

NOTICE OF PENDENCY OF CLASS ACTION SETTLEMENT AND FINAL HEARING DATE

(Chrestensen v. Northeastern Rural Health Clinics, Lassen County Superior Court Case No. 2021-CV0013264 formerly Case No. 63703)

YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR DO NOT ACT. PLEASE READ THIS NOTICE CAREFULLY.

You are receiving this Notice because a proposed settlement (the “Settlement”) has been reached by the parties in the above-captioned class action and Private Attorney General Act (“PAGA”) lawsuit, and Northeastern Rural Health Clinics’ (“Defendant”) records indicate that you are one of the individuals who fall within the group of individuals entitled to receive a settlement payment. The purpose of this Notice is to inform you about the Settlement and your legal rights under the Settlement.

1. Why did I get this Notice?

A proposed class action settlement (the “Settlement”) of this lawsuit pending in the Superior Court for the State of California, County of Lassen (the “Court”) has been reached between Plaintiffs Natalie Chrestensen (“Plaintiff Chrestensen”) and Deloris Riddle (“Plaintiff Riddle”) (collectively “Plaintiffs”) and Defendant Northeastern Rural Health Clinics, a California Corporation (“Defendant”). The Court has granted preliminary approval of the Settlement. **You may be entitled to receive money from this Settlement.**

You have received this Class Notice because you have been identified as a member of the Class, which is defined as:

All employees who are or previously were employed by Defendant in California and who were classified as non-exempt employees during the Class Period.

The “Class Period” is the period of time running from June 24, 2017, to September 13, 2022.

This Class Notice explains the lawsuit, the Settlement, and your legal rights. It is important that you read this Notice carefully as your rights may be affected by the Settlement.

2. What is this class action lawsuit about?

On June 24, 2021, Plaintiff Chrestensen filed a Complaint against Defendant in the Superior Court of the State of California, County of Lassen. Plaintiff Chrestensen asserted claims that Defendant: (a) violated California Business and Professions Code § 17200 *et seq.*; (b) failed to pay minimum wages in violation of California Labor Code §§ 1194, 1197, and 1197.1; (c) failed to pay overtime wages in violation of California Labor Code Sections 510 *et seq.*; (d) failed to provide required meal periods in violation of California Labor Code §§ 226.7 & 512, and the applicable IWC Wage Order; (e) failed to provide required rest periods in violation of California Labor Code §§ 226.7 & 512, and the applicable IWC Wage Order; (f) failed to provide accurate and complete itemized wage statements in violation of California Labor Code § 226 and 226.2; (g) failed to reimburse employees for required business expenses in violation of California Labor Code § 2802; (h) failed to provide wages when due in violation of California Labor Code §§ 201, 202, and 203; and (i) violation of the Private Attorneys General Act [Labor Code §§ 2698, *et seq.*]. On **August 18, 2022**, Plaintiff Chrestensen filed a First Amend Complaint (“FAC”) adding Deloris Riddle as a named Plaintiff in the Action.

Defendant denies and disputes all claims asserted in the Action. Specifically, Defendant contended (and continues to contend) that the Action could not properly be maintained as a class action; that Defendant properly paid members of the class all wages and overtime that was due; that Defendant provided members of the class with all legally required meal breaks and rest breaks; that Defendants paid any members of the class all wages due to them at the time of their terminations; that Defendant fully reimbursed members of the class for all required business expenses; that Defendant provided accurate, itemized wage statements to members of the class; that Defendant did not violate California Business and Professions Code section 17200 *et seq.*; and that Defendant is not liable for any of the damages and penalties claimed or that could be claimed in the Action.

On June 13, 2022, the Parties participated in an all-day mediation presided over by Jill Sperber, Esq., an experienced mediator of wage and hour class and PAGA actions. The mediation concluded with a settlement after both sides reached an agreement to settle the Action after extensive, arms-length negotiations in a full day mediation. The Court granted preliminary approval of the Settlement on **December 8, 2022**. At that time, the Court also preliminarily approved the Plaintiffs to serve as the Class Representatives and the law firms of Zakay Law Group, APC and JCL Law Firm, APC to serve as Class Counsel.

3. What are the terms of the Settlement?

Gross Settlement Amount. Defendant has agreed to pay an “all in” amount of Two Hundred Seventy Thousand Dollars (\$270,000) (the “Gross Settlement Amount”) to fund the Settlement.

The Gross Settlement Amount includes the payment of all Settlement Shares to Participating Class Members, Class Counsel's attorneys' fees and costs, Settlement Administration Expenses, the LWDA Payment, PAGA Shares, and the Class Representative Service Payments to the Plaintiffs.

After the Judgment becomes Final, Defendant will pay the Gross Settlement Amount by depositing the money with the Settlement Administrator. "Final" means the date the Judgment is no longer subject to appeal, or if an appeal is filed, the date the appeal process is completed, and the Judgment is affirmed.

Amounts to be Paid from the Gross Settlement Amount. The Settlement provides for certain payments to be made from the Gross Settlement Amount, which will be subject to final Court approval, and which will be deducted from the Gross Settlement Amount before settlement payments are made to Class Members, as follows:

- Settlement Administration Expenses. Payment to the Settlement Administrator, estimated not to exceed \$8,500, for expenses, including expenses of sending this Notice, processing opt-outs, and distributing settlement payments.
- Attorneys' Fees and Costs. Payment to Class Counsel of an award of a Class Counsel Fees Payment of no more than 1/3 of the Gross Settlement Amount (currently \$90,000.00) and a Class Counsel Litigation Expenses Payment of not more than \$20,000.00 for all expenses incurred as documented in Class Counsel's billing records, both subject to Court approval. Class Counsel have been prosecuting the Action on behalf of Plaintiffs and the Class on a contingency fee basis (that is, without being paid any money to date) and have been paying all litigation costs and expenses.
- Class Representative Service Payments. Class Representative Service Payments of up to Ten Thousand Dollars (\$10,000.00) for Plaintiff Chrestensen and Five Thousand Dollars (\$5,000.00) for Plaintiff Riddle, or such lesser amount as may be approved by the Court, to compensate them for services on behalf of the Class in initiating and prosecuting the Action, and for the risks they undertook.
- PAGA Payment. A payment of \$10,000 relating to Plaintiffs' claim under the Private Attorneys General Act ("PAGA"), \$7,500.00 of which will be paid to the State of California's Labor and Workforce Development Agency (the "LWDA Payment"), and the remaining \$2,500.00 of which will be distributed to PAGA Members as the PAGA Member Payment.
- Calculation of Payments to Participating Class Members. After all the above payments of the court- approved Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, the Class Representative Service Payments, the LWDA Payment, and the Settlement Administration Expenses are deducted from the Gross Settlement Amount, the remaining portion, called the "Net Settlement Amount," shall be distributed to Class Members who do **not** request exclusion ("Settlement Class Members"). The Settlement Share for each Settlement Class Member will be calculated by dividing the Net Settlement Amount by the total number of workweeks for all Settlement Class Members that occurred during the Class Period and multiplying the result by each individual Settlement Class Member's workweeks that occurred during the Class Period. A "workweek" is defined as a normal seven-day week of work during the Class Period in which, according to Defendant's records, a member of the class worked at least one- day during any such workweek.
- Calculation of PAGA Penalties Payments to PAGA Members. The PAGA Member Payment shall be distributed to PAGA Members irrespective of whether they exclude themselves or opt-out. The PAGA Member Payment will be divided by the total number of pay periods worked by all PAGA Members during the PAGA Period, and then taking that number and multiplying it by the number of pay periods worked by each respective PAGA Member during the PAGA Period. "PAGA Members" means all employees who are or previously were employed by Defendant in California and who were classified as non-exempt employees during the PAGA Period. The PAGA Period means the period of April 19, 2020, to September 13, 2022.

If the Settlement is approved by the Court, you will automatically be mailed a check for your Settlement Share to the same address as this Class Notice. You do not have to do anything to receive a payment. If your address has changed, you must contact the Settlement Administrator to inform them of your correct address to ensure you receive your payment.

Tax Matters. 20% of each Settlement Share is allocated to wages. Taxes are withheld from this amount, and each Settlement Class Member will be issued an Internal Revenue Service Form W-2 for such payment. 80% of each Settlement Share is allocated to interest, penalties and other non-wage payments, and no taxes will be withheld, and each Settlement Class Member will be issued an Internal Revenue Service Form 1099 for such payment. In addition, no taxes will be withheld from the PAGA Penalties paid to PAGA Members, and each PAGA Member will be issued an Internal Revenue Service Form 1099 for such payment. Neither Class Counsel nor Defendant's counsel intend anything contained in this Settlement Notice to constitute advice regarding taxes or taxability. You may wish to consult a tax advisor concerning the tax consequences of the payments received under the Settlement.

Conditions of Settlement. This Settlement is conditioned upon the Court entering an order granting final approval of the Settlement and entering judgment.

4. What Do I Release Under the Settlement?

Released Claims. Upon entry of final judgment and funding in full of the Gross Settlement Amount by Defendant, Plaintiffs and the Settlement Class Members shall release all Released Class Claims that occurred during the Class Period as to the Released Parties. Released Class Claims are defined as all class claims alleged or that could have been alleged based on the factual allegations in the operative complaint in the Action and Plaintiff Chrestensen's PAGA Letter, which occurred during the Class Period, and expressly excluding claims for vested benefits, wrongful termination, unemployment insurance, disability, social security, workers' compensation, and class claims outside of the Class Period, and excluding claims for PAGA penalties, which are separately released herein. The Released PAGA Claims shall be released as follows: As of the Settlement Effective Date and upon funding in full of the Gross Settlement Amount by Defendant, all PAGA Members shall release all Released PAGA Claims, irrespective of whether they opted-out of the class settlement and will be bound by this PAGA Release (the "PAGA Release"). "Released PAGA Claims" are defined as all PAGA claims alleged or that could have been brought based on the factual allegations in the operative complaint in the Action and Plaintiff Chrestensen's PAGA Letter, which occurred during the PAGA Period, and expressly excluding claims for vested benefits, wrongful termination, unemployment insurance, disability, social security, workers' compensation, and PAGA claims outside of the PAGA Period.

This means that, if you do not timely and formally exclude yourself from the Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against Defendant about the legal issues resolved by this Settlement. It also means that all of the Court's orders in this Action will apply to you and legally bind you.

5. How much will my payment be?

Defendant's records reflect that you have << >> workweeks worked during the Class Period (June 24, 2017, to September 13, 2022).

Based on this information, your estimated Settlement Share is \$ << >>.

Defendant's records reflect that you have << >> pay periods worked during the PAGA Period (April 19, 2020, to September 13, 2022).

Based on this information, your estimated Settlement Share is \$ << >>.

If you wish to challenge the information set forth above, then you must submit a written, signed dispute challenging the information along with supporting documents, to the Settlement Administrator at the address provided in this Notice no later than February 27, 2023.

6. How can I get a payment?

To get money from the settlement, you do not have to do anything. A check for your settlement payment will be mailed automatically to the same address as this Notice. If your address is incorrect or has changed, you must notify the Settlement Administrator. The Settlement Administrator is: ILYM Group, Inc. at (888) 250-6810.

The Court will hold a hearing on April 13, 2023, to decide whether to finally approve the Settlement. If the Court approves the Settlement and there are no objections or appeals, payments will be mailed within a few months after this hearing. If there are objections or appeals, resolving them can take time, perhaps more than a year. Please be patient. After entry of the Judgment, the Settlement Administrator will provide notice of the final judgment to the Class Members by posting a copy of the Judgment on the administrator's website at www.NERural.ILYMGroup.com

7. What if I don't want to be a part of the Settlement?

If you do not wish to participate in the Settlement, you may exclude yourself from the Settlement or "opt out." **If you opt out, you will receive NO money from the Settlement, and you will not be bound by its terms, except as provided as follows.** Irrespective of whether you exclude yourself from the Settlement or "opt out," if you are also a PAGA Member, you will be bound by the PAGA Release, you will be deemed to have released the Released PAGA Claims, and you will receive a share of the PAGA Member Payment.

To opt out, you must submit to the Settlement Administrator, by First Class Mail, a written, signed and dated request for exclusion postmarked no later than February 27, 2023. The address for the Settlement Administrator is P.O. Box 2031, Tustin, CA 92781. The request for exclusion must state in substance: "I have read the Class Notice and I wish to opt out of the class action and settlement of the case *Chrestensen v. Northeastern Rural Health Clinics*, Case No. 2021-CV0013264 formerly Case No. 63703."

The request for exclusion must contain your name, address, signature and the last four digits of your Social Security Number for verification purposes. The request for exclusion must be signed by you. No other person may opt out for a member of the Class.

Written requests for exclusion that are postmarked after **February 27, 2023**, or are incomplete or unsigned will be rejected, and those Class Members will remain bound by the Settlement and the release described above.

8. How do I tell the Court that I would like to challenge the Settlement?

Any Class Member who has not opted out and believes that the Settlement should not be finally approved by the Court for any reason, may object to the proposed Settlement. Objections may be in writing and state the Class Member's name, current address, telephone number, and describe why you believe the Settlement is unfair and whether you intend to appear at the final approval hearing. All written objections or other correspondence must also state the name and number of the case, which is *Chrestensen v. Northeastern Rural Health Clinics*, **Case No. 2021-CV0013264 formerly Case No. 63703**. You may also object without submitting a written objection by appearing at the final approval hearing scheduled as described in Section 9 below.

To object to the Settlement, you cannot opt out. If the Court approves the Settlement, you will 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 in this Class Notice shall have waived any objection to the Settlement, whether by appeal or otherwise.

Written objections must be delivered or mailed to the Settlement Administrator no later than February 27, 2023. The address for the Settlement Administrator is P.O. Box 2031, Tustin, CA 92781. The addresses for the Parties' counsel are as follows:

Class Counsel:

Jean-Claude Lapuyade, Esq.
JCL Law Firm, APC
5440 Morehouse Dr., Ste. 3600 San
Diego, CA 92121
Tel.: (619) 599-8292
Fax: (619) 599-2891
E-Mail: jlapuyade@jcl-lawfirm.com

Class Counsel:

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Counsel for Defendant:

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Andrew M. Ducart, Esq.
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Tel: (916) 321-4444
Fax: (916) 441-7597
Email: btimm@boutinjones.com
klucia@boutinjones.com
aducart@boutinjones.com

9. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Final Approval Hearing at **10:00 a.m.**, on **April 13, 2023**, at the Lassen County Superior Court, Department D, located at 2610 Riverside Drive, Suite C204, Susanville, CA 961306, before Judge Leonard J. La Casse. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. The purpose of this hearing is for the Court to determine whether to grant final approval to the Settlement. If there are objections, the Court will consider them. The Court will listen to people who have made a timely written request to speak at the hearing or who appear at the hearing to object. This hearing may be rescheduled by the Court without further notice to you. You are not required to attend the Final Approval Hearing, although any Class Member is welcome to attend the hearing.

10. How do I get more information about the Settlement?

You may call the Settlement Administrator at **(888) 250-6810** or write to, *Chrestensen v. Northeastern Rural Health Clinics*, **Case No. 2021-CV0013264 formerly Case No. 63703**, Settlement Administrator, c/o **ILYM Group, Inc., P.O. Box 2031, Tustin, CA 92781.**

This notice summarizes the proposed settlement. More details are in the Settlement Agreement. You may receive a copy of the Settlement Agreement, the Final Judgment or other Settlement documents by writing to Zakay Law Group, APLC, 5440 Morehouse Dr., Ste. 3600, San Diego, CA 92121 or by visiting the website page provided above.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
Do Nothing and Receive a Payment	<p>To receive a cash payment from the Settlement, you do not have to do anything.</p> <p>Your estimated Settlement Share is: \$ << >>. See the explanation below.</p> <p>Your estimated PAGA Settlement Share is: \$ << >>. See the explanation below.</p> <p>After final approval by the Court, the payment will be mailed to you at the same address as this notice. If your address has changed, please notify the Settlement Administrator as explained above. In exchange for the settlement payment, you will release claims against the Defendant as detailed above.</p>
Exclude Yourself	<p>If you wish to exclude yourself from the Settlement, you must send a written request for exclusion to the Settlement Administrator as provided above. If you request exclusion, you will receive no money from the Settlement, except, if you are also a PAGA Member, you will still receive a share of the PAGA Member Payment.</p> <p>Instructions are set forth above.</p>
Object	<p>You may write to the Court about why you believe the settlement should not be approved.</p> <p>Directions are provided above.</p>

PLEASE DO NOT CALL THE COURT ABOUT THIS NOTICE.

IMPORTANT:

- You must inform the Settlement Administrator of any change of address to ensure receipt of your settlement payment.
- Settlement checks will be null and void 180 days after issuance if not deposited or cashed. In such event, the Settlement Administrator shall pay all funds from such uncashed checks to Capitol Pro Bono. If your check is lost or misplaced, you should contact the Settlement Administrator immediately to request a replacement.