

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES**

DELIA BORREGO, individually, and on behalf of other members of the general public similarly situated and on behalf of other aggrieved employees pursuant to the California Private Attorneys General Act,

Plaintiff,

v.

PRECISION TOXICOLOGY, LLC, a California limited liability company; PRECISION DIAGNOSTICS, an unknown business entity; and DOES 1 through 100 inclusive,

Defendants.

Case No. 19-ST-CV-46037

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

Complaint Filed: December 24, 2019

ATTN: <<EmployeeName>>

TO ALL CLASS MEMBERS DEFINED AS:

All current and former non-exempt employees who worked for Defendant PRECISION TOXICOLOGY, LLC, within the State of California at any time from December 24, 2015 through November 3, 2021.

**YOU ARE ELIGIBLE TO RECEIVE A SETTLEMENT PAYMENT. PLEASE READ THIS
NOTICE CAREFULLY.**

The settlement involves claims against Precision Toxicology, LLC, (“Defendant”) alleging claims for: (a) failure to pay all minimum and overtime wages for all hours worked including, but not limited to, those resulting from rounding, miscalculated regular rate, and off-the-clock work; (b) failure to provide timely and compliant duty-free meal periods and pay premiums owed thereon; (c) failure to provide timely and compliant duty-free rest breaks and pay premiums owed thereon; (d) failure to reimburse all necessary business expenses incurred; (e) failure to maintain and furnish accurate itemized wage statements; (f) failure to timely pay wages during employment and all final wages owed upon separation; (g) engaging in unfair and unlawful business practices; and (h) violation of California’s Private Attorneys’ General Act of 2004 (“PAGA”).

NO ACTION NEEDS TO BE TAKEN TO RECEIVE MONEY UNDER THE SETTLEMENT: If you are a Class Member (as defined above) and received this Notice, you are automatically included in the Settlement and do not need to take any further action to receive a payment. If you accept your settlement amount, you will release the claims described in Section V below.

I. INTRODUCTION

This “Notice of Proposed Class Action and PAGA Settlement And Hearing Date For Court Approval” (“Notice”) is to inform you that Defendant has agreed to settle a class and representative action lawsuit on behalf of all Class Members which claimed, among other things, that Defendant violated various wage-and-hour laws by failing to provide all minimum and overtime wages due, off-duty rest and meal breaks and/or pay missed rest and meal break premiums, failing to reimburse all necessary business expenses incurred, failing to provide accurate itemized wage statements, and failing to pay wages owed in a timely manner and upon separation, and thereby engaging in unfair business practices under California Bus. & Prof. Code

Section 17200, and accruing penalties under California Labor Code provisions forming the basis for a PAGA claim for derivative civil penalties.

The Court has granted preliminary approval of the Settlement and the Court ordered this Notice be sent to you because you may be entitled to money under the Settlement and because the Settlement affects your legal rights.

II. DESCRIPTION OF THE LAWSUIT

Plaintiff's Claims. On December 24, 2019, Plaintiff Delia Borrego initiated this Lawsuit in the Superior Court of the State of California, County of Los Angeles on behalf of herself and a class of similarly-situated individuals against Defendant Precision Toxicology, LLC. On behalf of the putative class, Plaintiff alleged causes of action for: (a) failure to pay all minimum and overtime wages for all hours worked including, but not limited to, those resulting from rounding, miscalculated regular rate, and off-the-clock work (Labor Code §§ 510, 1194, 1197, 1197.1, and 1198); (b) failure to provide timely and compliant duty-free meal periods and pay premiums owed thereon (Labor Code §§ 226.7 and 512); (c) failure to provide timely and compliant duty-free rest breaks and pay premiums owed thereon (Labor Code § 226.7); (d) failure to reimburse all necessary business expenses incurred (Labor Code §§ 2800, 2802); (e) failure to maintain and furnish accurate itemized wage statements (Labor Code §§ 226, 1174(d)); (f) failure to timely pay wages during employment and all final wages owed upon separation (Labor Code §§ 201-203, 204); (g) engaging in unfair and unlawful business practices (Business & Professions Code § 17200 *et seq.*); and (h) violating California's Private Attorneys General Act of 2004 (Labor Code § 2699) (collectively, "Claims").

Defendant has denied liability, has denied the allegations in the operative Complaint, and has raised various defenses to these Claims. Defendant contends that it complied in good faith with California wage-and-hour laws and has dealt legally and fairly with Plaintiff and Class Members. Defendant further denies that, for any purpose other than settling this Lawsuit, these Claims are appropriate for class or representative treatment. Defendant wishes to settle this case, however, to avoid costly, disruptive, and time-consuming litigation and does not admit to any wrongdoing or liability.

The Court has not ruled on the merits of Plaintiff's Claims. By approving the Settlement and issuing this Notice, the Court is not suggesting which side would win or lose this case if it went to trial. However, to avoid additional expense, inconvenience, and risks of continued litigation, Defendant and Plaintiff have concluded that it is in their respective best interests and the interests of the Class Members to settle the Lawsuit on the terms summarized in this Notice. After Defendant provided extensive discovery and information to counsel for the Class Members, the Settlement was reached after arms-length non-collusive negotiations between the parties, including mediation with a highly respected mediator in California. In these negotiations, both sides recognized the substantial risk of the Court deciding against them at trial and determined that the Settlement was a fair, reasonable and adequate way to resolve the disputed Claims.

The Plaintiff and Class Counsel support this Settlement. Among the reasons for support are the defenses to liability potentially available to Defendant, the risk of denial of class certification, the inherent risk of trial on the merits, and the delays and uncertainties associated with litigation.

Under this Settlement, the following Class will be certified under California law for Settlement purposes only:

Class or Class Members: All current and former non-exempt employees who worked for Defendant Precision Toxicology, LLC, within the State of California at any time from December 24, 2015 through November 3, 2021 (the "Class Period").

Plaintiff Delia Borrego, and her counsel, Jennifer Connor, Esq. and Anthony Orshansky, Esq. of CounselOne, P.C. and Edwin Aiwarzian, Esq. of Lawyers for Justice, P.C. (“Class Counsel”), believe that the settlement described below is fair, adequate, reasonable and in the best interests of Plaintiff and the Class.

On May 24, 2022, the Court preliminarily approved the Settlement and conditionally certified the above Class for settlement purposes only. This Notice is being sent to you because Defendant’s records indicate that you are a Class Member.

IF YOU STILL WORK FOR DEFENDANT, PARTICIPATION IN THIS SETTLEMENT WILL NOT AFFECT, NOR DISRUPT YOUR WORK IN ANY MANNER.

California law strictly prohibits retaliation. Further, Defendant is prohibited by law from taking any adverse action against or otherwise target, retaliate, or discriminate against any Class Member because of the Class Member’s participation or decision not to participate in this Settlement.

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| III. TERMS OF THE SETTLEMENT |
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Defendant has agreed to pay a non-reversionary \$545,000.00 (the “Gross Settlement Amount”) to resolve claims in the operative Complaint, including all Class Members’ claims under Labor Code and Business & Professions Code for: (1) unpaid minimum wages; (2) unpaid overtime; (3) failure to provide meal periods; (4) failure to provide rest breaks; (5) failure to pay wages timely during employment; (6) failure to pay wages timely during employment and upon separation; (7) failure to give accurate itemized wage statements; (8) failure to maintain and provide accurate payroll records; (9) unreimbursed business expenses; (10) violation of unfair competition law; and (11) violation of the Private Attorneys General Act of 2004.

In no event shall Defendant be required to pay any amount above the Gross Settlement Amount, except that the payment of employer’s share of payroll taxes and contributions in connection with the wages portion of the payouts to Class Members will be in addition to the Gross Settlement Amount. The parties agreed to the following payments from the Gross Settlement Amount:

Settlement Administration Costs. The Court has approved CPT Group, Inc., to act as the “Settlement Administrator,” who is sending this Notice to you and will perform many other duties relating to the Settlement. Under the Settlement, up to \$15,000.00 will be paid from the Gross Settlement Amount to pay the Settlement Administration Costs.

Class Counsel Attorneys’ Fees and Expenses. Class Counsel – which includes attorneys from two separate law firms - have been prosecuting the Lawsuit on behalf of the Class Members on a contingency fee basis (that is, without being paid any money to date) and have been paying all litigation costs and expenses. To date, the parties have aggressively litigated many aspects of the case including settlement efforts and a full day mediation session. The Court will determine the actual amount awarded to Class Counsel as attorneys’ fees, which will be paid from the Gross Settlement Amount. Class Members are not personally responsible for any of Class Counsel’s attorneys’ fees or litigation expenses. Class Counsel will collectively ask for fees of thirty-five percent (35%) - *i.e.*, \$190,750.00 - of the Gross Settlement Amount as reasonable compensation for the work Class Counsel performed and will continue to perform in this Lawsuit. Class Counsel also will ask for reimbursement of up to \$20,000.00 for the costs Class Counsel incurred in connection with the Lawsuit.

Class Representative Service Award. Plaintiff Delia Borrego will seek an award of \$7,500.00, in addition to her Individual Settlement Payment, for her efforts and risks in assistance with the prosecution of the Lawsuit and in exchange for her execution of a general release.

PAGA Penalties. The parties have agreed on a reasonable sum to be paid in settlement of the PAGA claims included in the Lawsuit, which is \$40,000.00. The PAGA Penalties is to be approved by the Court pursuant to Labor Code section 2699 and is to be distributed as follows: seventy-five percent (75%) (*i.e.*, \$30,000.00) to the Labor & Workforce Development Agency (“LWDA”) and twenty-five percent (25%) (*i.e.*, \$10,000.00) to the Class Members. Class Counsel shall give timely notice of the Settlement to the LWDA under Labor Code section 2699(1)(2).

Net Settlement Amount. After deducting the amounts above, the balance of the Gross Settlement Amount will form the Net Settlement Amount for distribution to the Class Members who do not timely request exclusion from the Settlement.

You can view the Settlement Agreement and other Court documents related to this case by visiting www.cptgroupcaseinfo.com/borregoclassactionsettlement.

IV. YOUR INDIVIDUAL SHARE OF THE SETTLEMENT AMOUNT

The individual settlement payment for each Settlement Class Member (Settlement Class Members are those individuals who do not timely request exclusion from the Settlement) will be paid from the Net Settlement Amount and will be calculated as follows: The Settlement Administrator shall calculate the sum of all Settlement Class Members’ individual Pay Periods, which will be the “Total Pay Periods.” The Net Settlement Amount will be divided by the “Total Pay Periods” to yield the “Pay Periods Value.” Each Settlement Class Member’s Individual Settlement Share will be determined by multiplying his or her individual Pay Periods by the Pay Period Value.

The net payment of each Settlement Class Member’s Individual Settlement Share (after reduction of Employee Taxes) and plus individual PAGA payment is referred to as the “Individual Settlement Payment.”

Pay Periods Credited to You. The Pay Periods you worked as a qualifying Class Member in California for Defendant during the Class Period – which is from December 24, 2015 through November 3, 2021 - will be calculated based on Defendant’s records. Class Members are paid biweekly. Likewise, if applicable, the Pay Periods worked by PAGA Group Members during the PAGA Period – which is from October 9, 2018 through November 3, 2021 – will also be calculated based on Defendant’s records. According to Defendant’s records:

During the Class Period, from December 24, 2015 through November 3, 2021, you were employed by Defendant as a non-exempt employee in California for <<ClassPayPeriods>> Pay Periods.

During the PAGA Period, from October 9, 2018 through November 3, 2021, you worked for Defendant as PAGA Group Member for <<PAGAPayPeriods>> Pay Periods.

If you feel that you were not credited with the correct number of Pay Periods, you may submit evidence to the Settlement Administrator postmarked or confirmed received on or before **August 22, 2022**, with documentation to establish the number of Pay Periods you claim to have actually worked during the Class Period and/or PAGA Period. **DOCUMENTATION SENT TO THE SETTLEMENT ADMINISTRATOR WILL NOT BE RETURNED OR PRESERVED; DO NOT SEND ORIGINALS.** The parties and Settlement Administrator will promptly evaluate the evidence submitted and discuss in good faith how many Pay Periods should be credited. The Settlement Administrator will make the final decision as to how many Pay Periods are credited, and report the outcome to you. If you are unsatisfied with the decision, you may submit an Objection, as discussed below.

Furthermore, **irrespective of whether or not you request exclusion from the Settlement**, qualifying Class Members employed during the PAGA Period shall receive his or her share of the PAGA Payment allocation as part of the individual settlement payment.

Your Estimated Settlement Award. As explained above, your estimated settlement award is based on the number of Pay Periods credited to you during the applicable period.

Under the terms of the settlement, your Individual Settlement Share is estimated to be <<ClassAmount >> and your individual PAGA Payment (if applicable) is estimated to be <<PAGAAmount>>. The Individual Settlement Share is subject to reduction for employment taxes and withholding with respect to the wage portion of the Individual Settlement Share.

Individual Settlement Payments will only be distributed if the Court grants final approval to the settlement.

Tax Withholdings. Each Settlement Class Member's individual settlement payment will be reduced by any legally mandated tax withholdings for each Settlement Class Member. All individual settlement payments paid to Class Members are to be reported as income on IRS Form 1099 and IRS Form W-2s where required by law. Of the amounts paid to individual Settlement Class Members, seventy percent (70%) shall be designated as penalties and twenty percent shall be designated as (20%) interest for which an IRS Form 1099 shall issue and ten percent (10%) to wages for which an IRS Form W-2 shall issue. Settlement Class Members are responsible for the proper income tax treatment of the individual settlement payments received. The Settlement Administrator, Defendant and its counsel, and Class Counsel cannot provide tax advice. Accordingly, Settlement Class Members should consult with their tax advisors concerning the tax consequences and treatment of payments they receive under the Settlement.

V. THE RELEASE OF CLAIMS

If the Court approves the Settlement, the Court will enter judgment and the Settlement Agreement will bind all Class Members who have not requested exclusion from the Settlement, and will bar all Settlement Class Members from bringing certain claims against Defendant as described below.

The Settlement includes a release by Settlement Class Members (defined as those Class Members who do not submit a timely request to be excluded) of Defendant Precision Toxicology, LLC, and each of its members, agents, officers, employees, directors, owners, subsidiaries, DBAs, affiliates, and parent companies ("Released Parties"), and each of them, of and from all Settlement Class Members' Released Claims as set forth below:

Settlement Class Members' Released Claims: means all wage-and-hour claims contained in the operative complaint in the Lawsuit, or that could have been asserted in the Lawsuit based on the facts, circumstances, transactions, occurrences, acts, omissions, or failures to act alleged by Plaintiff in the operative complaint during the Class Period. The Settlement Class Members' Released Claims include all claims based on allegations for: (1) Unpaid Overtime (Labor Code §§ 510, 1198); (2) Failure to Provide Meal Periods (Labor Code §§ 226.7, 512); (3) Failure to Provide Rest Breaks (Labor Code § 226.7); (4) Minimum Wage Violations (Labor Code §§ 1194, 1197, 1197.1); (5) Final Wages Due (Labor Code §§ 201, 202); (6) Late Payment of Wages (Labor Code § 204); (7) Inaccurate Wage Statements (Labor Code § 226); (8) Failure to Retain Records (Labor Code § 1174); (9) Unreimbursed Business Expenses (Labor Code §§ 2800, 2802); and (10) unfair business practices related to the Settlement Class Members' Released Claims (Business & Professions Code § 17200). The enumeration of these specific statutes shall neither enlarge or narrow the scope of res judicata based on the claims that were asserted in the Action or could have been asserted in the

Action based on the facts and circumstances alleged in the Complaint(s) (collectively, “Settlement Class Members’ Released Claims”). This release excludes the release of claims not permitted by law.

PAGA Group Members’ Released Claims. Notwithstanding the foregoing, all Class Members, whether or not they submit a request for exclusion from the settlement, employed by Defendant during the PAGA Period (the “PAGA Group Members”) will receive a PAGA payment and will no longer be able to seek penalties pursuant to the PAGA, arising from any and all claims, for the period from October 9, 2018 and ending on November 3, 2021, alleged in the operative complaint filed in the Lawsuit, or that could have been asserted based on the facts, circumstances, transactions, occurrences, acts, omissions, or failures to act alleged by Plaintiff in the operative complaint filed in the Lawsuit (“PAGA Group Members’ Released Claims”).

The Class Representative further agrees to a general release of all claims against Defendant during the Class Period, and agrees to waive her rights under Civil Code Section 1542 (“Plaintiff’s Released Claims”).

VI. WHAT ARE YOUR OPTIONS?

A. Do Nothing and Receive Your Portion of the Settlement.

You are automatically included as a Class Member and will receive a settlement payment and do not have to take any further action to receive your settlement payment. It is the responsibility of all Class Members to ensure that the Settlement Administrator has your current address on file, or you may not receive important information or a settlement payment. The estimated amount of your settlement payment if you do nothing is as indicated in Section IV.

B. Request To Be Excluded from the Class and the Settlement.

If you **do not** wish to take part in the Settlement, you may exclude yourself (*i.e.*, opt-out) by sending to the Settlement Administrator a written Request for Exclusion from the Settlement letter postmarked no later than **August 22, 2022**, and that includes: (a) your name, address, telephone number; (b) case name and number; and (c) your signature. The written request should also include a clear and unequivocal statement that you wish to be excluded from the Class and the Settlement.

Send the Request for Exclusion letter directly to the Settlement Administrator at the following address **by no later than August 22, 2022**:

Borrego v. Precision Toxicology, LLC, et al., Settlement Administrator
c/o CPT Group, Inc.
50 Corporate Park
Irvine, CA 92606
Toll-Free Number: 1-888-598-3038

Any person who submits a timely Request for Exclusion from the Settlement shall, upon receipt, no longer be a Class Member, shall be barred from participating in any portion of the Settlement, and shall receive no benefits from the Settlement. If you want confirmation of receipt of your Request for Exclusion letter, please send it by U.S. certified mail, return receipt requested and/or contact the Settlement Administrator.

C. Object to the Settlement.

You also have the right to object to the terms of the Settlement. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement. If you wish to object to the proposed Settlement, or any portion of it, you must file with the Settlement Administrator a written objection stating: your name, address, and telephone number; dates of work as an hourly or non-exempt employee in California with Defendant; the case name and number; each specific reason in support of your objection; and any legal support for each objection. Objections must be in writing and must be mailed to the Settlement Administrator at: *Borrego v. Precision Toxicology, LLC, et al.*, Settlement Administrator, c/o CPT Group, Inc., 50 Corporate Park, Irvine, CA 92606, **by no later than August 22, 2022** for your objection to be considered. **OBJECTIONS THAT DO NOT INCLUDE ALL REQUIRED INFORMATION, OR THAT ARE NOT SUBMITTED TIMELY, MAY NOT BE CONSIDERED BY THE COURT.**

If you object to the Settlement, you will remain a member of the Class, and if the Court approves the Settlement, you will receive payment and be bound by the terms of the Settlement in the same way as Class Members who do not object. Any Class Member who does not object in the manner provided above shall have waived any objection to the Settlement, whether by appeal or otherwise.

D. Your Right to Appear at the Final Approval and Fairness Hearing Through an Attorney or In Person.

If you choose to object to the Settlement, you may also appear at the Final Approval and Fairness Hearing scheduled for **September 1, 2022, at 1:30 p.m. in Department 10** of the Los Angeles County Superior Court, located at 312 N Spring Street, Los Angeles, California 90012. You have the right to appear either in person or through your own attorney at this hearing. Objections not previously filed in writing in a timely manner as described above will not be considered by the Court. Any attorney who intends to represent an individual objecting to the Settlement must file a notice of appearance with the Court and serve counsel for all parties on or before August 22, 2022. All objections or other correspondence must state the name and number of the case, which is *Borrego v. Precision Toxicology, et al.*, Case No. 19-STCV-46037.

You can also view the final approval order and final judgment and payment schedule at: www.cptgroupcaseinfo.com/borregoclassactionsettlement.

VII. UPDATE FOR YOUR CHANGE OF ADDRESS?

If you move after receiving this Notice or if it was mis-addressed, you must provide your correct mailing address to the Settlement Administrator as soon as possible. Please send updated address information to the Settlement Administrator at: *Borrego v. Precision Toxicology, LLC, et al.*, Settlement Administrator, c/o CPT Group, Inc., 50 Corporate Park, Irvine, CA 92606. **THIS IS IMPORTANT SO THAT FUTURE NOTICES AND/OR THE SETTLEMENT PAYMENT REACH YOU.**

VIII. IF THE STIPULATION OF SETTLEMENT AND RELEASE OF CLASS ACTION IS NOT APPROVED

If the Settlement is not approved by the Court, or if any of its conditions are not satisfied, the conditional Settlement will be voided, no money will be paid, and the case will return to litigation. If that happens, there is no assurance: (1) that the Class will be certified; (2) that any decision at trial would be in favor of Class Members; (3) that a trial decision, if any, would be as favorable to the Class Members as this Settlement; or (4) that any favorable trial decision would be upheld if an appeal was filed.

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| IX. QUESTIONS OR COMMENTS |
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PLEASE DO NOT CALL OR CONTACT THE COURT. If you have any questions about the Settlement, you may contact the Settlement Administrator at: Borrego v. Precision Toxicology, LLC, et al., Settlement Administrator, c/o CPT Group, Inc., 50 Corporate Park, Irvine, CA 92606 or by e-mail at borregoclassactionsettlement@cptgroup.com. You may also contact Class Counsel at the address or phone number listed below.

THE ATTORNEYS REPRESENTING THE CLASS MEMBERS ARE:

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