

Exhibit 1

STIPULATION OF CLASS AND REPRESENTATIVE ACTION SETTLEMENT

IT IS HEREBY STIPULATED by and between Plaintiff Delia Borrego, on behalf of herself and others similarly situated, on the one hand, and Defendant Precision Toxicology, LLC, on the other hand, and subject to the approval of the Court, that the Lawsuit is hereby being compromised and settled pursuant to the terms and conditions set forth in this Stipulation of Class and Representative Action Settlement (“Settlement Agreement”) and that the Court shall make and enter judgment, subject to the continuing jurisdiction of the Court as set forth below, subject to the definitions, recitals and terms set forth herein which by reference become an integral part of this Settlement Agreement.

DEFINITIONS

1. “Administration Costs” means fees and costs of settlement administration services rendered in administering the settlement.

2. “Attorneys’ Fees and Costs” means the amount the Court authorizes to be paid to Class Counsel for attorneys’ fees, not to exceed 35% of the Gross Settlement Amount, and litigation costs incurred in connection with the Lawsuit, not to exceed \$20,000, paid from the Gross Settlement Amount.

3. “Class Counsel” means CounselOne, PC and Lawyers *for* Justice, PC.

4. “Class” or “Class Member(s)” means all current and former non-exempt employees who worked for Defendant within the State of California during the Class Period.

5. “Class List” means a list of contact information, compiled by Defendant based on its records, containing the following information for each Class Member: full name, last-known mailing address, Social Security number, number of Pay Periods during the Class Period, and number of Pay Periods during the PAGA Period.

6. “Class Notice” or “Notice of Pendency of Class and Representative Action Settlement” means the document to be sent via first class U.S. mail to the Class following Preliminary Approval, in substantially the form that is attached hereto as “**EXHIBIT 1**,” or otherwise approved by the Court, which will notify Class Members of the settlement, explain the basic terms of this Settlement Agreement, and inform Class Members of their options with regard to the settlement.

7. “Class Period” means the period beginning on December 24, 2015 and ending on November 3, 2021.

8. “Court” means the Superior Court for the State of California, County of Los Angeles.
9. “Defendant” means Precision Toxicology, LLC.
10. “Defendant’s Counsel” means Gordon Rees Scully Mansukhani, LLP.
11. “Effective Date” will be the date of entry of the Final Approval Order and Judgment if no objections to the settlement are filed. If objections are filed and overruled or withdrawn, and no appeal is taken, then the Effective Date will be sixty-five (65) calendar days after the entry of the Final Approval Order and Judgment. If an appeal is taken from the Court’s overruling of objections to the settlement, then the Effective Date will be twenty (20) calendar days after the appeal is dismissed or after an appellate decision affirming the Final Approval Order and Judgment becomes final.
12. “Enhancement Payment” means the amount that the Court authorizes to be paid to Plaintiff, in addition to her Individual Settlement Payment, in recognition of her efforts and risks in assisting with the prosecution of the Lawsuit and in exchange for her executing a General Release of Defendant, paid from the Gross Settlement Amount.
13. “Final Approval Hearing” means the hearing following Preliminary Approval and distribution of the Class Notice to the Class, at which the Court will determine whether to fully and finally approve the fairness and reasonableness of the settlement, and at which Plaintiff will request that the Court enter the Final Approval Order and Judgment, approve and award Attorneys’ Fees and Costs, Enhancement Payment, Individual Settlement Payments, Administration Costs, and LWDA Payment, and take other appropriate or necessary action as described herein.
14. “Final Approval Hearing Date” means the date of the Final Approval Hearing.
15. “Final Approval Order and Judgment” means the order or orders entered by the Court that, *inter alia*, finally approve(s) this Settlement Agreement, disposes of all issues raised in the Lawsuit by way of judgment in conformity with California Rules of Court 3.769, and awards and orders the payment of all required amounts pursuant to the terms of this Settlement Agreement.
16. “Gross Settlement Amount” or “GSA” means the maximum total payment of five hundred forty-five thousand dollars (\$545,000.00) payable by Defendant under this Settlement Agreement, inclusive of all Individual Settlement Payments, Attorneys’ Fees and Costs, Administration Costs, Enhancement Payment to Plaintiff, and the LWDA Payment. The Gross Settlement Amount is non-reversionary, subject to increase pursuant to Paragraph 52, and exclusive

of employer-side payroll taxes which shall be paid separately.

17. “Individual Settlement Share(s)” means a Settlement Class Member’s *pro rata* share of the Net Settlement Amount, which is to be determined in conformity with Paragraph 46(e), which is inclusive of the employee-side payroll taxes, contributions, and withholdings with respect to the wages portion of the Individual Settlement Shares (“Employee Taxes”). The net payment of each Settlement Class Member’s Individual Settlement Shares (after reduction for Employee Taxes), and PAGA Group Member’s individual PAGA payment (if applicable) is referred to as his or her “Individual Settlement Payment.”

18. “Lawsuit” means the action entitled *Delia Borrego v. Precision Toxicology, LLC, et al.*, filed in the Los Angeles County Superior Court and assigned case number 19STCV46037.

19. “LWDA Payment” means the payment that is to be approved by the Court pursuant to Labor Code section 2699 and distributed as follows: seventy-five (75%) of the PAGA Payment (*i.e.*, \$30,000) to the California Labor and Workforce Development Agency (“LWDA”) and twenty-five (25%) (*i.e.*, \$10,000) to the Class Members employed during the PAGA Period (“PAGA Group Members”) on *pro rata* basis in conformity with Paragraph 46(d). Class Counsel shall give timely notice of the settlement to the LWDA under Labor Code section 2699(1)(2).

20. “Net Settlement Amount” or “NSA” means the portion of the Gross Settlement Amount that is available for distribution to Settlement Class Members, which will be the Gross Settlement Amount less the amounts awarded for Attorneys’ Fees and Costs, Enhancement Payment, PAGA Payment, and Administration Costs.

21. “Notice Plan” means the plan for the provision of notice to all Class Members under this Settlement Agreement.

22. “PAGA Group” or “PAGA Group Members” mean all Class Members, whether or not they submit a request for exclusion from the Settlement Class, employed by Defendant during the PAGA Period.

23. “PAGA Group Members’ Released Claims” means all claims, during the PAGA Period, asserted under the PAGA (codified in California Labor Code §§ 2698, *et seq.*) alleged in the operative complaint 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 in the Lawsuit.

24. “PAGA Payment” means the payment of penalties pursuant to California Labor Code sections 2968, *et seq.*, the Labor Code Private Attorneys General Act of 2004 (“PAGA”), that the Parties have agreed is a reasonable sum to be paid in settlement of the PAGA claims encompassed by the underlying allegations in the Lawsuit, which is \$40,000.00.

25. “PAGA Period” means the period beginning on October 9, 2018, and ending on November 3, 2021.

26. “Parties” means Plaintiff, individually and on behalf of all Class Members and PAGA Group Members, and Defendant, who are individually referred to as “Party.”

27. “Plaintiff” or “Class Representative” means Delia Borrego.

28. “Plaintiff’s Released Claims” means that, in addition to the Settlement Class Members’ Released Claims and PAGA Group Members’ Released Claims, in exchange for the consideration recited in this Settlement Agreement, including but not limited to the Enhancement Payment, Plaintiff, individually, releases, acquits, discharges, and covenants not to sue Defendant and any of the Released Parties for any claim, whether known or unknown, which she has ever had, or hereafter may claim to have, arising during the Class Period, relating to or arising out of any aspect of her relationship with Defendant. The release by Plaintiff includes a waiver of her individual rights under Section 1542 of the Civil Code of the State of California. The specific terms and details of which are set forth in Paragraph 45.

29. “Preliminary Approval Order” means the order to be entered by the Court that preliminarily approves the terms and conditions of this Settlement Agreement, including the content of the Class Notice and Notice Plan, and sets a Final Approval Hearing.

30. “Released Parties” means Defendant Precision Toxicology, LLC, and its members, agents, officers, employees, directors, owners, subsidiaries, DBA’s, affiliates and parent companies.

31. “Response Deadline” means the date forty-five (45) days after the Settlement Administrator mails the Class Notice to Class Members and the last date on which Class Members may submit an opt-out/request for exclusion or object to the settlement.

32. “Settlement Administrator” means CPT Group, Inc., the neutral third-party administrator mutually agreed upon by the Parties, subject to approval by the Court.

33. “Settlement Class” or “Settlement Class Members” means Class Members who have not submitted a timely and valid Opt-Out/Request for Exclusion pursuant to Paragraph 53.

34. “Settlement Class Members’ Released Claims” means all claims, during the Class Period, alleged in the operative complaint 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 in the Lawsuit for: (1) failure to pay overtime wages; (2) non-compliant meal periods and/or failure to make premium payments thereon; (3) non-compliant rest breaks and/or failure to make premium payments thereon; (4) failure to pay minimum wages; (5) failure to pay all wages due upon separation of employment; (6) untimely wages during employment; (7) failure to provide accurate and compliant itemized wage statements; (8) failure to maintain and keep requisite payroll records; (9) failure to reimburse business expenses; and (10) unfair business practices related to the Settlement Class Members’ Released Claims. This release excludes the release of claims not permitted by law. The specific terms and details of which are set forth in Paragraph 44.

35. “Pay Period(s)” means the number of pay periods during the Class Period during which, based on Defendant’s records, Class Members were actively employed by Defendant and worked during at least a portion of such pay period in a non-exempt position in California. Class Members are paid biweekly.

RECITALS

36. **Procedural History.** Plaintiff filed her complaint in the Los Angeles County Superior Court, alleging: (1) failure to pay overtime pursuant to Labor Code §§ 510 and 1198; (2) failure to provide compliant meal periods and/or pay premiums owed thereon in violation of Labor Code §§ 226.7 and 512(a); (3) failure to provide compliant rest breaks and/or pay premiums owed thereon in violation of Labor Code § 226.7; (4) failure to pay minimum wages pursuant to Labor Code §§ 1194, 1197, and 1197.1; (5) failure to pay all wages owed timely upon termination in violation of Labor Code §§ 201 and 202; (6) failure to pay all wages owed timely during employment in violation of Labor Code § 204; (7) failure to provide accurate and compliant itemized wage statements in violation of Labor Code § 226(a); (8) failure to keep requisite payroll records in violation of Labor Code § 1174(d); (9) failure to reimburse business expenses in violation of Labor Code §§ 2800 and 2802; (10) violations of California Business and Professions Code §§ 17200, *et seq.*; and (11) violation of the

Private Attorneys General Act of 2004 (“PAGA”), codified in Labor Code §§ 2698, *et seq.*

37. **Pre-Filing PAGA Notice.** Plaintiff’s counsel provided pre-filing written notice to the LWDA and by certified mail to Defendant of the above-identified allegations on behalf of Plaintiff and similarly situated aggrieved employees in accord with the PAGA, California Labor Code §§ 2698, *et seq.*

38. **Discovery and Investigation.** Plaintiff’s attorneys began their investigation into the at-issue allegations well in advance of filing the complaint and engaged in extensive informal discovery and investigation, and such was sufficient to allow the Parties to evaluate the case prior to settlement. In advance of mediation, the Parties agreed to an informal exchange of information and documents. For example, Class Counsel requested production of and reviewed key information and documents such as the number of putative class members and aggrieved employees, relevant wage and hour policies, time and payroll records, rates of pay, among other things. Class Counsel analyzed time and payroll records and interviewed Class Members to determine violation rates. The Parties met and conferred at length regarding the information and documents produced.

39. **Mediation.** After having performed extensive investigation and analysis of the legal and factual issues and risks, the Parties participated in a full-day mediation before mediator Jeffrey Krivis, in an attempt to resolve the Lawsuit. The settlement discussions were conducted at arm’s-length. Pursuant to a mediator’s proposal, the Parties came to agreement on all material terms of this settlement.

40. **Benefits of Settlement.** Plaintiff and Class Counsel recognize the expense and length of continued proceedings necessary to litigate their disputes through trial and through any possible appeals. Plaintiff has also taken into account the uncertainty and risks of the outcome of further litigation, and the difficulties and delays inherent in such litigation. Plaintiff and Class Counsel are also aware of the burdens of proof necessary to establish liability for the claims asserted in the Lawsuit, both generally and in response to Defendant’s defenses thereto, and the difficulties in establishing damages for Class Members. Plaintiff and Class Counsel have also taken into account the extensive settlement negotiations conducted. Based on the foregoing, Plaintiff and Class Counsel have determined that the settlement set forth herein is a fair, adequate and reasonable settlement, and is in the best interests of Class Members and PAGA Group Members.

41. **Defendant's Reasons for Settlement and Non-Admission.** Defendant has concluded that any further defense of this litigation would be protracted and expensive for all Parties. Substantial amounts of time and resources of Defendant have and, unless this settlement is made, will continue to be devoted to the defense of the claims asserted by Plaintiff, Class Members, and PAGA Group Members. Defendant has also taken into account the risks of further litigation in reaching its decision to enter into this Settlement Agreement. Despite continuing to contend that it is not liable for any of the claims set forth by Plaintiff, Defendant has, nonetheless, agreed to settle in the manner and upon the terms set forth in this Settlement Agreement to put to rest the claims as set forth in the Lawsuit. Defendant has claimed and continues to claim that the Plaintiff's Released Claims, Settlement Class Members' Released Claims, and PAGA Group Members' Released Claims have no merit and do not give rise to liability. This settlement is a compromise of disputed claims.

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

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the Recitals listed above and the promises and warranties set forth below, and intending to be legally bound and acknowledging the sufficiency of the consideration and undertakings set herein, the Plaintiff, individually and on behalf of others similarly situated, on the one hand, and Defendant, on the other hand, agree that the Lawsuit shall be, and is finally and fully compromised and settled on the following terms and conditions, subject to Court approval:

43. **Non-Admission of Liability.** This Settlement Agreement represents a compromise and settlement of highly disputed claims. Defendant denies each and all of the claims alleged by Plaintiff in the Lawsuit. The Parties enter into this Settlement Agreement to resolve the Lawsuit and to avoid the burden, expense, and risk of continued litigation. In entering into this Settlement Agreement, Defendant does not admit, and generally and specifically denies, that it has: violated any federal, state,

or local law; violated any regulations or guidelines promulgated pursuant to any statute or any other applicable laws, regulations or legal requirements; violated or breached any duty; engaged in any misrepresentation or deception; or engaged in any other unlawful conduct with respect to its employees, the Class, and/or PAGA Group Members. Neither this Settlement Agreement, nor any of its terms or provisions, nor any of the negotiations connected with it, shall be construed as an admission or concession by Defendant of any such violation(s) or failure(s) to comply with any applicable law. Except as necessary in a proceeding to enforce the terms of this Settlement Agreement, this Settlement Agreement and its terms and provisions shall not be offered or received as evidence in any action or proceeding to establish any liability or admission on the part of Defendant or to establish the existence of any condition constituting a violation of, or a noncompliance with, federal, state, local or other applicable law. In addition, as set forth herein, the Parties intend this settlement to be contingent upon the Preliminary Approval and Final Approval of this Settlement Agreement; and the Parties do not waive, and instead expressly reserve, their respective rights to prosecute and defend the Lawsuit as if this Settlement Agreement never existed in the event the settlement is not finally approved as set forth herein.

44. **Release of Claims.**

As of the Effective Date, Plaintiff and all Class Members who did not submit valid requests for exclusion from the settlement, for the period from December 24, 2015, and ending on November 3, 2021, will release and forever discharge Defendant Precision Toxicology, LLC, and its members, agents, officers, employees, directors, owners, subsidiaries, DBA's, affiliates and parent companies. (again, the "Released Parties"), from the Settlement Class Members' Released Claims during the Class Period. The Settlement Class Members' Released Claims include 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). This release excludes the release of claims not permitted by law.

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").

45. **General Release by Plaintiff Only.** As of the Effective Date, in addition to the Settlement Class Members' Released Claims and PAGA Group Members' Released Claims, Plaintiff individually, releases, acquits, discharges, and covenants not to sue Defendant and any of the Released Parties for any claim, whether known or unknown, which she has ever had, or hereafter may claim to have, arising during the Class Period relating to or arising out of any aspect of her relationship with Defendant. The release by Plaintiff includes a waiver of her individual rights under Section 1542 of the Civil Code of the State of California states as follows:

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

Accordingly, if the facts relating in any manner to this Settlement Agreement are found hereafter to be other than or different from the facts now believed to be true, the release of claims contained herein shall be effective as to all unknown claims (again, "Plaintiff's Released Claims"). Plaintiff's Released Claims exclude the release of claims not permitted by law.

46. **Payments under the Settlement.** In consideration of the mutual covenants and

promises set forth herein, Defendant agrees to make a total payment under this Settlement Agreement in an amount up to, but not to exceed the Gross Settlement Amount of five hundred forty five thousand dollars (\$545,000). In no event shall Defendant be required to pay any amount above the Gross Settlement Amount under this Settlement Agreement, except that the payment of employer's share of payroll taxes and contributions in connection with the wages portion of the payouts to Settlement Class Members will be in addition to the Gross Settlement Amount. The Parties agree that the Gross Settlement Amount will be paid by Defendant on a non-reversionary basis and no portion of the Gross Settlement Amount will revert to Defendant. The Parties further agree, subject to Court approval, that the Gross Settlement Amount shall be apportioned as follows:

a. Plaintiff will apply to the Court for an award of attorneys' fees of no more than thirty-five percent (35%) of the Gross Settlement Amount (*i.e.*, no more than \$190,750) to Class Counsel ("Attorneys' Fees") and for an award of reimbursement of actual litigation costs and expenses up to twenty thousand dollars (\$20,000) to Class Counsel ("Attorneys' Costs"). The Attorneys' Fees and Attorneys' Costs (again, in the aggregate, "Attorneys' Fees and Costs") are included in, and will be paid from, the Gross Settlement Amount. Defendant will not oppose such application.

b. Plaintiff will also apply to the Court for payment to the Settlement Administrator for the costs of notice and settlement administration not to exceed fifteen thousand dollars (\$15,000) (again, "Administration Costs"). The Administration Costs are included in, and will be paid from, the Gross Settlement Amount. Defendant will not oppose such application.

c. Plaintiff will apply to the Court for payment in the amount of seven thousand five hundred dollars (\$7,500) to Plaintiff (again, "Enhancement Payment"), for her services and responsibilities in prosecuting the Lawsuit. The Enhancement Payment is included in, and will be paid from, the Gross Settlement Amount. Defendant will not oppose such application.

d. The amount of forty thousand dollars (\$40,000) is allocated towards penalties pursuant to California Labor Code sections 2698, *et seq.* ("PAGA Payment"), of which the LWDA will be paid in the amount of thirty thousand dollars (\$30,000) ("LWDA Payment") and the amount of ten thousand dollars (\$10,000) will remain available for distribution on a *pro rata* Pay Periods basis to all PAGA Group Members (*i.e.*, individual recovery depends on each PAGA Group Member's ratio of his or her Pay Periods relative to the total of Pay Periods of all PAGA Group Members) who

worked during the PAGA Period, and irrespective of whether he or she is a Settlement Class Member. The PAGA Payment will be included in, and will be paid from, the Gross Settlement Amount.

e. The Net Settlement Amount will be the amount that is available for distribution to Settlement Class Members on a *pro rata* basis based on Pay Periods. The Settlement Administrator will calculate each Settlement Class Member's individual share using the following formula. The sum of all Settlement Class Members' individual Pay Periods 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.

f. The net payment of each Settlement Class Member's Individual Settlement Share (after reduction of Employee Taxes) and individual PAGA payment (if applicable) is referred to as his or her Individual Settlement Payment.

47. **No Credit Toward Benefit Plans.** Payments made to Plaintiff, Settlement Class Members, and PAGA Group Members under this Settlement Agreement shall not be utilized to calculate any additional benefits under any benefit plans to which they may be eligible, including, but not limited to, under profit-sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan. Rather, it is the Parties' intention that this Settlement Agreement will not affect any rights, contributions, or amounts to which Plaintiff, Settlement Class Members, and PAGA Group Members, may be entitled under any benefit plans.

48. **Taxation of Settlement Proceeds.**

a. The Parties agree that ten percent (10%) of each Individual Settlement Share will be considered taxable wages and will be reported as such to each Settlement Class Member on a W-2 Form. The Parties agree that twenty percent (20%) of each Individual Settlement Share will be considered interest and 70 percent (70%) will be considered penalties and will be reported as such to each Settlement Class Member on an IRS Form 1099 (if required).

b. The Settlement Administrator shall calculate and remit to applicable taxing authorities sufficient amounts for the Employee and Employer Taxes. Any funds returned by taxing authorities due to cancellation of any Individual Settlement Payment checks will be transmitted in accordance with Paragraph 56(c), the same as all other residual funds associated with Individual

Settlement Payment checks.

c. The Settlement Administrator will issue appropriate tax forms to each Settlement Class Member consistent with the foregoing breakdown.

d. All Parties represent that they have not received, and shall not rely on, advice or representations from Class Counsel or Defendant's Counsel regarding the tax treatment of payments under federal, state, or local law, and that no representations have been made to them regarding the taxability of any payments under this Settlement Agreement.

e. Class Counsel will be issued an IRS Form 1099 for Attorneys' Fees and Costs awarded by the Court. Except as provided herein, each of the Parties shall bear his, her, their, or its own attorneys' fees, costs, and expenses incurred in the prosecution, defense, or settlement of the Lawsuit.

f. Plaintiff will be issued an IRS Form 1099 for any Enhancement Payment. The Enhancement Payment payable to Plaintiff shall be in addition to the Individual Settlement Payment she is contemplated to receive under this Settlement Agreement.

49. **Notice Procedure.**

a. The Parties shall use CPT Group, Inc. as the Settlement Administrator to distribute the Class Notice, distribute payments under this Settlement Agreement, handle tax reporting, establish and host a dedicated case settlement website, and field questions with a telephonic hotline.

b. Defendant will provide the Settlement Administrator with the Class List within thirty (30) calendar days following the date of Preliminary Approval. The Class List shall include, the name, last known mailing address, Social Security number, and Pay Periods during the Class Period of each Class Member. The Class List and any other data provided by Defendant to the Settlement Administrator shall be treated as confidential and shall not be used by the Settlement Administrator for any purpose other than as permitted by this Settlement Agreement. The Settlement Administrator will keep the list confidential, use it only for the purposes described herein, and ensure that any other communications with Class Members shall not include the Class Members' Social Security number except for the last four digits.

c. The Settlement Administrator shall be responsible for:

i. Mailing the Class Notice to the Class Members as directed by the Court;

- ii. Consulting with counsel for the Parties concerning any relevant issue(s), including (without limitation) the estimated amounts of Individual Settlement Shares and Individual Settlement Payments;
- iii. Receiving and processing Pay Period Disputes and rejecting timely or improper Pay Period Disputes;
- iv. Keeping track of Requests for Exclusion, and rejecting untimely or improper Requests for Exclusion;
- v. Keeping track of Objections that it receives;
- vi. Calculation and distribution of payments in accordance with this Settlement Agreement and the Court's orders;
- vii. Providing weekly status reports to counsel for the Parties, including: (a) the number of Class Notices mailed; (b) the number of Pay Period Disputes received; (c) the number of Objections received; and (d) the number of Requests for Exclusion received;
- viii. No later than twenty-one (21) calendar days before the Final Approval Hearing, preparing and providing to Class Counsel and Defendant's Counsel, for filing with the Court in support of Plaintiff's motion for final approval of the settlement, a declaration of due diligence setting forth its compliance with its obligations under this Settlement Agreement;
- ix. Notifying Defendant's Counsel, within three (3) business days after the Effective Date, of the wiring instructions to fund the Gross Settlement Amount, which must be paid by Defendant in the amounts and in accordance with the deadlines set forth in Paragraph 56(a);
- x. Distributing payments due under this Settlement Agreement;
- xi. Issuing a W-2 Form to each Settlement Class Member for the wage portion of each Individual Settlement Share, a 1099 Form (if required) to each Settlement Class Member for the non-wage portion of each Individual Settlement Share, a 1099 Form (if required) to each PAGA Group Member, a 1099 Form to Plaintiff for the Enhancement Award, a 1099 Form to Class Counsel for the Attorneys' Fees and Costs award, and a 1099 Form to the Settlement Administrator for all Administration Costs; and,
- xii. Such other tasks as the Parties mutually agree or the Court orders the Settlement Administrator to perform, including responding to questions from Class Members.

d. Within ten (10) calendar days of receipt of the Class List, the Settlement Administrator shall mail the Class Notice to all persons shown by Defendant's records to be Class Members, as reflected in the Class List, via first class U.S. mail, using the most current mailing address available after a National Change of Address search. The Class Notice shall state an estimate of each Class Member's respective Individual Settlement Share and the number of Pay Periods credited to him or her.

e. Any Class Notice(s) returned to the Settlement Administrator as undelivered within fifteen (15) calendar days of initial mailing and bearing a forwarding address shall be re-mailed by the Settlement Administrator within three (3) business days following receipt of the returned mail. For any such Class Notice returned to the Settlement Administrator without a forwarding address, the Settlement Administrator shall first conduct a National Change of Address search as required for undeliverable notices, followed by a "skip trace" search to obtain an updated address, and shall promptly re-mail the Class Notice to any newly-found address or addresses. The Settlement Administrator shall also re-mail by first class U.S. mail any such Class Notice returned by the Post Office with a forwarding address. It shall be conclusively presumed that those Class Members whose re-mailed Class Notice is not returned to the Settlement Administrator as undeliverable within five (5) calendar days after re-mailing, received the Class Notice.

f. Class Counsel shall provide the Court with a declaration from the Settlement Administrator confirming that the Class Notice was mailed to all Class Members as required by this Settlement Agreement, as well as any additional information Class Counsel deems appropriate to provide to the Court, before the Final Approval Hearing.

50. **Settlement Payments.** Class Members and PAGA Group Members are not required to submit a claim form to receive a settlement payment.

51. **Submission of Pay Period Disputes.**

a. If any Class Member disputes the Pay Periods set forth on the Class Notice during the Class Period ("Pay Period Dispute"), the Class Member may submit documentation supporting his or her position by mail to the Settlement Administrator no later than forty-five (45) calendar days from the date the Class Notice is originally mailed by the Settlement Administrator, ("Response Deadline"). Pay Period Disputes not postmarked or confirmed received by the Settlement

Administrator on or before the Response Deadline will be considered late and may be summarily rejected by the Settlement Administrator, in consultation with Class Counsel and Defendant's Counsel.

b. The Settlement Administrator will notify counsel for the Parties via email. If there is a dispute, the Settlement Administrator will consult with the Parties to determine whether an adjustment is warranted. The Parties and the Settlement Administrator will evaluate the evidence and discuss in good faith how many Pay Periods to be credited and in conformity with Paragraph 46(e). If the Parties and the Settlement Administrator do not reach agreement, the Court will make the final determination as to how many Pay Periods should be credited.

52. **Pro-Rata Increase of Gross Settlement Amount.** Defendant has represented that there are 9,083 total Pay Periods as of March 10, 2021. Plaintiff is entering into this Settlement Agreement based on such representations. In the event it is determined that the actual number of Pay Periods exceeds 9,083 by more than 12.5 percent, the parties shall renegotiate the Gross Settlement Amount. If the renegotiation is unsuccessful Plaintiff has the right to declare the settlement null and void.

53. **Opt-Out Procedure.**

a. Class Members will have forty-five (45) days until the Response Deadline to mail by first class U.S. mail, with proof of date of submission to be the postmark date, a written request to opt out of the settlement ("Request for Exclusion"). Unless a Class Member submits a timely and valid Request for Exclusion, he or she shall be bound by the terms and conditions of this Settlement Agreement, including the release of claims as set forth herein.

b. A Request for Exclusion, in order to be deemed valid, must: (1) be signed by the Class Member; (2) contain the case name and number of the Lawsuit; (3) contain the Class Member's full name, telephone number, mailing address and last four digits of the Class Member's Social Security Number; (4) clearly state that the Class Member wants to opt out of the settlement.; and (5) be postmarked no later than the Response Deadline.

c. Upon receipt of any timely Request for Exclusion, the Settlement Administrator shall review the request to verify the information contained therein and confirm that the request complies with the requirements of this Settlement Agreement.

d. Any Class Member who fails to submit via first class U.S. mail a timely, complete, and valid Request for Exclusion shall be barred from opting out of the settlement. The Settlement Administrator shall not review or consider any Request for Exclusion postmarked after the Response Deadline. Under no circumstances shall the Settlement Administrator have the authority to extend the Response Deadline for Class Members to file a Request for Exclusion, except as ordered by the Court or mutually agreed by the Parties.

e. Plaintiff agrees not to request to be excluded from the settlement.

54. **Defendant's Right To Cancel.**

If Class Members representing more than five percent (5%) of the total Pay Periods in the Class Period submit a timely and valid Request for Exclusion, either party may withdraw from this Settlement Agreement within ten (10) calendar days after the Response Deadline by providing written notice of such withdrawal to counsel for the other party. If either party elects to withdraw, the withdrawal shall have the same effect as a termination of this Settlement Agreement; the settlement shall become null and void and have no further force or effect. The party who exercises her/its option to terminate this settlement pursuant to this section, shall pay all Administration Costs incurred up to the date and as a result of the termination.

55. **Objections to Settlement.**

a. Any Settlement Class Member may object to the settlement by mailing a written objection ("Objection") to the Settlement Administrator. To be timely, Objections must be mailed to the Settlement Administrator, postmarked on or before the Response Deadline.

b. An Objection must: (1) be signed by the Class Member; (2) contain the case name and number of the Lawsuit; (3) contain the Class Member's full name, telephone number, and mailing address; (4) clearly state the factual and legal basis for objecting to the settlement; (5) indicate whether the Class Member is represented by counsel and identify said counsel; and (6) indicate whether the Class Member intends to appear at the Final Approval Hearing and seeks to be heard at the Final Approval Hearing. The Settlement Administrator will provide the Parties' counsel with any objections received and also attach the objections as exhibits to its declaration regarding due diligence that will be filed with the Court in advance of the Final Approval Hearing.

c. Settlement Class Members have the right to appear and have their Objections heard or offer comments at the Final Approval Hearing, either in person or through a lawyer retained at their own expense. Class Counsel will not represent any Settlement Class Members with respect to such Objections.

56. **Settlement Proceeds Distribution Deadlines.**

a. Defendant shall fund the Gross Settlement Amount within thirty (30) calendar days after the Effective Date.

b. Prior to disbursement of any funds, the Settlement Administrator will provide a disbursement summary of the calculations for the Enhancement Payment to Plaintiff, payment of Attorneys' Fees and Costs to Class Counsel, LWDA Payment, Administration Costs payment, and payment of Individual Settlement Payments to Settlement Class Members and PAGA Group Members for review and approval by Class Counsel and Defendant's Counsel.

c. No later than ten (10) calendar days after Defendant fully funds the Gross Settlement Amount, the Settlement Administrator shall distribute payments in accordance with this Settlement Agreement and the Court's orders, as follows: (i) payment of the Enhancement Payment to Plaintiff; (ii) payment of the LWDA Payment to the Labor and Workforce Development Agency ("LWDA"); (iii) payment of Individual Settlement Payments to Settlement Class Members and PAGA Group Members; (iv) payment of Attorneys' Fees and Costs to Class Counsel; and (v) payment of Administration Costs to the Settlement Administrator.

d. Settlement checks will be valid for a period of one hundred and eighty (180) calendar days from the date of issuance, and after this time period, any uncashed check(s) will be cancelled and the funds associated with such cancelled checks will be transmitted to *cy pres* in conformity with the requirements of California Code of Civil Procedure section 384.

e. The remittance of all Court ordered and approved payments, under this Settlement Agreement, to the Settlement Administrator shall constitute the full and complete discharge of the entire obligation of Defendant under this Settlement Agreement.

f. No person shall have any claim against the Settlement Administrator, Defendant, Class Counsel, Defendant's Counsel, or any other agent designated by Plaintiff or Defendant based upon the distribution of payments made in accordance with this Settlement

Agreement or further orders of the Court.

g. Defendant shall not be obligated to make any payments contemplated by this Settlement Agreement prior to the Effective Date.

57. **Binding Effect.**

a. Subject to Final Approval, all Settlement Class Members shall be bound by this Settlement Agreement, the contemplated Final Approval Order and Judgment, the release of Settlement Class Members' Released Claims, and shall be enjoined from pursuing, or seeking to reopen, Settlement Class Members' Released Claims against the Released Parties.

b. Subject to Final Approval, 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"), shall be bound by this Settlement Agreement, the contemplated Final Approval Order and Judgment, the release of PAGA Group Members' Released Claims, and shall be enjoined from pursuing, or seeking to reopen, PAGA Group Members' Released Claims against the Released Parties.

58. **Provisional Approval of Settlement.** After execution of this Settlement Agreement, Plaintiff shall promptly file a motion in the Lawsuit requesting Preliminary Approval of the settlement consistent with the terms of this Settlement Agreement. Defendant shall not oppose the Motion for Preliminary Approval of the settlement so long as the motion and supporting papers are consistent with the terms of this Settlement Agreement. By way of the motion, the Court will be requested to enter a Preliminary Approval Order that:

- a. Preliminarily approves this Settlement Agreement;
- b. Conditionally certifies the Class, for purposes of settlement;
- c. Preliminarily appoints Plaintiff as representative of the Class for settlement purposes;
- d. Preliminarily appoints CounselOne, PC and Lawyers *for* Justice, PC as Class Counsel for the Class for settlement purposes;
- e. Approves and appoints CPT Group, Inc. as the Settlement Administrator to administer the settlement as required by this Settlement Agreement;

- f. Approves the form of the Class Notice and requires that it be sent to Class Members by first class U.S. mail;
- g. Approves the Notice Plan;
- h. Schedules the Final Approval Hearing; and
- i. Approves the procedure and deadlines (including the Response Deadline) for Class Members to submit Requests for Exclusion, Objections, and Pay Period Disputes.

59. **Non-Interference with Settlement Administration.** The Parties and their counsel agree that they shall not seek to solicit or otherwise encourage Class Members to submit Requests for Exclusion or Objections to the settlement or to appeal from the Final Approval Order and Judgment.

60. **Final Approval Order and Judgment.** Plaintiff will request, and Defendant will concur in said request, that the Court enter, after the Final Approval Hearing, a Final Approval Order and Judgment drafted by Plaintiff in the form that is consistent with this Settlement Agreement and subject to prior review and approval by Defendant. Plaintiff will request that the Final Approval Order and Judgment find that this settlement is fair, just, equitable, reasonable, adequate and in the best interests of the Class, enter judgment in accordance with California Rules of Court 3.769, and require the Parties to carry out the provisions of this Settlement Agreement.

61. **Voiding of Settlement Agreement if Settlement Not Finalized or for Failure to Satisfy Conditions.**

a. The Court may award less to Plaintiff, Class Counsel, Settlement Administrator, and/or the LWDA than is provided for herein, without impacting the validity and enforceability of this Settlement Agreement.

b. If for any reason the settlement set forth in this Settlement Agreement is terminated as provided under this Paragraph or Paragraph 54 or does not otherwise become final:

i. The settlement shall be null and void and the orders and judgment to be entered pursuant to this Settlement Agreement shall be vacated; and the Parties will be returned to the status quo as of February 1, 2021, with respect to the Lawsuit and Plaintiff's class and representative claims, as if the Parties had never entered into this Settlement Agreement.

ii. This Settlement Agreement and all negotiations, court orders and proceedings relating thereto shall be without prejudice to the rights of any and all Parties hereto and

Class Members, whom shall be restored to their respective positions existing prior to the execution of this Settlement Agreement, and evidence relating to this Settlement Agreement and all negotiations shall not be admissible or discoverable in the litigation and/or Lawsuit or otherwise.

iii. Defendant will not have waived, and instead expressly reserves, its rights to challenge the continuing propriety of class certification or representative adjudication for any purpose.

iv. Plaintiff and Class Counsel will not have waived, and instead expressly reserve, their rights to move for collective and/or class certification and seek representative adjudication.

v. To the extent one exists, the Preliminary Approval Order shall be vacated in its entirety and neither this Settlement Agreement, the Preliminary Approval Order, nor any other document in any way relating to any of the foregoing, shall be relied upon, referred to, or used in any way for any purpose in connection with any further proceedings in this or any related action, including class certification proceedings.

62. **No Publicity.** The Parties and their counsel will not initiate nor respond to public relations or media inquiries about the settlement except as required by the settlement approval process. In addition, the Parties and their counsel agree that they will not engage in any advertising or distribute any marketing materials relating to the settlement of the Lawsuit in any manner that identifies Defendant, including but not limited to any postings on any websites maintained by Class Counsel.

63. **Notices.** All notices, requests, demands, and other communications required or permitted to be given pursuant to this Settlement Agreement to the Parties shall be in writing, and shall be delivered by first class U.S. mail through counsel, as follows:

For Plaintiff and the Class:

Anthony J. Orshansky
Jennifer L. Connor
CounselOne, PC
9301 Wilshire Boulevard, Suite 650
Beverly Hills, California 90210

Edwin Aiwarzian
Lawyers *for* Justice, PC
410 West Arden Avenue, Suite 203
Glendale, CA 91203

For Defendant:

Sat Sang S. Khalsa
Joshua B. Wagner
Gordon Rees Scully Mansukhani, LLP
633 West Fifth Street, 52nd Floor
Los Angeles, CA 90071

64. **Modification in Writing.** This Settlement Agreement may be altered, amended, modified or waived, in whole or in part, only in a writing signed by counsel for the Parties and approved by the Court. This Settlement Agreement may not be amended, altered, modified or waived, in whole or in part, orally.

65. **Ongoing Cooperation.** Plaintiff and Defendant and each respective counsel shall execute all documents and perform all acts necessary and proper to effectuate the terms of this Settlement Agreement. The executing of documents must take place prior to the Final Approval Hearing.

66. **Binding on Successors.** This Settlement Agreement shall be binding and shall inure to the benefit of the Parties and their respective successors, assigns, executors, administrators, heirs, and legal representatives.

67. **Entire Agreement.** This Settlement Agreement constitutes the full, complete, and entire understanding, agreement, and arrangement between the Parties with respect to the settlement of the Lawsuit and Release of Claims. This Settlement Agreement supersedes any and all prior oral or written understandings, agreements, and arrangements between the Parties with respect to the settlement of the Lawsuit and Release of Claims. Except as to those set forth and included expressly in this Settlement Agreement, there are no other agreements, covenants, promises, representations, or arrangements between the Parties with respect to the settlement of the Lawsuit.

68. **Execution in Counterparts.** This Settlement Agreement may be signed in one or more counterparts and electronic signatures are acceptable. All executed copies of this Settlement Agreement, and photocopies thereof (including facsimile copies of the signature pages), shall have the same force and effect and shall be as legally binding and enforceable as the original.

69. **Captions.** The captions and section numbers in this Settlement Agreement are inserted for the reader's convenience and in no way define, limit, construe, or describe the scope or intent of the provisions of this Settlement Agreement.

70. **Governing Law.** This Settlement Agreement shall be interpreted, construed, enforced, and administered in accordance with the laws of the State of California, without regard to conflict of law rules.

71. **Reservation of Jurisdiction.** Notwithstanding entry and filing of the Final Approval Order and Judgment, the Court shall retain jurisdiction for purposes of interpreting and enforcing the terms of this Settlement Agreement.

72. **Mutual Preparation.** The Parties have had a full opportunity to negotiate the terms and conditions of this Settlement Agreement. Accordingly, this Settlement Agreement shall not be construed more strictly against one Party than another merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being recognized that, because of the arms-length negotiations between the Parties, all Parties have contributed to the preparation of this Settlement Agreement.

73. **Representation by Counsel.** The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Settlement Agreement and that this Settlement Agreement has been executed with the consent and advice of counsel. Further, Plaintiff and Class Counsel warrant and represent, to their knowledge, that there are no liens on this settlement.

74. **Warranties and Representations.** With respect to themselves, each of the Parties to this Settlement Agreement and/or their agents or counsel represent, covenant, and warrant that (a) they have full power and authority to enter into and consummate all transactions contemplated by this Settlement Agreement and have duly authorized the execution, delivery, and performance of this Settlement Agreement and (b) the person executing this Settlement Agreement has the full right, power, and authority to enter into this Settlement Agreement on behalf of the Party for whom he/she/it has executed this Settlement Agreement, and the full right, power, and authority to execute any and all necessary instruments in connection herewith, and to fully bind such Party to the terms and obligations of this Settlement Agreement.

IT IS SO AGREED:

Dated: 02 / 15 / 2022, 2022



Plaintiff Delia Borrego

Dated: _____, 2022

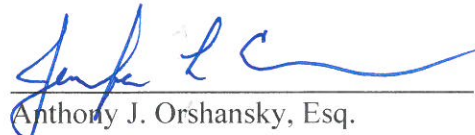
Name: Miguel Gallego

Title: President and CEO

On Behalf of Defendant Precision Toxicology, LLC

APPROVED AS TO FORM

Dated: Feb. 15, 2022



Anthony J. Orshansky, Esq.

Jennifer L. Connor, Esq.

CounselOne, PC

Edwin Aiwarzian

Lawyers for Justice, PC

Attorneys for Plaintiff

Dated: _____, 2022

Sat Sang S. Khalsa, Esq.

Joshua B. Wagner, Esq.

Attorneys for Defendant

Precision Toxicology, LLC

Dated: _____, 2022

Plaintiff Delia Borrego

Dated: 2/23, 2022



Name: Miguel Gallego

Title: President and CEO

On Behalf of Defendant Precision Toxicology, LLC

APPROVED AS TO FORM

Dated: _____, 2022

Anthony J. Orshansky, Esq.
Jennifer L. Connor, Esq.
CounselOne, PC

Edwin Aiwazian
Lawyers *for* Justice, PC

Attorneys for Plaintiff

Dated: March 2, 2022



Sat Sang S. Khalsa, Esq.
Joshua B. Wagner, Esq.
Attorneys for Defendant
Precision Toxicology, LLC

Exhibit 1

**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

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 Aiwazian, 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 _____, 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.

III. TERMS OF THE SETTLEMENT

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._____.

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.

According to Defendant's records:

From December 24, 2015 through November 3, 2021, you were employed by Defendant as a non-exempt employee in California for [_____] 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 **[Insert Response Deadline]** with documentation to establish the number of Pay Periods you claim to have actually worked during the Class 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**, as a qualifying Class Member you shall also receive your share of the PAGA Payment allocation to all Class Members as part of the individual settlement payment.

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 included on the attached Share Form.

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 **[Insert Response Deadline]**, with your name, address, telephone number, and signature. The written request should state:

“I WISH TO BE EXCLUDED FROM THE CLASS AND SETTLEMENT IN THE DELIA BORREGO v. PRECISION TOXICOLOGY LLC, ET AL. LAWSUIT. I UNDERSTAND THAT IF I ASK TO BE EXCLUDED FROM THE CLASS, I WILL NOT RECEIVE ANY MONEY FROM THE CLASS SETTLEMENT OF THIS LAWSUIT AND WILL NOT BE RELEASING ANY CLAIMS I MIGHT HAVE.”

Send the Request for Exclusion letter directly to the Settlement Administrator at the following address **by no later than [Insert Response Deadline]**:

Borrego v. Precision Toxicology, LLC, et al., Settlement Administrator
c/o CPT Group, Inc.
[Insert ADDRESS]

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., [Insert Address], **by no later than [Response**

Deadline] 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 _____, at ____ 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 [Response Deadline]. 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._____.

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., [Insert Address]. **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.

IX. QUESTIONS OR COMMENTS

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., [Insert Address] or by e-mail at _____ . You may also contact Class Counsel at the address or phone number listed below.

THE ATTORNEYS REPRESENTING THE CLASS MEMBERS ARE:

COUNSELONE, P.C.
Anthony J. Orshansky, Esq.
anthony@counselonegroup.com
Jennifer L. Connor, Esq.
jennifer@counselonegroup.com
9301 Wilshire Boulevard, Suite 650
Beverly Hills, California 90210
Telephone: (310) 277-9945
Facsimile: (424) 277-3727

LAWYERS *for* JUSTICE, P.C.
Edwin Aiwazian, Esq.
edwin@lfjpc.com
410 West Arden Avenue, Suite 203
Glendale, California 91203
Telephone: (818) 265-1020
Facsimile: (818) 265-1021