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MAT LOGISTICS, LLC, MAT HOLDINGS,
INC., AND MIDWEST AIR TECHNOLOGIES, INC.

SUPERIOR COURT OF CALIFORNIA

COUNTY OF RIVERSIDE

RYAN PADILLA, individually and on behalf
of others similarly situated,

Plaintiff,

v.

**MAT LOGISTICS, LLC; MAT
HOLDINGS, INC.; and DOES 1-50,**

Defendants.

Unlimited Jurisdiction
Case No.: RIC2002212
Class Action

Assigned to Hon. Sunshine Sykes, Dept.

**STIPULATION OF CLASS ACTION AND
PAGA SETTLEMENT**

Complaint Filed: June 1, 2020
Trial Date: None Set

1 **STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT**

2 IT IS HEREBY STIPULATED, by and between Plaintiff RYAN PADILLA (hereinafter
3 “Plaintiff”), individually and on behalf of all members of the Settlement Class, on the one hand,
4 and Defendant MAT LOGISTICS, LLC, on the other hand (hereinafter, collectively,
5 “Defendant”), and subject to the approval of the Court, that the Action is hereby being
6 compromised and settled pursuant to the terms and conditions set forth in this Stipulation of Class
7 Action and PAGA Settlement and that the Court shall make and enter judgment, subject to the
8 continuing jurisdiction of the Court as set forth below, subject to the definitions, recitals and terms
9 set forth herein which by this reference become an integral part of this Agreement:

10 **DEFINITIONS**

- 11 1. “Agreement” shall mean this Stipulation of Class Action Settlement.
- 12 2. “Action” shall mean the lawsuit known as *Ryan Padilla v. MAT Logistics LLC*,
13 *et al.*, filed in Riverside Superior Court on June 1, 2020, Case No. RIC2002212.
- 14 3. “Class Counsel” shall mean Kenneth A. Goldman of Law Office of Kenneth
15 Goldman, PC and Sahag Majarian of the Law Offices of Sahag Majarian, II.
- 16 4. “Class Counsel Award” shall mean attorneys’ fees for Class Counsel’s litigation
17 and resolution of this Action and their expenses and costs incurred in connection with the Action,
18 paid from the Gross Settlement Fund as described in Paragraph 66 below.
- 19 5. “Class Information” shall mean each Settlement Class Member’s full name, last
20 known address, last known telephone number, Social Security number, and Compensable Weeks
21 for the Settlement Class that Defendant will in good faith compile from their records and provide
22 to the Settlement Administrator.
- 23 6. “Class Period” shall mean the period from April 6, 2016 through March 31, 2022.
- 24 7. “Class Representative Service Award” shall mean the award provided to Plaintiff
25 in recognition of his participation in this litigation as described in Paragraph 65 below.
- 26 8. “Compensable Weeks” shall mean the number of weeks during which members of
27 the Wages Settlement Class were employed by Defendant within California during the Class
28 Period.

1 9. “Costs” shall mean those amounts of money reasonably expended to litigate, and
2 settle, this matter, subject to court approval.

3 10. “Court” shall mean the Riverside County Superior Court of California.

4 11. “Defendant” shall mean MAT Logistics LLC (or “Logistics”).

5 12. “Defense Counsel” shall mean Diana M. Estrada of Wilson, Elser, Moskowitz
6 Edelman & Dicker LLP.

7 13. “Parties” shall mean Plaintiff and Defendant as defined above.

8 14. “Effective Date” shall mean the date when the Court’s order granting final approval
9 of this Settlement Agreement becomes final. For purposes of this Settlement Agreement, the
10 Court’s final approval order “becomes final” upon the last to occur of the following: (a) if there
11 are no objections to the Settlement Agreement, the Date of Final Approval; (b) if there are
12 objections to the Settlement Agreement, and if an appeal, review, or writ is not sought from the
13 final approval order, ten (10) court days after the time period to appeal the final approval order has
14 expired; or (c) if an appeal, review, or writ is sought from the final approval order, ten (10) court
15 days after the final approval order is affirmed or the appeal, review, or writ is dismissed or denied,
16 and the final approval order is no longer subject to further judicial review.

17 15. “Former Employee” shall mean those Settlement Class Members who are: (a)
18 former non-exempt employees of Defendant who worked for Defendant within California during
19 the Class Period and who separated from employment with Defendant during the Class Period.

20 16. “Former Employee Settlement Class” means any Former Employee whose
21 employment terminated at any time during the period between April 6, 2017 and the end of the
22 Class Period.

23 17. “Former Employee Settlement Fund” means fifteen percent (15%) of the Net
24 Settlement Fund to be distributed to members of the Former Employee Settlement Class as
25 described in Paragraph 64 below.

26 18. “Former Employee Payment Ratio” means the portion of the Former Employee
27 Settlement Fund divided by the total number of Former Employee Settlement Class Members who
28 are identified as members of the Former Employee Settlement Class.

1 19. The “Gross Settlement Fund” (or “GSF”) is Six Hundred Fifty Thousand Dollars
2 and Zero Cents (\$650,000.00). This figure represents the maximum amount obligated to pay under
3 this Agreement, exclusive of employer-side payroll taxes on portions of the Net Settlement
4 Amount designated as wages, and is inclusive of all Individual Settlement Payments to Settlement
5 Class Members, Class Counsel Award, the Class Representative Enhancement Payment to
6 Plaintiff, Settlement Administration Costs to the Settlement Administrator, and the Labor Code
7 Private Attorneys General Act of 2004 (Cal. Lab. Code §§ 2698, *et seq.*, “PAGA”) Payment. This
8 Gross Settlement Fund has been agreed to by Plaintiff and Defendant based on the aggregation of
9 the agreed-upon settlement value of individual claims. In no event will Defendant be liable for
10 more than the Gross Settlement Fund absent the conditions set forth in Paragraph 69 below, and
11 which could cause the Gross Settlement Fund to increase based upon a larger than anticipated
12 number of Compensable Weeks. Defendant maintains no reversionary right to any portion of the
13 Gross Settlement Fund. The entire Gross Settlement Fund will be distributed and no part of the
14 Gross Settlement Fund will revert to Defendant. The Gross Settlement Fund does not include
15 employer-side payroll taxes, and any tax obligations owed by Defendant shall be paid separate and
16 apart from the Gross Settlement Fund.

17 20. “Individual Settlement Payment” shall mean the amount payable to each Settlement
18 Class Member as described in Paragraph 64 below.

19 21. “Net Settlement Amount” or “NSA” shall mean the Gross Settlement Fund, less
20 Class Counsel Award, Costs, Class Representative Service Award, the PAGA Settlement Fund,
21 and Settlement Administrator Costs. The PAGA Employee Share shall be treated as separate and
22 apart from the Net Settlement Amount.

23 22. “Notice Packet” shall mean the Notice of Proposed Class Action Settlement
24 (substantially in the form attached as **Exhibit A**).

25 23. “PAGA Employee Share” shall mean twenty-five percent (25%) of the PAGA
26 Settlement Fund.

27 24. “PAGA Settlement Class” shall mean Settlement Class Members who worked for
28 Defendant at any time during the period of January 31, 2019 through March 31, 2022. PAGA

1 Settlement Class Members shall not be entitled to exclude themselves from the PAGA
2 Settlement Fund portion of this Settlement and shall receive the their individual PAGA
3 Employee share irrespective of whether the Settlement Class Member seeks exclusion from the
4 remainder of the this Settlement.

5 25. “PAGA Settlement Fund” shall mean the portion of the Gross Settlement Fund that
6 the Parties have agreed will be allocated and paid to settle all claims and remedies under the PAGA.
7 The amount of the PAGA Payment is subject to court approval pursuant to California Labor Code
8 section 2699(l). The Parties have agreed that Twenty-Four Thousand Dollars and Zero Cents
9 (\$24,000.00) of the Gross Settlement Fund shall be allocated to the resolution of any PAGA
10 Settlement Class Members’ claims arising under PAGA. Pursuant to the PAGA, seventy five
11 percent (75%,) or Eighteen Thousand Dollars and Zero Cents (\$18,000.00), of the PAGA
12 Settlement Fund shall be paid to the Labor and Workforce Development Agency (“LWDA”), and
13 twenty-five percent (25%), or Six Thousand Dollars and Zero Cents (\$6,000.00), of the PAGA
14 Settlement Amount shall be paid to PAGA Settlement Class pursuant to the formula set forth in
15 paragraph 64 below and considered penalties for tax liability purposes.

16 26. “Penalty Settlement Fund” shall mean forty-five percent (45%) of the portion of
17 the Net Settlement Amount as described in Paragraph 64 below.

18 27. “Plaintiff” means Ryan Padilla.

19 28. “Released Claims” shall collectively mean any all wage-related claims that are or
20 could have been alleged in Plaintiff’s First Amended Complaint from the same core factual
21 allegations or that are reasonably related thereto including but not limited to causes of action for
22 (1) failure to pay wages owed (Cal. Lab. Code §§ 201–203); (2) unfair business practices (Cal.
23 Bus. & Prof. Code §§ 17200, et. seq.); (3) failure to provide accurate itemized wage statements
24 (Cal. Lab. Code § 226); (4) failure to provide compliant meal periods (Cal. Lab. Code § 512);
25 failure to provide compliant rest periods, and (5) claims pursuant to the California Labor Code
26 Private Attorneys General Act of 2004 (“PAGA”), Cal. Lab Code § 2698, *et seq.* based on alleged
27 failure to pay all wages owed, failure to provide legally-compliant rest and meal periods, waiting
28 time penalties and failure to provide accurate itemized wage statements. The Settlement Class

1 shall specifically release claims that arise from, touch, or concern the allegations in the operative
2 complaint including but not limited to (a) claims for unfair business practices, failure to pay wages
3 owed, failure to provide accurate itemized wage statements, failure to provide legally-compliant
4 rest and meal periods, failure to pay reporting time pay, failure to pay accrued vacation at
5 termination, and claims pursuant to PAGA based on the foregoing; (b) any right or claim for civil
6 penalties pursuant to PAGA or any penalties arising under the Labor Code or Wage Orders based
7 on the alleged failures set forth above; or (c) any right or claim for unfair business practices in
8 violation of California Business & Professions Code §§ 17200, et seq., based on the alleged failures
9 set forth above; and (d) any violation of the California Labor Code arising from or related to the
10 conduct set forth above, including, without limitation, violation of Labor Code §§ 201, 202, 203,
11 204, 210, 211, 218.5, 218.6, 226, 226.3, 226.6, 226.7, 227.3, 256, 510, 512, 553, 558, 1174, 1174.5,
12 1175, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2698 et seq., or any other state statute, rule and/or
13 regulation (“Wage Order”), the relevant Wage Orders issued by the Industrial Welfare
14 Commission; or similar causes of action which any class member has or might have, known or
15 unknown, of any kind whatsoever, that was alleged or could have been alleged based on the factual
16 allegations in the operative complaint; and all claims for attorneys’ fees and costs through the
17 conclusion of the Class Period. Settlement Class Members shall also, by endorsing and cashing
18 their respective individual settlement payment checks, be deemed to consent and opt into the
19 release of claims arising under the Fair Labor Standards Act (“FLSA”) based on the factual
20 allegations of the Operative Complaint, including claims for minimum wages, overtime wages,
21 and liquidated damages.

22 29. “Released Parties” shall mean Defendant, each of their respective parent
23 companies, subsidiaries, affiliates, without limitation to MAT Holdings, Inc. and Midwest Air
24 Technologies, Inc., current and former management companies, shareholders, members, owners,
25 agents (including without limitation, any investment bankers, accountants, insurers, reinsurers,
26 attorneys and any past, present or future officers, directors and employees) and any of their
27 respective predecessors, successors, and assigns. The Released Claims shall not extend to any
28 staffing agencies or professional employer organizations that provided labor and or personnel to

1 Defendant during the time period covered by the release other than any Defendant as defined
2 above.

3 30. "Response Deadline" shall mean forty-five (45) days after the date Settlement
4 Administrator mails Notice Packets to Settlement Class Members and the last date on which
5 Settlement Class Members may request for exclusion and/or objection to the Settlement.

6 31. "Settlement" shall mean the disposition of the Action pursuant to this Agreement.

7 32. "Settlement Administration Costs" shall mean the amount to be paid to the
8 Settlement Administrator from the Gross Settlement Fund for administration of this Settlement.

9 33. "Settlement Administrator" shall mean Simpluris, Inc.

10 34. "Settlement Class Members" shall mean all non-exempt, hourly-paid employees of
11 Defendant who worked within California during the Class Period (or if any such person is
12 incompetent, deceased, or unavailable due to military service, the person's legal representative or
13 successor in interest evidenced by reasonable verification).

14 35. "Wages Payment Ratio" shall mean the respective Compensable Weeks for each
15 Settlement Class Member divided by the total Compensable Weeks for all Settlement Class
16 Members.

17 36. "Wages Settlement Class" shall mean a subclass definition consisting of all
18 Settlement Class Members for the purpose of establishing settlement fund payment ratios
19 according to the formula set forth in Paragraph 64 below.

20 37. "Wages Settlement Fund" shall mean thirty percent (30%) of Net Settlement
21 Amount allocated for unpaid wages, overtime, meal period premiums, and rest period premiums,
22 as described in Paragraph 64 below.

23 38. "226 Settlement Fund" shall mean ten percent (10%) of the Net Settlement Amount
24 as described in Paragraph 64 below.

25 39. "226 Settlement Class" shall mean all Settlement Class Members who worked
26 Compensable Weeks during the period of April 6, 2019 through the end of the Class Period.

27 40. "226 Payment Ratio" means the respective Compensable Weeks for each 226
28 Settlement Class Member who worked during the period of April 6, 2018 through the end of the

1 Class Period divided by the total Compensable Weeks for all 226 Settlement Class Members who
2 worked during the period of April 6, 2018 through the end of the Class Period.

3 **RECITALS**

4 41. Class Certification. The Parties stipulate and agree to the conditional certification
5 of this Action for purposes of this Settlement only. Should the Settlement not become final and
6 effective as herein provided, class certification shall immediately be set aside and the Settlement
7 Class immediately decertified (subject to further proceedings on motion of any party to certify or
8 deny certification thereafter). The Parties' willingness to stipulate to class certification as part of
9 the Settlement shall have no bearing on, and shall not be admissible in or considered in connection
10 with, the issue of whether a class should be certified in a non-settlement context in this Action and
11 shall have no bearing on, and shall not be admissible or considered in connection with, the issue
12 of whether a class should be certified in any other lawsuit or arbitration.

13 42. Procedural History. On May 7, 2020, Plaintiff submitted for filing a Class Action
14 lawsuit in Riverside Superior Court, which as a result of shutdowns caused by the COVID-19
15 pandemic, was filed on June 1, 2020. On January 31, 2020, Plaintiff submitted his letter to the
16 Labor & Workforce Development Agency ("LWDA") as a prerequisite to pursue penalties under
17 the Labor Code Private Attorneys General Act of 2004.

18 43. The Parties subsequently agreed to mediate the Action with an experienced and
19 well-respected wage and hour mediator and former Los Angeles Superior Court Complex Division
20 judge, Hon. Carl J. West. In preparation, Defendant voluntarily provided payroll records for
21 roughly 25% of the putative class, as well as electric time records for the entire putative class for
22 the entirety of the Class Period.

23 44. On January 31, 2022, the Parties participated in an all-day mediation via video
24 conferencing due to public health concerns presented by the novel coronavirus where an
25 agreement-in-principle was reached.

26 45. On March 9, 2022, the Parties stipulated to Plaintiff's filing of a First Amended
27 Complaint ("FAC") in order to effectuate the terms of this Settlement. The FAC was filed on
28 April 18, 2022, following the Court's granting of the Parties' stipulation.

1 46. Benefits of Settlement to Class Members. Plaintiff and Class Counsel recognize
2 the expense and length of continued proceedings necessary to litigate their disputes through trial
3 and through any possible appeals. Plaintiff has also taken into account the uncertainty and risk of
4 the outcome of further litigation, including the possibility that one or more of the alleged classes
5 may not be certified, and the difficulties and delays inherent in such litigation. Plaintiff and Class
6 Counsel are also aware of the burdens of proof necessary to establish liability for the claims
7 asserted in the Action, both generally and in response to Defendant's defenses thereto, and the
8 difficulties in establishing damages for the Settlement Class Members. Plaintiff and Class Counsel
9 have also taken into account the extensive settlement negotiations conducted. Based on the
10 foregoing, Plaintiff and Class Counsel have determined that the Settlement set forth in this
11 Agreement is a fair, adequate and reasonable settlement, and is in the best interests of the
12 Settlement Class Members.

13 47. Defendant's Reasons for Settlement. Defendant has concluded that any further
14 defense of this litigation would be protracted and expensive for all Parties. Substantial amounts
15 of time and resources of Defendant has been devoted to the defense of the claims asserted by
16 Plaintiff and Settlement Class Members and would continue if this Settlement was not reached.
17 Defendant has also taken into account the risks of further litigation in reaching their decision to
18 enter into this Settlement. Despite continuing to contend that Defendant is not liable for any of
19 the claims set forth by Plaintiff, Defendant has, nonetheless, agreed to settle in the manner and
20 upon the terms set forth in this Agreement to resolve the claims as set forth in the Action.
21 Defendant has claimed and continue to claim that the Released Claims, and each of them, have no
22 merit and do not give rise to liability. In particular, but without limiting the generality of the
23 foregoing, nothing about this Settlement shall be offered or construed as an admission that
24 Defendant violated any obligations under the California *Labor Code*, applicable Industrial Welfare
25 Commission Wage Orders, or Business and Professions Code, or of liability in general, or any
26 wrongdoing, impropriety, responsibility, or fault whatsoever on the part of Defendant, Released
27 Parties, or any of them. This Agreement is a compromise of disputed claims. Nothing contained
28 in this Agreement and no documents referred to herein and no action taken to carry out this

1 Agreement may be construed or used as an admission by or against Defendant, or any of them, as
2 to the merits or lack thereof of the claims asserted. Pursuant to California *Evidence Code* Section
3 1152, this Settlement Agreement, along with any related documents and negotiations, is
4 inadmissible in any proceedings, except a proceeding to approve, interpret, or enforce this
5 Settlement. If final approval of this Settlement does not occur, the Parties agree that this Settlement
6 Agreement is void, but remains protected by California *Evidence Code* Section 1152. The monies
7 being paid as part of the settlement are genuinely disputed and the Parties agree that the provisions
8 of *Labor Code* section 206.5 are not applicable to this Settlement.

9 48. Settlement Class Members' Claims. Settlement Class Members have claimed and
10 continue to claim that the Released Claims have merit and give rise to liability on the part of
11 Defendant. This Agreement is a compromise of disputed claims. Nothing contained in this
12 Agreement and no documents referred to herein and no action taken to carry out this Agreement
13 may be construed or used as an admission by or against the Settlement Class Members or Class
14 Counsel as to the merits or lack thereof of the claims asserted.

15 **TERMS OF AGREEMENT**

16 49. Release As To All Settlement Class Members. As of the date Defendant meets all
17 of its financial obligations under the terms of this Settlement, in exchange for the Gross Settlement
18 Fund, Plaintiff and the Settlement Class Members release the Released Parties from the Released
19 Claims.

20 50. Plaintiff and the Settlement Class Members may hereafter discover facts in addition
21 to or different from those they now know or believe to be true with respect to the subject matter of
22 the Released Claims, but upon the date Defendant meets all of its financial obligations under the
23 terms of this Settlement, shall be deemed to have, and by operation of the final judgment shall
24 have, fully, finally, and forever settled and released any and all of the Released Claims, whether
25 known or unknown, suspected or unsuspected, contingent or non-contingent, which now exist, or
26 heretofore have existed, upon any theory of law or equity now existing or coming into existence
27 in the future, including, but not limited to, conduct that is negligent, intentional, with or without
28 malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence

1 of such different or additional facts.

2 51. Tax Liability. The Parties make no representations as to the tax treatment or legal
3 effect of the payments called for hereunder, and Settlement Class Members are not relying on any
4 statement or representation by the Parties or by the Settlement Administrator in this regard.
5 Settlement Class Members understand and agree that withholdings, including, but not limited to
6 Settlement Class Members' FICA and FUTA contributions, will be taken from that portion of the
7 Net Settlement Amount designated as wages, and that they will be responsible for the payment of
8 any employee taxes and penalties assessed on the payments described herein and will hold the
9 Parties free and harmless from and against any claims, liabilities, costs and expenses, including
10 attorney's fees, resulting in any way from personal tax treatment of the payments made pursuant
11 to this Agreement, including the treatment of such payments as not subject to withholding or
12 deduction for payroll and employment taxes. Defendant's share of employer payroll taxes and
13 other required employer withholdings, including but not limited to Defendant's FICA and FUTA
14 contributions, shall be paid separate and apart from the Gross Settlement Fund.

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

1 disclosure by the acknowledging party of the tax treatment or tax structure of any transaction,
2 including any transaction contemplated by this Agreement.

3 53. Settlement Administration. Within seven (7) calendar days after the Court grants
4 preliminary approval of this Agreement, Defendant shall provide the Settlement Administrator
5 with the Class Information for purposes of mailing Notice Packets to Settlement Class Members.

6 54. Notice By First Class U.S. Mail. Upon receipt of the Class Information, the
7 Settlement Administrator will perform a search based on the National Change of Address Database
8 to update and correct any known or identifiable address changes. Within seven (7) calendar days
9 after receiving the Class Information from Defendant as provided herein, the Settlement
10 Administrator shall mail copies of the Notice Packet, written in English and Spanish, to all
11 Settlement Class Members via First Class U.S. Mail. The Settlement Administrator shall exercise
12 its best judgment to determine the current mailing address for each Settlement Class Member. The
13 address identified by the Settlement Administrator as the current mailing address shall be
14 presumed to be the best mailing address for each Settlement Class Member. Any Notice Packets
15 returned to the Settlement Administrator as non-delivered on or before the Response Deadline
16 shall be re-mailed to the forwarding address affixed thereto. If no forwarding address is provided,
17 the Settlement Administrator shall promptly attempt to determine a correct address by use of skip-
18 tracing, or other search using the name, address and/or Social Security number of the Settlement
19 Class Member involved, and shall then perform a re-mailing, if another mailing address is
20 identified by the Settlement Administrator. Settlement Class Members who received a re-mailed
21 Notice Packet shall have their Response Deadline extended fourteen (14) days from the original
22 Response Deadline.

23 55. Claims. This is a no-claims settlement. All Settlement Class Members, who do not
24 properly seek exclusion from the settlement (as outlined in Paragraph 58 of this document) will
25 receive Individual Settlement Payments from the Net Settlement Amount. The calculation of
26 Individual Settlement Payments shall be as described in Paragraph 64 below.

27 56. Disputes Regarding Individual Settlement Payments. Settlement Class Members
28 will have the opportunity, should they disagree with Defendant's records regarding the dates of

1 their employment, to provide documentation and/or an explanation to show contrary employment
2 dates. If there is a dispute, the Settlement Administrator will consult with the Parties to determine
3 whether an adjustment is warranted. Counsel for the Parties will confer in good faith to resolve
4 the dispute(s) and advise the Settlement Administrator if the Parties were able to resolve the
5 dispute. Any dispute resolved by the Parties following conferring in good faith shall be binding
6 upon the Settlement Class Member and the Parties. In the event that the Parties are unable to
7 resolve the dispute, the Settlement Administrator shall determine the eligibility for and amount of
8 any Individual Settlement Payment and provide its determination to the Parties in writing at least
9 fifteen (15) days prior to any fairness hearing in this matter. Any Party shall have the right to raise
10 the dispute to the trial court for resolution; however, the Party challenging the Settlement
11 Administrator's determination shall have the burden of proof as to any error in the Settlement
12 Administrator's determination and shall bear its own costs related thereto.

13 57. Disputes Regarding Administration of Settlement. Any disputes regarding or
14 relating to the administration of the Settlement shall be resolved by the same process described in
15 Paragraph 56.

16 58. Exclusions. The Notice Packet shall state that Settlement Class Members who wish
17 to exclude themselves from the Settlement must submit a written request for exclusion by the
18 Response Deadline. The written request for exclusion must state that the Settlement Class Member
19 wishes to exclude himself or herself from the Settlement and (1) must contain the name, address,
20 and the last four digits of the Social Security number of the person requesting exclusion; (2) must
21 be signed by the Settlement Class Member; (3) must be postmarked by the Response Deadline and
22 returned to the Settlement Administrator at the specified address, and (4) must clearly state the
23 intention to be excluded from the Settlement. The request for exclusion will not be valid if it is
24 not timely submitted, is not signed by the Settlement Class Member, does not contain the name
25 and address of the Settlement Class Member, or articulate the intent to be excluded. The date of
26 the postmark on the return mailing envelope on the request for exclusion shall be the exclusive
27 means used to determine whether the request for exclusion was timely submitted. Any Settlement
28 Class Member who validly requests to be excluded from the Settlement Class will not be entitled

1 to any recovery under the Settlement and will not be bound by the terms of the Settlement or have
2 any right to object, appeal or comment thereon. Settlement Class Members who fail to submit a
3 valid request for exclusion on or before the Response Deadline shall be bound by all terms of the
4 Settlement and any final judgment entered in this Action if the Settlement is approved by the Court.
5 No later than fourteen (14) calendar days after the Response Deadline, the Settlement
6 Administrator shall provide counsel for the Parties with the total number of Settlement Class
7 Members who have submitted valid written requests for exclusion. Class Members may not
8 exclude themselves from the PAGA Settlement Class.

9 59. Objections. The Notice Packet shall state that Settlement Class Members who wish
10 to object to the Settlement are encouraged to submit a written statement of objection to the
11 Settlement Administrator (“Notice of Objection”) by the Response Deadline. At the Court’s
12 discretion, Settlement Class Members who fail to make objections in the manner specified above
13 may be deemed to have waived any objections and may be foreclosed from making any objections
14 (whether by appeal or otherwise) to the Settlement. Settlement Class Members who submit a
15 timely Notice of Objection will have a right to appear at the Final Approval/Settlement Fairness
16 Hearing in order to have their objections heard by the Court. At no time shall any of the Parties
17 or their counsel seek to solicit or otherwise encourage Settlement Class Members to file or serve
18 written objections to the Settlement or appeal from the Order and Final Judgment. Class Counsel
19 shall not represent any Settlement Class Members with respect to any such objections. Any
20 Settlement Class Member who submits a timely request for exclusion and who also objects to this
21 Settlement shall be deemed to have validly excluded himself or herself from the Settlement and
22 the objection shall be waived.

23 60. Defendant’s Conditional Option to Terminate Settlement. If more than ten percent
24 (10%) of the Settlement Class Members timely and properly submit a request for exclusion from
25 this Settlement, Defendant shall have the sole and absolute discretion, if they so elect, to rescind
26 this Settlement. If Defendant rescinds this Settlement pursuant to this paragraph, the Settlement
27 and conditional class certification shall be considered void and shall be of no force and effect. In
28 the event Defendant seeks to exercise their right to terminate the Settlement under this provision,

1 the Settlement Administrator shall provide the names and contact information of the individuals
2 who seek to be out of this Settlement Agreement to the Parties, who shall be provided with an
3 opportunity to seek the withdrawal of Opt Outs to bring the total below the ten percent (10%)
4 threshold and thereby negating Defendant's right to withdraw from this Settlement Agreement.
5 The Parties agree that no Party will encourage Class Members to Opt Out of this Settlement
6 Agreement. Any Class Member who Opt Out of this Settlement Agreement as a result of
7 encouragement from any Party or their counsel shall not be counted as a valid opt out for purposes
8 of calculating the percentage of Class Members who Opt Out. Determination of whether a Party
9 or counsel encouraged a Class Member to Opt Out shall be made by the Court. If the Settlement
10 Agreement is terminated as a result of Defendant's exercise of their conditional option stated
11 herein, Defendant shall pay any costs actually incurred by the Settlement Administrator prior to
12 and as a result of the termination of the Settlement Agreement. Defendant may claim any costs
13 incurred under this Paragraph as a recoverable cost in the event Defendant ultimately prevail in
14 this litigation, the right to recovery of which shall be decided by the Court when ruling on what
15 costs, if any, may be recovered by Defendant.

16 61. Return to Prior Position Upon Termination of Settlement Agreement. If the
17 Effective Date does not occur, then this Settlement Agreement will automatically be deemed null
18 and void, and the Parties will revert to their positions prior to any provisional class certification
19 under the terms of this Settlement Agreement, except that the FAC shall be the operative
20 complaint, and, pursuant to *Code of Civil Procedure* § 583.330, the Parties stipulate that the matter
21 shall be deemed stayed as of January 31, 2020, for purposes of calculating time limits under *Code*
22 *of Civil Procedure* § 583.310 (i.e. "the 5-Year Rule"). The time to bring the matter to trial shall
23 resume running upon the earlier of (1) the Court's entry of an order denying final approval of this
24 Settlement Agreement; or (2) the date the Settlement Agreement is terminated pursuant to
25 Paragraph 60 above.

26 62. Funding and Allocation of Gross Settlement Fund. This is a non-reversionary
27 Settlement in which no amount of the Gross Settlement Fund will revert to Defendant. Defendant's
28 share of payroll taxes and other required withholdings from Individual Settlement Payments,

1 including but not limited to FICA and FUTA contributions, shall be paid separate and apart from
2 the Gross Settlement Fund. Within ten (10) business days after the Effective Date, Defendant shall
3 provide the Gross Settlement Fund and Defendant's share of payroll taxes to the Settlement
4 Administrator.

5 63. Individual Settlement Payments. Individual Settlement Payments will be paid from
6 the Net Settlement Amount and PAGA Employee Share and shall be paid pursuant to the
7 settlement formula set forth herein. Individual Settlement Payments shall be mailed by First Class
8 U.S. Mail to Settlement Class Members' last known mailing address within seven (7) calendar
9 days after Defendant provide funds to the Settlement Administrator for disbursement under this
10 Agreement. Any checks issued to Settlement Class Members shall remain valid and negotiable
11 for one hundred and eighty (180) days from the date of their issuance. After that time, any such
12 unclaimed checks will be distributed to *Cy Pres* Recipients as described in Paragraph 67 below.
13 In such event, those Class Members will nevertheless remain bound by the Settlement. Individuals
14 will be entitled to payment from the Net Settlement Amount and/or PAGA Settlement Fund based
15 on their status as members of the Wages Settlement Class and Former Employee Settlement Class
16 as defined in Paragraphs 36 and 16 above.

17 64. Calculation of Individual Settlement Payments. The calculation of Individual
18 Settlement Payments will involve the following steps:

19 A. The Net Settlement Amount will be divided and allocated as follows:

20 i. Thirty percent (30%) of the NSA shall comprise the Wages
21 Settlement Fund.

22 a. Twenty percent (20%) of the NSA (or 66.67% of the Wages
23 Settlement Fund) shall be designated as unpaid wages, including
24 unpaid meal and rest period premiums, for which IRS Forms W-2
25 will be issued.

26 b. Ten percent (10%) of the NSA (or 33.33% of the Wages
27 Settlement Fund) shall be designated as interest on unpaid
28 wages.

- ii. Forty-Five percent (45%) of the NSA shall be allocated as the Penalty Settlement Fund and shall be designated as penalties under the Labor Code, including, but not limited to civil penalties exclusive of PAGA, plus interest on those penalties.
- iv. Fifteen percent (15%) of the NSA shall be allocated as the Former Employee Settlement Fund and shall be designated as continuation wages.
- v. Ten percent (10%) of the NSA shall compromise the 226 Settlement Fund and shall be allocated as penalties and interest on said penalties.

B. The Wages Settlement Fund and Penalty Settlement Fund shall each be divided by the total number of Compensable Workweeks during the Class Period in order to establish the Wages Payment Ratio. The Wages Payment Ratio will then be multiplied by the number of Compensable Weeks attributable to each member of the Wages Settlement Class in order to determine the correct amount to be paid to each Wages Settlement Class Member out of the Wages Settlement Fund.

C. The Former Employee Settlement Fund shall be divided by the number of Former Employees Class Members in order to determine the Former Employee Payment Ratio. Each Former Employee Settlement Class Member shall be entitled to receive funds equal to their respective Former Employee Payment Ratio.

D. The 226 Settlement Fund shall be divided by the total number of Compensable Weeks during the period of April 6, 2019 through March 31, 2022 in order to establish the 226 Payment Ratio. The 226 Payment Ratio will then be multiplied by the number of Compensable Weeks attributable to each member of the 226 Settlement Class worked during the period of April 6, 2019 through March 31, 2022 in order to determine the correct amount to be paid to each 226

1 Settlement Class Member out of the 226 Settlement Fund.

2 E. The PAGA Employee Share shall be divided by the total number of
3 Compensable Weeks during the period of January 31, 2019 thorough March 31,
4 2022 in order to establish the base value for one Compensable Week for the
5 PAGA Settlement Class. The number of Compensable Weeks for each PAGA
6 Settlement Class Member shall then be multiplied by the base value of a
7 Compensable Week established herein to determine the portion of the PAGA
8 Employee Share to be paid to each PAGA Settlement Class Member

9 65. Class Representative Service Award. Plaintiff agreed to serve as the class
10 representative without the expectation of a Class Representative Service Award. However,
11 Plaintiff has now identified himself, in the public record, as an individual who is willing to make
12 class action employment claims. Among the considerations for any Class Representative Service
13 Award are (a) that the Agreement provides a substantial benefit to the Settlement Class Members;
14 (b) Plaintiff is not seeking an extraordinary amount, but a number that is reasonable and represents
15 the amount of time and the risks associated with his participation in this litigation; and (c) that
16 Plaintiff is providing a general release of all claims. Plaintiff contends a Class Representative
17 Service Award of ten thousand dollars (\$10,000.00) is reasonable and fair. The Class
18 Representative Service Award shall be paid to Plaintiff from the Gross Settlement Fund no later
19 than seven (7) calendar days after Defendant provides funds to the Settlement Administrator for
20 disbursement under this Agreement. The Class Representative Service Award to the Plaintiff and
21 any other payments herein are expressly contingent upon Plaintiff's full release of any and all
22 claims against Defendant, including a release of unknown claims under § 1542 of the California,
23 known or unknown, contingent or accrued.

24 66. Class Counsel Award. Class Counsel will submit an application for attorneys' fees
25 not to exceed one-third (33 1/3%) percent of the Gross Settlement Fund (currently Two Hundred
26 Sixteen Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents (\$216,666.67) as
27 anticipated prior to any potential increase as described in Paragraph 69), plus actual costs not to
28 exceed Twenty-Five Thousand Dollars (\$25,000.00). Any portion of the requested Class Counsel

Award that is not awarded to Class Counsel shall be part of the Net Settlement Amount and shall be distributed to Settlement Class Members as provided in this Agreement. The Class Counsel Award shall be paid to Class Counsel from the Gross Settlement Fund no later than two (2) days after the Settlement Administrator disburses Individual Settlement Payments to the Settlement Class Agreement. Class Counsel shall be solely and legally responsible to pay all applicable taxes on the payment made pursuant to this paragraph. The Settlement Administrator shall issue an IRS Form 1099-MISC to each Class Counsel for the payments made pursuant to this paragraph. Defendant does not oppose this application. This Settlement is not contingent upon the Court awarding Class Counsel any amount, or any particular amount in attorneys' fees and/or costs. In the event that the Court reduces or does not approve a payment of attorneys' fees and/or costs, Plaintiff shall not have the right to revoke this Settlement. Notwithstanding any provision to the contrary, nothing contained herein shall be deemed a waiver of Class Counsel's right to appeal an award of a lesser amount than the requested Class Counsel Award. If awarded a lesser amount than the requested Class Counsel Award, Class Counsel may provide written notice to Defense Counsel that Class Counsel does not intend to appeal the Class Counsel Award which shall cause the final approval order to "become final" as contemplated in Paragraph 14.

67. Cy Pres. Any checks that remain unclaimed for one hundred and eighty (180) days after issuance shall be distributed pursuant to California *Code of Civil Procedure* section 384, designated for nonprofit organizations or foundations to support projects that will benefit the class or similarly situated persons, or that promote the law consistent with the objectives and purposes of the underlying cause of action, to child advocacy programs, or to nonprofit organizations providing civil legal services to the indigent ("Cy Pres Recipients"). Any funds resulting from unclaimed checks shall be distributed to Bet Tzedek, a non-profit organization that provides free legal services to vulnerable sections of the population.

68. Settlement Administration Costs. The Settlement Administrator shall be paid for Settlement Administration Costs from the Gross Settlement Fund. The Settlement Administration Costs shall be Six Thousand Two Hundred Fifty Dollars and Zero Cents (6,250.00), pursuant to the Settlement Administrator's capped fee bid. This figure represents the Settlement

1 Administrator's fees to administer this Settlement, based on information it was provided about the
2 issues in the case, the complexity of the Settlement, and the approximate sizes of the putative
3 Classes. To the extent actual Settlement Administrations Costs are greater than Six Thousand Two
4 Hundred Fifty Dollars and Zero Cents (\$6,250.00), such excess amount shall be taken out of the
5 Net Settlement Amount, unless it is determined by the Court that such increased costs were caused
6 by misconduct by the Parties, whether collectively or individually, in which case the Party found
7 to have engaged in misconduct shall bear the additional costs incurred by the Settlement
8 Administrator. No fewer than fourteen (14) days prior to the Final Approval Hearing, the
9 Settlement Administrator shall provide the Parties with a statement detailing the costs of
10 administration of this Settlement. The Settlement Administrator shall be paid the Settlement
11 Administration Costs no later than fourteen (14) calendar days after Defendant provides funds to
12 the Settlement Administrator for disbursement under this Agreement. The Settlement
13 Administrator, on Defendant's behalf, shall have the authority and obligation to make payments,
14 credits and disbursements, including payments and credits in the manner set forth herein, to
15 Settlement Class Members calculated in accordance with the methodology set out in this
16 Agreement and orders of the Court.

17 A. The Parties agree to cooperate in the Settlement administration process and to
18 make all reasonable efforts to control and minimize the costs and expenses
19 incurred in administration of the Settlement. The Parties each represent they
20 do not have any financial interest in the Settlement Administrator or otherwise
21 have a relationship with the Settlement Administrator that could create a
22 conflict of interest.

23 B. The Settlement Administrator shall be responsible for:

- 24 1. Calculating the amount each Settlement Class Member is eligible to
25 receive, processing and mailing payments to the Plaintiff, Class
26 Counsel, and Settlement Class Members;
- 27 2. Printing, translating and mailing the Notice Packets to the Settlement
28 Class Members as directed by the Court;

3. Receiving and reporting the requests for exclusion and objections submitted by Settlement Class Members;
4. Deducting taxes from Individual Settlement Payments and distributing tax forms;
5. Establishing and maintaining a toll-free informational telephone support line to assist Class Members who have questions regarding the Notice;
6. Issuing to Plaintiff, Settlement Class Members, and Class Counsel, W-2, 1099 forms, or other tax forms as may be required by law for all amounts paid pursuant to this Agreement;
7. Conducting additional address searches for mailed Notices that are returned as undeliverable. These searches may be done through a class action locator service. To the extent new and more current addresses are found, the Settlement Administrator will also reprint and re-mail Notices accordingly;
8. Calculating Settlement Class Members settlement share, fielding inquiries from Class Members, and administration of any requests for exclusion. This service will include settlement proceed calculations, printing and issuance of checks, and preparation of W-2, 1099 Forms. Basic accounting for and payment of employee tax withholdings will also be included as part of this service;
9. Informing Defendant of their employer-side tax liability, if any;
10. Processing and mailing tax payments to the appropriate state and federal taxing authorities;
11. Providing declaration(s) as necessary in support of preliminary and/or final approval of this Settlement, as well as a final accounting;
12. Other tasks as the Parties mutually agree or the Court orders the Settlement Administrator to perform;

13. The Settlement Administrator shall keep the Parties timely apprised of the performance of all Settlement Administrator responsibilities; and

14. No later than fourteen (14) calendar days after the Response Deadline, the Settlement Administrator shall provide counsel for the Parties with an accounting of the Gross Settlement Fund and report the amount of all payments to be made to each Settlement Class Member by name and Social Security number.

C. No person shall have any claim against Defendant, Released Parties, Defense Counsel, Plaintiff, Settlement Class Members, Class Counsel, or the Settlement Administrator based on distributions and payments made in accordance with this Agreement.

69. Increase of Gross Settlement Fund Upon Increase of Compensable Weeks. As of January 31, 2022, Defendant's best estimate of the number of Compensable Weeks during the Class Period is 19,492. If the actual number of Compensable Weeks is more than ten percent (10%) greater than this estimate (i.e., if the actual Compensable Weeks is 21,442 or more), then the Gross Settlement Fund as defined in Paragraph 18 above shall be increased on a proportional basis based on the amount in excess of 21,442 (e.g. if the actual number of Compensable Weeks is 12% greater than 19,492, then the GSF would increase by 2%).

70. Execution by Settlement Class Members: It is agreed that it is impossible or impractical to have each Settlement Class Member execute this Settlement. The Notice Packet will advise all Settlement Class Members of the binding nature of the release and such shall have the same force and effect as if each participating Settlement Class Member executed this Settlement.

71. Final Settlement Approval Hearing and Entry of Final Judgment. Upon expiration of the Response Deadline, with the Court's permission, a Final Approval/Settlement Fairness Hearing shall be conducted to determine final approval of the Settlement along with the amount properly payable for (i) the Class Counsel Award, (ii) the Class Representative Service Award, (iii) Individual Settlement Payments, and (iv) the Settlement Administration Costs. Pursuant to

1 California Rule of Court 3.769(h), after granting Final Approval, the Court shall retain jurisdiction
2 over the Parties to enforce the terms of the judgment.

3 72. Nullification of Settlement Agreement. In the event: (i) the Court does not grant
4 preliminary approval; (ii) the Court does not grant final approval; (iii) the Court does not enter a
5 final judgment as provided herein; or (iv) the Settlement does not become final for any other
6 reason, this Settlement Agreement shall be null and void and any order or judgment entered by the
7 Court in furtherance of this Settlement shall be treated as void from the beginning. In such a case,
8 the Parties and any funds to be awarded under this Settlement shall be returned to their respective
9 statuses as of the date and time immediately prior to the execution of this Agreement, and the
10 Parties shall proceed in all respects as if this Agreement had not been executed, except that any
11 costs already incurred by the Settlement Administrator shall be paid by Defendant, which
12 Defendant may claim as a recoverable cost in the event Defendant ultimately prevail in this
13 litigation, such issue to be decided by the Court, when ruling on what costs, if any, may be
14 recovered by Defendant. In the event an appeal is filed from the Court's final judgment, or any
15 other appellate review is sought, administration of the Settlement shall be stayed pending final
16 resolution of the appeal or other appellate review, but any fees incurred by the Settlement
17 Administrator prior to it being notified of the filing of an appeal from the Court's Final Judgment,
18 or any other appellate review, shall be paid to the Settlement Administrator within thirty (30) days
19 of said notification.

20 73. No Effect on Employee Benefits. Amounts paid to Plaintiff or other Settlement
21 Class Members pursuant to this Agreement shall be deemed not to be pensionable earnings and
22 shall not have any effect on the eligibility for, or calculation of, any of the employee benefits (e.g.,
23 vacations, holiday pay, retirement plans, etc.) of the Plaintiff or Settlement Class Members.

24 74. No Admission By the Parties. Defendant deny any and all claims alleged in this
25 Action and deny all wrongdoing whatsoever. This Agreement is not a concession or admission,
26 and shall not be used against Defendant as an admission or indication with respect to any claim of
27 any fault, concession or omission by Defendant.

28 75. Exhibits and Headings. The terms of this Agreement include the terms set forth in

any attached Exhibits, which are incorporated by this reference as though fully set forth herein. Any Exhibits to this Agreement are an integral part of the Settlement. The descriptive headings of any paragraphs or sections of this Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement.

76. Interim Stay of Proceedings. The Parties agree to stay and hold all proceedings in the Action, except such proceedings necessary to implement and complete the Settlement, in abeyance pending the Final Approval/Settlement Fairness Hearing to be conducted by the Court.

77. Amendment or Modification. This Agreement may be amended or modified only by a written instrument signed by counsel for all Parties or their successors-in-interest.

78. Entire Agreement. This Agreement and any attached Exhibits constitute the entire Agreement among these Parties, and no oral or written representations, warranties or inducements have been made to any Party concerning this Agreement or its Exhibits other than the representations, warranties and covenants contained and memorialized in the Agreement and its Exhibits.

79. Authorization to Enter Into Settlement Agreement. Counsel for all Parties warrant and represent they are expressly authorized by the Parties whom they represent to negotiate this Agreement and to take all appropriate actions required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents required to effectuate the terms of this Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to effect the implementation of the Settlement. The persons signing this Agreement on behalf of Defendant represents and warrant that each is authorized to sign this Agreement on behalf of the respective Defendant. Plaintiff represents and warrants that he is authorized to sign this Agreement and that he has not assigned any claim, or part of a claim, covered by this Settlement to a third party.

80. Binding on Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

81. California Law Governs. All terms of this Agreement and the Exhibits hereto and any disputes arising hereunder shall be governed by and interpreted according to the laws of the

1 State of California.

2
3 82. Counterparts. This Agreement may be executed in one or more counterparts. All
4 executed counterparts and each of them shall be deemed to be one and the same instrument
5 provided that counsel for the Parties to this Agreement shall exchange among themselves copies
6 or originals of the signed counterparts.

7 83. This Settlement Is Fair, Adequate and Reasonable. The Parties believe this
8 Settlement is a fair, adequate and reasonable settlement of this Action and have arrived at this
9 Settlement after extensive arms-length negotiations, taking into account all relevant factors,
10 present and potential.

11 84. Jurisdiction of the Court. In accordance with California Rule of Court 3.769(h),
12 the Parties agree that the Court shall retain jurisdiction with respect to the interpretation,
13 implementation and enforcement of the terms of this Agreement and all orders and judgments
14 entered in connection therewith, and the Parties and their counsel hereto submit to the jurisdiction
15 of the Court for purposes of interpreting, implementing and enforcing the settlement embodied in
16 this Agreement and all orders and judgments entered in connection therewith.

17 85. Invalidity of Any Provision. Before declaring any provision of this Agreement
18 invalid, the Court shall first attempt to construe the provisions as valid to the fullest extent possible
19 consistent with applicable precedents so as to define all provisions of this Agreement as valid and
20 enforceable.

21 ///

22 ///

23 ///

86. Waiver of Certain Appeals. The Parties agree to waive appeals and to stipulate to class certification for purposes of this Settlement only; provided, however, Plaintiff or Class Counsel may appeal any reduction in the Class Counsel Award.

DATED: 05/03/2022, 2022



RYAN PADILLA
Plaintiff

DATED: 5/11, 2022

MAT LOGISTICS, LLC

By:



Its General Counsel
Defendant

EXHIBIT A

RIVERSIDE SUPERIOR COURT
Padilla v. MAT Logistics, LLC, et al.
Case No. RIC2002212

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

**To: ALL NON-EXEMPT, HOURLY-PAID EMPLOYEES OF DEFENDANT WHO WORKED
WITHIN CALIFORNIA AT ANY TIME DURING THE PERIOD OF APRIL 6, 2016
THROUGH MARCH 31, 2022**

**IF YOU DO NOTHING, YOU ARE EXPECTED TO RECEIVE
APPROXIMATELY \$[INDIVIDUAL'S AMOUNT]**

**MAT LOGISTICS WILL NOT TAKE ANY ACTION AGAINST YOU FOR
PARTICIPATING IN THIS SETTLEMENT. THE PARTIES FULLY SUPPORT
YOUR PARTICIPATION IN THIS SETTLEMENT.**

This Notice is Court Approved. This is not a solicitation from an attorney.

READ THIS NOTICE CAREFULLY – IT AFFECTS YOUR LEGAL RIGHTS

WHY DID I GET THIS NOTICE?

You received this Notice because we believe that you are a class member who may be entitled to money from this settlement. To receive money from this settlement, you do not need to do anything.

This Notice describes a proposed settlement of the class action lawsuit entitled *Padilla v. MAT Logistics, LLC, et al.* pending in Riverside Superior Court, Case No. RIC2002212 (hereinafter the “Lawsuit”). The Lawsuit was filed on June 1, 2020, by Ryan Padilla (hereinafter “Plaintiff” or the “Class Representative”). This Notice is being sent to you by order of the Riverside Superior Court, which preliminarily approved the settlement and conditionally certified the class for settlement purposes on [DATE]. This Notice informs you of the key terms of the proposed settlement, describes your rights in connection with the settlement, and explains what steps you may take to object to, or exclude yourself from the settlement. If you do not exclude yourself from the settlement and the Court finally approves this settlement, you will receive a settlement payment and be bound to the terms of the settlement and any final judgment.

WHAT IS THIS SETTLEMENT ABOUT?

The Lawsuit alleges unpaid wages, unpaid overtime premiums, inaccurate wage statements, failure to provide adequate meal breaks and paid rest breaks, unpaid wages at the time of termination, and penalties pursuant to the Private Attorney General Act of 2004 (“PAGA”).

MAT Logistics, LLC (hereinafter, “Defendant”) denies all of Plaintiff’s claims, contentions, and allegations. The Court has not made any rulings regarding the merits of the case. Defendant contends it

complied with all applicable laws, and is fully prepared to defend the lawsuit. Defendant agreed to this settlement as a compromise of disputed claims and to avoid ongoing litigation costs and disruption.

The Settlement is a compromise of disputed claims and does not admit fault, liability, or any wrongdoing of any kind on the part of Defendant.

WHY IS THERE A SETTLEMENT?

This Settlement is the result of substantial litigation, an extensive review of data, and participation in a full-day mediation with a retired judge and well-respected mediator with substantial employment law experience. The negotiations process proceeded with an informed understanding of the law and the facts. The Court did not decide in favor of the Plaintiffs/Class or Defendant and Defendant has not admitted any wrongdoing. Instead, both sides agreed to a settlement after weighing the risks and expense of proceeding with litigation against the benefits obtained by all Parties, including compensation for the Settlement Class and the financial impact of a potential judgment for a substantial sum on the ability of class members to receive any money from this case. The Class Representative and his lawyers, in consultation with the mediator, believe the settlement is best for the Class.

WHAT IS A CLASS ACTION? WHAT IS A PAGA ACTION?

In a class action lawsuit, one or more persons sue on behalf of other people who have similar claims. A class action allows the Court to resolve the claims of all the class members at the same time. A class member is bound by the determination or judgment entered in the case, whether the class wins or loses, and may not file his or her own lawsuit on the same claims that were decided in the class action. A class action allows one court to resolve all of the issues in a lawsuit for all the class members who choose not to exclude themselves from the class.

This case also involves a claim under the California Private Attorneys General Act (“PAGA”) for civil penalties on behalf of the State of California. In January 2021, Plaintiff served notice of his alleged violations to the State, who, through its nonresponse to the notice, deputized Plaintiff to pursue those penalties on behalf of the State and all Aggrieved Employees. By law, those penalties are divided between the Aggrieved Employees (25%) and the State of California (75%). A Class Member is not permitted to seek exclusion from the PAGA Settlement.

WHO IS INCLUDED IN THE CLASS?

All non-exempt, hourly-paid employees of Defendant who worked within California during the period of April 6, 2016 through March 31, 2022 (the “Class Period”).

WHAT ARE THE TERMS OF THE CLASS SETTLEMENT?

In exchange for the release of claims against it and final judgment in the Lawsuit, Defendants will pay Six Hundred Fifty Thousand Dollars and Zero Cents (\$650,000.00) (“Gross Settlement Fund” or “GSF”). After attorneys’ fees and costs, the class representative enhancement award, the PAGA Payment (described below) and settlement administration costs are deducted from the Gross Settlement Fund, the remaining Net Settlement Amount (“NSA”), subject to the Court’s approval, will be distributed to all Settlement Class Members during the Class Period as described below.

Class Counsel Award: Class Counsel will request up to one-third (33 1/3%) of the Gross Settlement Fund (estimated \$216,666.67) as attorneys' fees for litigation and resolution of the Lawsuit and actual expenses and actual costs, subject to a fee splitting agreement between Class Counsel. Any amount not awarded will revert to the NSA. The Class Counsel Award request is subject to the review and approval of the Court.

Class Representative Service Award: Class Counsel will request an enhancement award for Ryan Padilla of no more than ten thousand dollars and zero cents (\$10,000.00) to be paid out of the Gross Settlement Fund for his service to the class and general release of all of his individual claims. Any amount not awarded will revert to the NSA.

PAGA Payment: Twenty-four thousand dollars and zero cents (\$24,000.00) of the GSF will be designated for payment of penalties pursuant to PAGA and allocated as follows: (1) Eighteen thousand dollars and zero cents (\$18,000.00) shall be paid to the California Labor Workforce Development Agency as mandated by law, and (2) six thousand dollars and zero cents (\$6,000.00) shall be disbursed to the PAGA Settlement Class on a proportional basis according to the number of Compensable Weeks attributable to each Settlement Class Member. An individual may opt to be excluded from the PAGA portion of this settlement.

Settlement Administration: The cost of settlement administration will be paid from the GSF. The cost is estimated at four thousand dollars and zero cents (\$6,250.00) which pays for tasks such as mailing this Notice, calculating payments based on data provided by the parties, mailing checks and tax forms, and reporting to the parties and the Court.

HOW DOES THE SETTLEMENT AFFECT MY RIGHTS?

Unless you exclude yourself, you are a part of the Settlement, which means you cannot sue, continue to sue, or be part of any other lawsuit against Defendant MAT Logistics, LLC, each of its respective parent companies, subsidiaries, affiliates, without limitation to MAT Holdings, Inc. and Midwest Air Technologies, Inc., current and former management companies, shareholders, members, owners, agents (including without limitation, any investment bankers, accountants, insurers, reinsurers, attorneys and any past, present or future officers, directors and employees) and any of their respective predecessors, successors, and assigns ("Released Parties") about the legal issues in this case.

It also means that all of the Court's orders will apply to you and legally bind you. You will be releasing and forever discharging Released Parties from any and all Released Claims. The Released Claims are all claims against the Released Parties (as defined below), or any of them, for any type of relief and penalties, that accrued during the Class Period (defined as April 6, 2016 through March 22, 2022), and as a result of Class Members' employment at MAT Logistics, LLC, any all wage-related claims that are or could have been alleged in Plaintiff's First Amended Complaint from the same core factual allegations or that are reasonably related thereto including but not limited to causes of action for (1) failure to pay wages owed (Cal. Lab. Code §§ 201–203); (2) unfair business practices (Cal. Bus. & Prof. Code §§ 17200, *et. seq.*); (3) failure to provide accurate itemized wage statements (Cal. Lab. Code § 226); (4) failure to provide compliant meal periods (Cal. Lab. Code § 512); failure to provide compliant rest periods, and (5) claims pursuant to the California Labor Code Private Attorneys General Act of 2004 ("PAGA"), Cal. Lab Code § 2698, *et seq.* based on alleged failure to pay all wages owed, failure to provide legally-compliant rest and meal periods, waiting time penalties and failure to provide accurate itemized wage statements. The Settlement Class shall specifically release claims that arise from, touch, or concern the allegations in the operative complaint including but not limited to (a) claims

for unfair business practices, failure to pay wages owed, failure to provide accurate itemized wage statements, failure to provide legally-compliant rest and meal periods, failure to pay reporting time pay, failure to pay accrued vacation at termination, and claims pursuant to PAGA based on the foregoing; (b) any right or claim for civil penalties pursuant to PAGA or any penalties arising under the Labor Code or Wage Orders based on the alleged failures set forth above; or (c) any right or claim for unfair business practices in violation of California Business & Professions Code §§ 17200, et seq., based on the alleged failures set forth above; and (d) any violation of the California Labor Code arising from or related to the conduct set forth above, including, without limitation, violation of Labor Code §§ 201, 202, 203, 204, 210, 211, 218.5, 218.6, 226, 226.3, 226.6, 226.7, 227.3, 256, 510, 512, 553, 558, 1174, 1174.5, 1175, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2698 et seq., or any other state statute, rule and/or regulation (“Wage Order”), the relevant Wage Orders issued by the Industrial Welfare Commission; or similar causes of action which any class member has or might have, known or unknown, of any kind whatsoever, that was alleged or could have been alleged based on the factual allegations in the operative complaint; and all claims for attorneys’ fees and costs through the conclusion of the Class Period. Settlement Class Members shall also, by endorsing and cashing their respective individual settlement payment checks, be deemed to consent and opt into the release of claims arising under the Fair Labor Standards Act (“FLSA”) based on the factual allegations of the Operative Complaint, including claims for minimum wages, overtime wages, and liquidated damages.

HOW IS AN INDIVIDUAL SETTLEMENT PAYMENT DETERMINED?

Subject to Court approval, the Individual Settlement Payments from the NSA will be allocated as follows: Thirty percent (30%) of the NSA shall be designated as the Wages Settlement Fund; forty-five percent (45%) of the NSA shall be designated as the Penalty Settlement Fund; fifteen percent (15%) of the NSA shall be allocated as the Former Employee Settlement Fund; and ten percent (10%) of the NSA as 226 (or wage statement) Settlement Fund. In total, twenty percent (20%) of the NSA shall be subject to payroll taxes as wages and eighty percent (80%) of the NSA shall be designated as penalties and interest.

The Wages Settlement Fund and Penalty Settlement Fund shall be divided by the total number of Compensable Weeks worked by the Settlement Class during the Class Period to establish the base value of each workweek. The number of workweeks attributable to each Settlement Class Member shall be multiplied by the value of each workweek to determine the Settlement Class Member’s individual portion of the Wages Settlement Fund and Penalty Settlement Fund.

The employees’ portion of the PAGA penalties shall be distributed in the same manner as the Wages and Penalty settlement funds, except based on the period of January 31, 2019, through March 31, 2022, and you will not be permitted to exclude yourself from the PAGA Settlement Fund.

The 226 Settlement Fund shall be distributed in the same manner as the Wages and Penalty settlement funds, except based on the period of April 6, 2019 through March 31, 2022.

The Former Employee Settlement Fund shall be divided by the total number of Former Employees in the Settlement Class and distributed evenly among employees whose employment terminated between April 6, 2017 and March 31, 2022..

YOUR ESTIMATED SETTLEMENT PAYMENT IS: \$[INDIVIDUAL’S AMOUNT]. YOU HAVE [XX] COMPENSABLE WORKWEEKS WITHIN THE CLASS PERIOD.

WHAT DO I NEED TO DO TO RECEIVE A SETTLEMENT PAYMENT?

Subject to Court approval, if you are a member of the Settlement Class, you will automatically receive money from this settlement based on the formulas explained above. No further action is required. If you did not receive this notice at your current mailing address, or if your mailing address has changed, or will change, you will need to contact the settlement administrator at Simpluris, Inc. [ADMINISTRATOR ADDRESS] and provide your current mailing address, the name of the case and case number (*Padilla v. MAT Logistics, LLC* Case No. RIC2002212), your full name, and the last four digits of your Social Security number (for identity verification purposes only).

Your estimated Settlement Payment is stated above. If you dispute the number of your Compensable Weeks attributable to this settlement, set forth above, upon which your settlement share is based, you must advise the Settlement Administrator and provide documents substantiating your dispute. Please do not send originals; documentation sent to the Settlement Administrator will not be returned or preserved.

WHAT IF I DON'T WANT TO PARTICIPATE IN THIS SETTLEMENT?

You have the right to exclude yourself from the settlement. To do so, you must mail a signed, written statement requesting exclusion from the settlement postmarked no later than [OPT OUT DATE] to Simpluris, Inc. [ADMINISTRATOR ADDRESS].

To be valid, a written request for exclusion must state that you wish to be excluded, and (1) must contain the name, address, telephone number and the last four digits of the Social Security number of the person requesting exclusion; (2) must be signed by you, the Settlement Class Member; (3) must include the name of the case and case number (*Padilla v. MAT Logistics, LLC* Case No. RIC2002212); and (4) must be postmarked by [OPT OUT DATE] and returned to the Settlement Administrator at the specified address. Unless you timely and validly request to be excluded from the settlement, you will be legally bound by the judgment upon final approval of the settlement, including the Release described in this Notice.

If you timely and validly request to be excluded from the settlement, you will not receive any payment for the class remedies under the settlement, you will not be bound by the orders of the Court or the terms of the settlement, including the releases provided therein, and you retain the right to pursue a claim on an individual basis. Class Counsel will not represent your interests if you request to be excluded. You will not be entitled to opt out of the PAGA portion of the settlement and you will receive your portion of the PAGA Employee Share if approved by the Court.

WHAT IF I WANT TO OBJECT TO THIS SETTLEMENT?

Any Settlement Class Member who has not asked to be excluded from the settlement may object to the settlement and appear at the hearing where the Court will make a final decision whether or not to approve the settlement (the "Final Approval Hearing").

You may object to any of the terms of the Settlement before the Final Approval Hearing. If the Court rejects or overrules your objection, you will still be bound by the terms of the Settlement, but you will also receive a monetary award. The Court recommends a written objection to be served on the Settlement Administrator, Simpluris, Inc., by [OBJECTION DATE]; however, oral objections may be considered at the final approval hearing. The written objection should state: (1) your full name, address,

telephone number, and name of the case and case number (*Padilla v. MAT Logistics, LLC* Case No. RIC2002212); (2) a written statement of all grounds for the objection accompanied by any legal support for the objection; (3) a statement as to whether you intend to appear at the final approval hearing; (4) last four digits of your social security number; and (5) the signature of you or your counsel

You have the right to retain your own attorney, at your own expense, to submit an objection or appear on your behalf at the Final Approval Hearing. Objecting is not the same as excluding yourself from the settlement. If you file an objection, you still remain eligible to receive an individual settlement award, and will still be bound by the Court's decision. You will not have an opportunity to opt-out after the Court's decision.

WHAT IS THE FINAL APPROVAL HEARING?

The Court has preliminarily approved the Settlement and will hold a hearing to decide whether to give final approval to the Settlement. The purpose of the Final Approval Hearing will be for the Court to determine whether the Settlement should be approved as fair, reasonable, adequate, and in the best interests of the Class; to consider the award of attorneys' fees and expenses to Class Counsel; and to consider the request for a service award to the representative Plaintiff.

The Final Approval Hearing is scheduled to take place on **[FINAL APPROVAL HEARING DATE]**, at **XXX** a.m. in Department 6 of the Riverside Superior Court, located at **[ADDRESS]**.

The Final Approval Hearing may be continued without further notice to the Class Members. It is not necessary for you to appear at the Final Approval Hearing unless you have timely filed an objection with the Court. However, you have the right to attend the Final Approval Hearing and be represented by your own counsel at your own expense. If you plan to attend the Final Approval Hearing, you may contact Class Counsel to confirm the date and time. If the Settlement is not approved by the Court or does not become final for some reason, the Lawsuit may continue.

At the hearing, the Court will be available to hear any objections and arguments concerning the Settlement. You may attend, but you do not have to attend. You may speak at the Final Approval Hearing only if (a) you have timely served and filed an Objection, and (b) followed the procedures set forth above for notifying the Court and the parties that you intend to speak at the Final Approval Hearing.

If you have requested exclusion from the Settlement, however, you may not speak at the Final Approval Hearing.

WHAT HAPPENS IF I DO NOT EXCLUDE MYSELF FROM THIS SETTLEMENT?

The settlement, if finally approved by the Court, will bind all Settlement Class Members who do not request to be excluded from the settlement, whether or not they cash their Individual Settlement Payments. Final approval of the settlement will bar any Settlement Class Member who does not request to be excluded from the settlement from hereafter initiating a lawsuit or proceeding regarding the Released Claims during the period between April 6, 2016 through March 31, 2022. The Settlement Agreement contains additional details about the scope of the release.

FURTHER INFORMATION

The foregoing is only a summary of the settlement. If you have any questions about the settlement, you can contact Class Counsel at the addresses listed below or inspect the Court's files and the Settlement Agreement on file with the Court during regular court hours.

CLASS COUNSEL:

Kenneth A. Goldman
Law Office of Kenneth A. Goldman, PC
16133 Ventura Blvd., Ste. 1200
Encino, CA 91436
Tel.: (818) 289-7689

Sahag Majarian, II
Law Offices of Sahag Majarian, II
18250 Ventura Boulevard
Tarzana, California 91356
(818) 609-0807 (Spanish speakers available)

WHAT HAPPENS IF MY INFORMATION CHANGES?

If, after you receive this Notice, you change your postal address or telephone number, it is your responsibility to inform the Settlement Administrator of your updated information.

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