for disability, workers' compensation, or  
11 unemployment benefits, or any claims that cannot be released as a matter of law.

12 **VII. MISCELLANEOUS PROVISIONS**

13 **A. Amendments**

14 95. This Settlement Agreement may only be modified or changed by a writing signed  
15 by the Parties or by their counsel.

16 **B. Integrated Agreement**

17 96. After this Stipulation is signed and delivered by all Parties to the Action and their  
18 counsel, this Stipulation and its exhibits will constitute the entire agreement between the Parties to  
19 the Action relating to the Settlement, and it will then be deemed that no oral representations,  
20 warranties, covenants, or inducements have been made to any Party concerning this Stipulation or  
21 its exhibits other than the representations, warranties, covenants, and inducements expressly stated  
22 in this Stipulation and its exhibits.

23 **C. No Inducements**

24 97. Plaintiffs and Defendants acknowledge that they are entering into this Agreement  
25 as a free and voluntary act without duress or undue pressure or influence of any kind or nature  
26 whatsoever and that neither Plaintiffs nor Defendants have relied on any promises, representations,  
27 or warranties regarding the subject matter hereof other than as set forth in this Stipulation.  
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**D. No Prior Assignment**

98. The Parties hereto represent, covenant, and warrant that they have not directly or indirectly, assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action, or rights herein released and discharged except as set forth herein.

**E. No Retaliation or Advice**

99. Defendants agrees not to retaliate against any Class Member/represented individuals, and Defendants will not induce or offer any advice to any current or former employee to opt out of, or object to, the Settlement.

**F. Attorney’s Fees**

100. To the extent that any Party institutes any legal action, arbitration, or other proceeding to enforce the terms of the Settlement, the prevailing Party will be entitled to recover their reasonable attorneys’ fees and costs from the other Party or Parties.

**G. Applicable Law**

101. All terms and conditions of this Stipulation and its exhibits will be governed by and interpreted according to the laws of the State of California, without giving effect to any conflict of law principles or choice of law principles.

**H. Entry of Judgment Pursuant to Terms of Settlement**

102. The Parties agree that upon the Settlement of this case, the Court may enter judgment pursuant to the terms of this Settlement and the Court will retain jurisdiction over the Parties to enforce the Settlement until performance in full of the terms of the Settlement.

**I. Notices**

103. All notices, requests, demands and other communications required or permitted to be given pursuant to this Agreement shall be in writing, and shall be delivered personally or by first class mail to the undersigned persons at their respective addresses as set forth below:



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CLASS COUNSEL

Jon M. Lebe  
Lebe Law, a Professional Law Corporation  
777 S. Alameda Street, Second Floor  
Los Angeles, CA 90021  
Telephone: (213) 358-7046  
Facsimile: (310) 820-1258

COUNSEL FOR DEFENDANTS HEALTH IQ

Benjamin Emmert  
Littler Mendelson P.C.  
50 West San Fernando Street, 7th Floor  
San Jose, CA 95113-2434

Arthur Roberts  
Director of Legal Affairs  
HealthIQ  
arthur.roberts@healthiq.com

**J. Binding on Successors**

104. This Agreement shall be binding and shall inure to the benefit of the Parties to the Action and their respective successors, assigns, executors, administrators, heirs, and legal representatives.

**K. Counterparts**

105. This Stipulation, and any amendments hereto, may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original and all of which taken together shall constitute the same instrument.

**L. Warranties and Representations**

106. With respect to themselves, each of the Parties to this Action and or their agent or counsel represents, covenants, and warrants that they have full power and authority to enter into and consummate all transactions contemplated by this Stipulation and have duly authorized the execution, delivery, and performance of this Stipulation.

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**M. Representation by Counsel**

107. The Parties to this Action acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Stipulation, and that this Stipulation has been executed with the consent and advice of counsel.

[Signatures on following pages.]

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Dated: 4/22/2019

DocuSigned by:  
*Michael Schmitz*  
Michael Schmitz

Dated: 4/25/2019

DocuSigned by:  
*[Signature]*  
Min Duong

Dated: 4/12/2019

DocuSigned by:  
*Ryan Winters*  
Ryan Winters

Dated: \_\_\_\_\_

HealthIQ Re, Inc., an Arizona Corporation; Hi.Q, Inc.  
Which Will Do Business In California As Health IQ

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Name:  
Title:

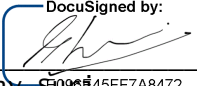
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Michael Schmitz

Dated: \_\_\_\_\_  
Min Duong

Dated: \_\_\_\_\_  
Ryan Winters

Dated: 4/12/2019  
HealthIQ Re, Inc., an Arizona Corporation; Hi.Q, Inc.  
Which Will Do Business In California As Health IQ


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Name: Gaurav Suri  
Title: COO

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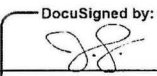
Littler Mendelson P.C.

By:   
Benjamin Emmert

Attorneys for Defendants HealthIQ Re, Inc., an Arizona Corporation and Hi.Q, Inc. Which Will Do Business In California As Health IQ

Dated: 4/12/2019

Lebe Law, APLC

DocuSigned by:  
  
Jon M. Lebe

Attorneys for Plaintiffs Michael Schmitz, Min Duong, and Ryan Winters individually and on behalf of all others similarly situated

**NOTICE OF PROPOSED CLASS ACTION SETTLEMENT AND HEARING DATE FOR COURT APPROVAL**

***SCHMITZ, ET AL. V. HEALTHIQ RE, INC.,***  
**SANTA CLARA COUNTY SUPERIOR COURT CASE NO. 18CV337951**

**PLEASE READ THIS NOTICE CAREFULLY.**

**THIS IS A COURT-ORDERED NOTICE. THIS IS NOT A SOLICITATION FROM A LAWYER. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF CLASS ACTION LITIGATION. IT CONTAINS IMPORTANT INFORMATION AS TO THE RIGHTS OF CLASS MEMBERS. YOU MAY BE A CLASS MEMBER.**

- Three former employees (“Plaintiffs” or “Class Representatives”) have sued HealthIQ Re, Inc., a California Corporation or Hi.Q, Inc. Which Will Do Business In California As Health IQ, a California Corporation (collectively “HealthIQ” or “Defendants”) based on alleged violations of California wage and hour laws.
- Plaintiffs represent all people who are employed or have been employed by HealthIQ as an overtime exempt Account Manager, Senior Account Manager, Sales Driver, Account Executive, Associate Account Executive, Senior Account Executive, Sales Manager, Inside Sales Qualifier, Electronic Sales Qualifier, E-Mail Sales Qualifier, Inside Sales Representative, Executive Account Manager, Sales Development Representative, Licensed Sales Agent, Life Insurance Agent, Life Insurance Sales Agent, Sales Agent, Client Manager, Client Success, Customer Success, Case Manager, Client Concierge, Exams, DELs, DELs Development Representative, Policy Holder Services Representative, or DELs Manager, or other job titles that performed substantially similar work as the foregoing job titles in California from November 13, 2014 to [APPROVAL DATE] (“Covered Position”) who did not sign an arbitration agreement with a class action waiver. Those people are referred to as “the Class Members.”
- HealthIQ has denied and continues to deny Plaintiffs’ allegations and contends that it complied with all applicable laws.
- Plaintiffs and HealthIQ entered into a settlement of this matter. The Court presiding over this case has issued a preliminary order approving a settlement that covers the Plaintiffs and Class Members in this case. The Court will decide whether the proposed settlement should be approved.
- Pursuant to the settlement, HealthIQ has agreed to pay \$831,674.54 to settle this action with the Class Members.
- As part of the proposed settlement, HealthIQ does not admit to any wrongdoing and continues to deny the allegations in Plaintiffs’ complaint.
- Your legal rights are affected whether you act or don’t act. Please read this notice carefully.

**BASIC INFORMATION**

**1. Why did I get this notice?**

HealthIQ’s records show that you were employed by HealthIQ at some point during the class period (from November 13, 2014 through [Preliminary Approval Date]), in a Covered Position.

**2. What is this lawsuit about?**

Plaintiffs filed this lawsuit against Health IQ in the Santa Clara County Superior Court on November 13, 2018. Plaintiffs allege they and other similarly situated employees were not properly compensated for overtime earned, were not properly provided meal and rest breaks, were not provided with accurate and complete wage statements, and were not reimbursed for reasonable business expenses incurred. Based on these allegations and others, Plaintiffs’ complaint alleges causes of action against Defendants for: (1) Violation of Labor Code § 510; (2) Violation of Labor Code §§ 226.7 and 512(a); (3) Violation of Labor Code §226; (4) Violation of Labor Code §§201 and 202; (5) Violation of Labor Code §2802; (6) Violation of Business & Professions Code §§ 17200 et seq.; and (7) Violation Of Labor Code Private Attorneys General Act (“PAGA”) (Cal. Lab. Code § 2698, et. seq.).

HealthIQ denies all of Plaintiffs’ allegations. Among other things, HealthIQ contends that all employees have been properly compensated for all hours worked, that all employees were paid all overtime (or were exempt from overtime), all employees were properly provided the opportunity to take compliant meal and rest breaks, that employees were reimbursed for all expenses and that Defendant has complied with all wage statement reporting requirements under California law.

### 3. Why is there a settlement?

The Court did not decide in any party's favor in preliminarily approving this settlement. Instead, both sides agreed to a settlement. This allows the parties to avoid the cost of a trial, and the participating Class Members will receive compensation. The Class Representatives and their attorneys think the settlement is best for all Class Members. HealthIQ has not admitted fault or that it violated any laws but it and its attorneys agree that a settlement is in all parties' best interests at this time to avoid the cost of litigation.

### 4. What claims are resolved by the settlement?

The settlement will resolve all claims and allegations made on behalf of Class Members against HealthIQ in the Complaint filed in the lawsuit regarding HealthIQ's alleged violation of California's wage and hour laws, including the following claims:

- Failing to pay Class Members overtime compensation;
- Failing to provide Class Members meal periods and/or rest breaks;
- Failing to properly reimburse drivers for all reasonable and necessary business expenses paid;
- Failing to provide code compliant pay stubs.

The settlement will resolve alleged violations that occurred from November 13, 2014 through [Preliminary Approval].

### 5. What are the basic terms of the settlement?

Subject to Court approval, the essential terms of the settlement are as follows:

Gross Settlement Fund: The settlement requires HealthIQ to pay a total of \$831,674.54 to establish a Gross Settlement Fund. Under the settlement, Class Counsel expects that at least \$533,699.69 shall be distributed to the Settlement Class Members as compensation for releasing the claims resolved by the settlement as described above, which Class Counsel and HealthIQ's counsel believe is fair and reasonable.

Settlement Administrator: The settlement requires [Settlement Administrator] to act as the settlement administrator in accordance with the Settlement Agreement. Plaintiffs will ask the Court to approve the payment of fees, costs, and other charges imposed by the Settlement Administrator from the Gross Settlement Fund in an amount that is not expected to exceed \$5,250.00.

Class Representative Service Award: Plaintiffs will ask the Court to approve service awards to each Class Representative to compensate them for their time and effort. If approved, the Class Representatives will be paid up to a combined amount of \$10,500 from the Gross Settlement Fund.

Attorney's Fees and Costs: Class Counsel will also ask the Court to approve payment from the Gross Settlement Fund to Class Counsel to reimburse them for out-of-pocket litigation costs and to compensate them for their reasonable attorneys' fees. If approved, Class Counsel will be reimbursed for up to \$277,224.85 in costs and attorneys' fees. Costs reimbursement will not exceed the actual out-of-pocket costs and expenses of litigation incurred by Class Counsel.

Employer-Side Taxes: The Gross Settlement Fund does not include coverage for any taxes that must be submitted to governing authorities on behalf of HealthIQ for the wage portion of the Class Member payments.

Distribution of Settlement Fund: The Settlement Administrator will make payments directly to Class Members. If you have recently moved or plan to move within the next 90 days, please provide the Settlement Administrator with an updated address by contacting Class Counsel or the Settlement Administrator. Contact information is provided below.

Tax Treatment of Claim Share Portion of Settlement Payments: One-third (33.33%) of each Class Member's settlement share will be treated and reported to the government taxing authorities as wages and subject of the normal employee-side payroll tax withholdings and payments. Two-thirds (66.67%), of each Class Member's share will be treated and reported to government taxing authorities as non-wage penalties and interest on which there will be no tax withholding. Class Members will be responsible for the payment of any taxes that may be due as a result of the non-wage payment. You should consult a tax professional if you have any tax-related questions.

**Release of Claims:** Upon final approval by the Court, Class Members will dismiss the lawsuit and release HealthIQ and related parties from all claims and allegations that have been or could have been brought against HealthIQ and its past or present officers, owners, directors, shareholders, clients, joint employers, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and reinsurers, and their respective successors and predecessors in interest, subsidiaries, affiliates, parents and attorneys in the Complaint filed in this lawsuit including all claims for alleged failure pay all wages due, failure to pay overtime wages due, failure to provide accurate wage statements, failure to provide compliant meal periods, failure to provide compliant rest periods, failure to reimburse for necessary expenditures, unfair and unlawful business practices, and for any other civil penalties. This releases HealthIQ for liability related to any and all past or present claims, debts, demands, causes of action, liabilities, losses, obligations, interest, attorneys' fees, costs, expenses, damages, exemplary damages, fines, penalties, and injuries of every kind, nature and description that accrued during the period from November 13, 2014 through [Approval Date] and that arise out of the facts or circumstances alleged by Plaintiffs in this Action, as more fully described in the Settlement Agreement.

For a full copy of the Settlement Agreement contact the Settlement Administrator.

## 6. How can I get a payment?

To receive a payment, you do not need to do anything. A payment will be mailed to you at your address on record. Class Members that requested to be excluded from this class action when notice was sent in \_\_\_\_\_ 2019 will not receive payment.

The Settlement Administrator shall distribute the Net Class Fund (after subtraction of attorneys' fees and costs, class representative service awards, and settlement administration expenses awarded by the Court) to Class Members *pro rata* based on the Individual Settlement Allocations provided by Class Counsel. The general formula that Class Counsel will use to calculate the Individual Settlement Allocations shall be based on the rate of pay and hours worked as provided by HealthIQ's records.

According to HealthIQ's records, you worked a total of \_\_ forty-hour weeks during the Class Period. Under the settlement, you will receive approximately \$ \_\_\_\_\_. This amount may increase or decrease based on various factors, including the amounts approved by the Court for attorneys' fees and costs, settlement administration costs, service award to Plaintiffs, and disputes by other class members regarding their work days during the Class Period. **To receive your settlement payment, you do not need to do anything. You will receive a settlement payment unless you exclude yourself from the settlement.**

## 7. When will I get my payment?

The Court will hold a hearing on \_\_\_ at \_\_\_ a.m. in Department \_\_\_\_\_ or the Santa Clara County Superior Court located at 191 North First Street, San Jose, CA 95113 to decide whether to approve the settlement. If the Court approves the settlement, the parties will then have to wait to see whether there is an appeal. This will take at least 60 days and, if there is an appeal, can take up to a year or more to resolve. If there is no appeal, the settlement payment will be made in two checks. We expect the first payments to go out within 60 days of the Court's approval of the settlement. Please be patient. We expect the second payment to go out approximately six (6) months after the first payment. You will have 180 days from the date the check is issued to cash it. Unclaimed funds will be distributed to the [Cy Pres].

As stated above, for tax purposes, one-third (1/3) of your settlement payment shall be attributed to wages, to be reported on a W-2 form and the rest shall be attributed to penalties and interest. The amount of penalties and interest will be reported on an IRS Form 1099. Nothing in this Notice should be construed as providing you with tax advice. You should consult with your tax advisor concerning the tax consequences of the payment you receive.

## 8. Do I have a lawyer in this case?

The Court has decided that lawyers from Lebe Law, a Professional Law Corporation are qualified to represent you and all Class Members and has approved them to do so. Together the lawyers are called "Class Counsel." You will not be separately charged for these lawyers; they will be compensated for their time and reimbursed for their costs out of the Gross Settlement Fund in whatever amounts are approved by the Court. If you want your own lawyer, you may hire one at your own expense.



**9. What can I do if I don't like the settlement?**

If you do not want to remain a member of the settlement class, you can request exclusion (*i.e.*, opt out) by sending the Settlement Administrator a written Request for Exclusion. The deadline to postmark a Request for Exclusion is [45 days from mailing]. A Request for Exclusion is a written statement unambiguously requesting to be excluded from the settlement class. The Request for Exclusion must include the case name (Schmitz v. HealthIQ Re, Inc., 18CV337951), your name, current address and telephone number, and the last four digits of your social security number (for verification purposes). You must also sign the Request for Exclusion. You should keep a copy of your Request for Exclusion. Moreover, to prove receipt by the Settlement Administrator, you may elect to send your Request for Exclusion via certified mail. Requests for Exclusion that do not include all required information, or that are not postmarked on or before the deadline, will not be valid.

If you submit a valid and timely Request for Exclusion, you will not be bound by the settlement or the release of claims in Section 8 above; however, you will not receive any money under the settlement. You will also be barred from objecting to this settlement. By opting out of the settlement class, you will retain whatever rights or claims you may have against Defendant.

If you do not submit a timely and valid Request for Exclusion from the settlement class by the deadline specified above, then you will be bound by all terms and conditions of the settlement if it is approved by the Court and by the judgment, and you will receive a settlement payment.

Alternatively, if you don't like the settlement, you can choose to object. If you wish to object: 1) you must do so in a signed writing; 2) you must state the reasons why you think the Court should not approve the settlement; 3) you must state if you intend to appear at the Final Approval hearing and how long you would like to speak; and 4) you must mail your objection to both a) the Settlement Administrator and b) the Santa Clara County Superior Court Clerk's Office, along with any supporting documentation that you wish the Court to consider. The objection must be received by the Settlement Administrator and the Clerk's Office at the addresses provided below no later than [45 days from mailing].

If you send a letter, be sure to include your name, address, telephone number, signature, and name of the case, *Schmitz, et al. v. HealthIQ Re, Inc.*, Santa Clara County Superior Court Case No. *18CV337951*. The Court will consider your views. If the settlement is approved, you will still receive a payment under the settlement. Class Members who fail to present objections to the proposed settlement agreement in the manner provided above shall be deemed to have waived any such objections and shall be forever foreclosed from making any objections (by appeal or otherwise) to the proposed settlement.

The Settlement Administrator is [Settlement Administrator]. Objections must be mailed to both of the addresses below:

[Settlement Administrator]  
[address line 1]  
[address line 2]  
Toll Free: \_\_\_\_\_

Santa Clara County Superior Court  
191 North Third Street  
San Jose, CA 95113

**10. When and where will the Court decide whether to approve the settlement?**

The Court will hold a hearing regarding Final Approval of Class Action Settlement at \_\_\_\_\_, 2019:

Courtroom # \_\_\_\_  
Santa Clara County Superior Court  
191 North Third Street  
San Jose, CA 95113

At this hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. You do not have to come to the hearing. The date, time, or location of the Final Approval Hearing may be changed without further notice.

**11. How do I get more information?**

This Notice only summarizes the lawsuit and settlement. For more information, you may inspect the Court file at the Santa Clara County Superior Court, Downtown Courthouse, located at 191 North First Street San Jose, CA 95113. You may also contact the settlement administrator as follows:

CPT Group, Inc. 50 Corporate Park, Irvine, CA. 92606; Facsimile: \_\_\_\_\_; Email: \_\_\_\_\_  
Website: \_\_\_\_\_

You can contact class counsel. The lawyers representing the Class are:

Lebe Law, a Professional Law Corporation  
777 S. Alameda Street, Second Floor  
Los Angeles, CA 90021  
Telephone: (213) 358-7046  
Facsimile: (310) 820-1258

Please do not contact the Clerk of the Court, the Judge, Defendant, or Defendant's attorneys with inquiries.

## 12. What is the Contact information for the Settlement Administrator?

### [Settlement Administrator]

By Internet: [www.](http://www.)

By Email: xxxxxxxx

By Phone: Toll Free 1(8xx) xxx-xxxx

By Mail:

**Michael Schmitz, et al. v. HealthIQ Re, Inc., a California Corporation and Hi.Q, Inc. Which Will Do Business In California As Health IQ, a California Corporation.**

**Superior Court of the State of California for the County of Santa Clara  
18CV337951**

**Settlement Administrator**

[name]  
[address]  
[Phone Number]

«Barcode»

«BarcodeString»  
SIMID «SIMID»  
«FirstName» «LastName»  
«Address1» «Address2»  
«City» «State» «Zip»

XXX - XX - [redacted]  
Social Security Number

**Enclosed please find a check in the amount of [PAGA SETTLEMENT CHECK AMOUNT].** You are receiving this check as a result of a lawsuit brought by an individual on behalf of the State of California.

Plaintiffs Michael Schmitz and Min Duong (“Plaintiffs”) sued HealthIQ Re, Inc., a California Corporation; Hi.Q, Inc. Which Will Do Business In California As Health IQ, a California Corporation (collectively “Defendants”) for civil penalties pursuant to the California Private Attorneys General Act of 2004 (“PAGA”), a law which allows Plaintiffs to stand in the shoes of the government of the State of California and try and recover penalties on the government’s behalf and on behalf of those employees Plaintiffs claim were “aggrieved” by Defendants’ alleged violations of wage and hour laws. Plaintiffs claim that Defendants violated the rights of Defendants’ hourly, non-exempt employees in California by, among other things, failing to pay overtime wages, failing to provide meal and rest periods, failing to pay minimum wages, failing to timely pay final wages, and noncompliant wage statements.

It is important to note that Defendants deny these claims and they further deny that they owe any penalties to the government or to you, and assert that they have fully complied with all applicable wage and hour laws. Nevertheless, to avoid further costs and time in defending the case, Defendants have settled the case, and the Court has approved the settlement and release of claims described below. By settling this case, Defendants are not admitting they have done anything wrong.

The settlement resolves the PAGA Claims (as defined below) of each person who worked for Defendants as an overtime exempt Account Manager, Senior Account Manager, Sales Driver, Account Executive, Associate Account Executive, Senior Account Executive, Sales Manager, Inside Sales Qualifier, Electronic Sales Qualifier, E-Mail Sales Qualifier, Inside Sales Representative, Executive Account Manager, Sales Development Representative, Licensed Sales Agent, Life Insurance Agent, Life Insurance Sales Agent, Sales Agent, Client Manager, Client Success, Customer Success, Case Manager, Client Concierge, Exams, DELs, DELs Development Representative, Policy Holder Services Representative, or DELs Manager, or other job titles that performed substantially similar work as the foregoing job titles in California from November 13, 2017 to [APPROVAL DATE] (collectively the “PAGA Settlement Group” and individually “PAGA Settlement Group Member(s)”).

A portion of the settlement (\$168,425.48) is being paid to resolve the PAGA Claims (“PAGA Payment”). One hundred percent (100%) of this amount is considered penalties. After subtracting attorneys’ fees, costs, and other expenses, seventy-five percent (75%) of the net amount is being paid to the California Labor and Workforce Development Agency, as required by law, and twenty-five percent (25%) of the net amount is being paid to the PAGA Settlement Group.

You are receiving a portion of the PAGA Payment (your “PAGA Settlement Check”) based on the number of workweeks you worked for Defendants from November 1, 2017 to [APPROVAL DATE] (“Covered Time Period”) as a member of the PAGA Settlement Group. The time period does not go back further due to the applicable statute of limitations.

**Defendants’ records indicate that you qualify for payment under this settlement, and specifically, that from November 1, 2017 to [APPROVAL DATE] you have worked a total of [NUMBER OF WORKWEEKS] in the capacity and for the time period specified above.**

Any questions regarding the amount of your PAGA Settlement Check should be directed to the Settlement Administrator at the address listed at the very top of this notice. You will not be retaliated against for cashing the check. It is entirely up to you if you cash your check or not. Checks that are not cashed or negotiated within 180 days of mailing shall be transmitted to the State of California Industrial Relations Unpaid Wage Fund. Regardless of what you do with this check, by law and Court order, your PAGA Claims have been released.

This settlement resolves any and all PAGA Claims and recoverable remedies under California Labor Code sections 2698 *et seq.*, arising during the Covered Time Period, by any of the PAGA Settlement Group Member, including you. All PAGA Settlement Group Members, including you, shall be deemed to have released the PAGA claims that were or could have been asserted in the Complaint based on the factual allegations in the Complaint, including but not limited to penalties for minimum wage violations, unpaid wages (including but not limited to salary, bonuses, overtime and commissions), unpaid reporting time pay, unpaid split shift pay, meal and rest break violations, late payment of wages, wait time penalties under Labor Code 203, failure to pay for time off, expense reimbursement, itemized statement penalties under Labor Code 226, and all derivative PAGA penalties available to the PAGA Settlement Group Members under the Labor Code (collectively “PAGA Claims”).

Please Note: One hundred percent (100%) of your PAGA Settlement Check is considered penalties and will be reported to the IRS and state tax authorities as such, and you will be issued an IRS Form 1099. You are responsible for all local, state, or federal tax withholdings with respect to this payment.

**Please do not call or write the Court or Office of the Clerk to ask questions about the settlement or to ask questions about the claims process. If you have any questions, you may call or write the Settlement Administrator using the contact information at the top of this correspondence.**