

PRIVATE ATTORNEYS GENERAL ACT
SETTLEMENT AGREEMENT AND RELEASE

This Private Attorneys General Act (“PAGA”) Settlement Agreement and Release (“Agreement”) is made by and between Plaintiffs FRANCISCA MATA and CRISTINA MARTINEZ (collectively, “Plaintiffs”), acting in their capacity as private attorneys general on behalf of the State of California pursuant to Labor Code section 2699, *et seq.*, and on behalf of all other allegedly aggrieved employees (the “Allegedly Aggrieved Employees,” as described below), on the one hand, and Defendant MARUKAI CORPORATION (“Defendant”), on the other hand. Plaintiffs and Defendant are collectively referred to herein as “the Parties.”

This Agreement, and the settlement embodied herein, shall be binding on Plaintiffs, the Allegedly Aggrieved Employees they represent, and Defendant, subject to the approval of the Court.

WHEREAS, Plaintiffs Francisca Mata and Cristina Martinez have filed separate complaints (“Complaints”) in Los Angeles Superior Court entitled *Mata v. Marukai Corporation*, Case No. 20STCV00959 and *Martinez v. Marukai Corporation*, Case No. 20STCV13862, which were consolidated in one action on December 3, 2020 (the “Lawsuits”). The Lawsuits assert representative claims for civil penalties payable to themselves, other Allegedly Aggrieved Employees, and the State of California pursuant to PAGA, based on allegations that Defendant: (1) failed to pay minimum and regular rate wages; (2) failed to pay overtime compensation; (3) failed to provide meal periods; (4) failed to authorize and permit rest breaks; (5) failed to timely pay final wages at termination; (6) failed to furnish accurate itemized wage statements; and (7) failed to reimburse necessary business expenses. Specifically, the Representative PAGA Claims are claims for civil penalties under PAGA for violations of Labor Code §§ 201, 202, 203, 204, 210, 221, 226, 226.3 226.7, 510, 512, 516, 558, 558.1, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2698, 2802, as well as the applicable provisions of the Industrial Wage Orders and any other PAGA violations that have been asserted in the Complaints and/or PAGA Notices. The PAGA Notices related to the Lawsuits and sent by Plaintiffs to the Labor and Workforce Development Agency (“LWDA”) are attached hereto as **Exhibit A** (all of the foregoing is collectively referred to as Plaintiffs’ “Representative PAGA Claims”).

WHEREAS, Plaintiffs each sent notices to the LWDA of their intent to pursue representative actions pursuant to PAGA in their respective Lawsuits, on behalf of the State of California as well as on behalf of a group of Allegedly Aggrieved Employees (the notices by Plaintiffs to the LWDA are collectively referred to as the “PAGA Notice” herein).

WHEREAS, Plaintiffs signed arbitration agreements during their respective employment with Defendant, and the arbitration agreements included an express waiver of the right to bring class actions.

WHEREAS, on January 18, 2022, the Parties attended an all-day mediation with experienced wage-and-hour mediator Jeff Ross, Esq. Although the Parties did not settle the matter on the day of the mediation, the mediator prepared and issued a mediator’s proposal which the Parties accepted and agreed to settle Plaintiffs’ Representative PAGA claims, taking into account all known facts and circumstances including the difficulty of proving some of Plaintiffs’ claims, potential defenses asserted by Defendant, the uncertainty associated with litigation, the risks of

significant delay, and numerous potential appellate issues.

WHEREAS, as used herein, “Settlement” means this Agreement and all actions taken pursuant to and in furtherance of this Agreement.

WHEREAS, for purposes of this Settlement, the Allegedly Aggrieved Employees are defined as: “All non-exempt employees who are or were employed by Defendant within the State of California between January 6, 2019 and April 15, 2022 or the date when the total number of pay periods exceeds 58,265 by more than 15%, whichever occurs sooner.”

WHEREAS, for purposes of this Settlement, PAGA Period is defined as the period from January 6, 2019 through April 15, 2022 or the date when the total number of pay periods exceeds 58,265 by more than 15%, whichever occurs sooner.”

WHEREAS, the Parties understand, acknowledge, and agree that this PAGA settlement constitutes a compromise of Plaintiffs’ Representative PAGA Claims and Plaintiffs’ individual claims, and that it is the desire and intention of the Parties to effect a final and complete resolution of the Representative PAGA Claims that Plaintiffs and the Allegedly Aggrieved Employees have against Defendant and Defendant’s past, present and future owners, shareholders, members, parent corporations or entities, sister corporations or entities, related and/or affiliated entities, subsidiaries, divisions, investors, partners, general partners, limited partners, directors, officers, employees, managers, supervisors, assigns, heirs, beneficiaries, predecessors, successors, attorneys, agents, and representatives, and all others related to them, and each of them (collectively, the “Released Parties”). The Parties further acknowledge that this Agreement is a compromise of disputed claims and that nothing in this Agreement shall be construed as an admission by Defendant or the Released Parties of any wrongdoing or liability. Specifically, Defendant and the Released Parties deny any liability or wrongdoing of any kind associated with the claims alleged in the Lawsuits and applicable PAGA Notices. Defendant and the Released Parties, among other things, contend that they have complied at all times with the California Labor Code and all applicable California laws. The Parties have entered into this Agreement to avoid further disputes and litigation with the attendant inconvenience, nuisance, expenses and risks. This Agreement and any related Court documents or orders are not and may not be cited or admitted as evidence of liability. The Parties agree that an express condition of this Agreement is that there has been no finding of liability on the merits.

WHEREAS, California Labor Code § 2699(k)(2) requires Court review and approval of any settlement of a civil action filed pursuant to PAGA.

WHEREAS, based on their own independent investigations and evaluations, Defendant and Plaintiffs and their respective counsel are of the opinion that the amount and terms of the Settlement are fair, reasonable, and adequate and are in the best interests of the Plaintiffs, the Allegedly Aggrieved Employees, and Defendant in light of all known facts and circumstances and the risks inherent in litigation, including the potential appellate issues. Further, counsel for Plaintiffs and the Allegedly Aggrieved Employees, Moon & Yang, APC and Haines Law Group, APC believe that the settlement amount entered into is in the best interests of the Allegedly Aggrieved Employees and that the settlement for each Allegedly Aggrieved Employee is fair, reasonable, and adequate, given the inherent risk of litigation.

WHEREAS, the Parties: (1) believe and agree that this Agreement provides for a fair, adequate, and reasonable resolution of the Representative PAGA Claims, (2) have investigated the facts relevant to this settlement and this Agreement, and all matters pertaining thereto, and (3) have arrived at the settlement through extensive, arms-length negotiations, taking into account all relevant factors, present and potential.

WHEREAS, the Parties recognize that in accordance with Labor Code section 2699(l), Court approval is required in the event of a settlement of a PAGA action on a representative basis. However, as explained in *Arias v. Superior Court*, 46 Cal. 4th 969 (2009), the Parties are not obligated to follow the class action procedural rules in PAGA cases and therefore need not obtain approval of the PAGA settlement through a motion for preliminary or final approval. *See also Mendoza v. Nordstrom, Inc.*, 2 Cal. 5th 1074 (2017) (“PAGA authorizes a representative action without the need for class certification”); *Baumann v. Chase Inv. Servs. Corp.*, 747 F.3d 1117, 1123 (9th Cir. 2014) (“a PAGA suit is fundamentally different than a class action” in that PAGA has no notice requirements for unnamed aggrieved employees, nor may such employees opt out of a PAGA action); *Williams v. Sup. Ct.*, 3 Cal. 5th 531, 546-47 (2017) (“PAGA does not make other potentially aggrieved employees parties or clients of plaintiff’s counsel, does not impose on a plaintiff or counsel any express fiduciary obligations, and does not subject a plaintiff or counsel to scrutiny with respect to the ability to represent a large class”).

Therefore, in consideration of the promises and agreements contained herein, and to avoid the uncertainty, risks, costs, and delays associated with further litigation, the Parties agree and covenant as follows:

1. Effective Date. The effective date (“Effective Date”) of this Agreement shall mean the date the Court’s judgment in these Lawsuits become final (“Judgment”). For purposes of this Agreement, the Judgment becomes final upon: (a) the date of the notice of entry of the Judgment is served, and (b) the later of (1) the last day on which any appeal might be filed with respect to the Judgment; or (2) the date of successful resolution of any appeal(s), including expiration of any time to seek reconsideration of further review.

2. PAGA Released Claims/Effect of Judgment on Aggrieved Employees and LWDA. The Parties agree and acknowledge that, to the maximum extent permitted by law, the final judgment entered pursuant to this settlement will bind all those who would be bound by a judgment if the action had been brought by the LWDA, including Plaintiffs, the LWDA, and the Allegedly Aggrieved Employees, with respect to the recovery of civil penalties under the California Private Attorneys General Act, California Labor Code § 2698, *et. seq.* only, against Defendant and the “Released Parties”. It is expressly understood and agreed that this Settlement includes a full release of the PAGA claim for violations of Labor Code §§ 201, 202, 203, 204, 210, 221, 226, 226.3, 226.7, 510, 512, 516, 558, 558.1, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2698, 2802, as well as the applicable provisions of the Industrial Wage Orders, and for any other PAGA violations that have been asserted and/or reasonably could have been asserted based upon the facts alleged in Plaintiffs’ Complaints and/or PAGA Notices, attached as **Exhibit A** (all of the foregoing are collectively referred to as the “PAGA Released Claims”). Effective upon the Effective Date and Defendant’s remittance of the Maximum Settlement Amount to the Settlement Administrator, Plaintiffs, the State of California, and all Allegedly Aggrieved Employees shall be deemed to have, and by operation of the Judgment shall have, expressly released, waived, and discharged the Released parties from the PAGA Released Claims, and they shall be bound by the

Judgment and be forever barred from pursuing any of the PAGA Released Claims against any of the Released Parties. With the exception of Plaintiffs, this settlement shall not impact Allegedly Aggrieved Employees' ability to assert individual Labor Code claims other than PAGA claims.

3. General Release. Subject to Court approval, and in exchange for a general release and for the services provided by Plaintiffs as PAGA representatives, Defendant will not object to Plaintiffs' counsel's application for an enhancement payment of up to \$7,500 to each Plaintiff (total \$15,000) for service as a PAGA representative. Plaintiffs hereby bind themselves, and all of their heirs, beneficiaries, trustees, administrators, executors, assigns, agents and legal representatives and hereby irrevocably and unconditionally release, acquit, and discharge Defendant and the Released Parties and all persons and/or corporate entities acting through, under, on behalf of, or in concert with any of them, or any of them, from any and all PAGA Released Claims defined in Paragraph 2 and any and all existing claims, demands, suits, actions, causes of action, obligations, agreements, contracts, promises, liabilities, debts, compensation, damages, losses, costs, expenses, and attorneys' fees, of any and every kind, nature or character, known or unknown, suspected or unsuspected, actual or potential, absolute or contingent, pending or anticipated, including but not limited to those arising under any federal, state, or local law, regulation or ordinance, contract, quasi-contract, the common law, public policy, or any constitution, such as, without limitation, the California Constitution; the California Labor Code, including Labor Code section 132a; Family and Medical Leave Act; California Family Rights Act; Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the California Fair Employment and Housing Act; the Private Attorneys General Act of 2004; Americans with Disabilities Act; Older Workers Benefit Protection Act; Age Discrimination in Employment Act; Consolidated Omnibus Budget Reconciliation Act of 1985; Employee Retirement Income Security Act of 1974; Immigration Reform and Control Act; the Workers Adjustment and Retraining Notification Act; The Occupational Safety and Health Act; The Sarbanes-Oxley Act of 2002; The Fair Credit Reporting Act; the Equal Pay Act; The Genetic Information Nondiscrimination Act of 2008; Statutory Provision Regarding the Confidentiality of AIDS Information – Cal. Health & Safety Code § 120775; California Confidentiality of Medical Information Act; California Civil Code section 51 et seq.; Wage Orders of the California Industrial Welfare Commission; the California Code of Regulations; the California Business and Professions Code; Fair Labor Standards Act; and claims of intentional infliction of emotional distress; defamation and/or libel, or any other damage to reputation claims; breach of implied contract; breach of the covenant of good faith and fair dealing, as well as any other express or implied covenant; or any other statute or common law principle of similar effect, known or unknown, which Plaintiffs now have, own, or hold, or claim to have, own, or hold, or which Plaintiffs at any time heretofore had, owned, or held, or claimed to have, own, or hold or which Plaintiffs at any time hereinafter may have, own, or hold, or claim to have, own, or hold, against each or any of Defendant and/or the Released Parties, arising from acts, events, or circumstances occurring on or before the effective date of this Agreement. Plaintiffs also covenant not to sue Defendant and/or Released Parties for any of the claims released above, agree not to participate in any class, collective, representative, or group action that may include any of the claims released above and will affirmatively opt out of any such class, collective, representative or group action. Plaintiffs agree not to participate in, seek to recover in, or assist in any litigation or investigation by other persons or entities against Defendant and/or the Released Parties, except as required by law. The Parties understand and agree that Plaintiffs are not, by way of their general releases, releasing any workers' compensation claims or unemployment benefit claims, nor any other claims which cannot be released as a matter of law.

4. Plaintiffs represent that they are not aware of any claims they may have against Defendant and/or Released Parties other than the claims that are released by this Agreement. Plaintiffs, on behalf of themselves and their respective heirs, beneficiaries, trustees, executors, administrators, assigns, agents, insurers, representatives and successors, expressly waive the benefits of California Civil Code section 1542. Civil Code section 1542 provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Notwithstanding the provisions of section 1542, and for the purpose of implementing a complete release and discharge of the claims in the General Release, Plaintiffs expressly acknowledge that this Agreement is intended to include in its effect all claims, including claims they do not know of or suspect to exist in their favor at the time of execution hereof and that this Agreement contemplates the extinguishment of all such claims against Defendant and Released Parties.

5. **Notice to LWDA.** Pursuant to California Labor Code § 2699(k)(2), Plaintiffs shall submit to the LWDA a copy of this Agreement at the same time that the Plaintiffs submit it to the Court for approval.

6. **Maximum Settlement Amount.** Defendant agrees to pay, in accordance with the terms set forth herein, the total sum of eight hundred seventy-three thousand and nine hundred and seventy-five (\$873,975) (the “Maximum Settlement Amount”) in full settlement of the Lawsuits. Subject to Court approval, the Maximum Settlement Amount will be allocated as follows:

- a. PAGA Counsel’s attorneys’ fees and costs request of up to 35% of the Gross Settlement Amount (\$305,891.25) (“PAGA Counsel’s Fees”) and PAGA Counsel’s separate request for reasonable litigation costs incurred in this matter (“PAGA Counsel’s Costs”) not to exceed \$25,000.00. Defendant will not oppose these requests. To the extent that the Court approves less than the amount of attorney’s fees and costs that PAGA Counsel requests, the amount of any reduction shall be allocated to the PAGA Fund;
- b. Administration costs estimated not to exceed \$25,000.00 to be paid to the Settlement Administrator and the Settlement Administrator’s bid for settlement administration services in the amount of \$14,890 was selected for the reasonable price and the quality of administration services provided by ILYM GROUP, Inc. (“Administration Costs”);
- c. In addition to Plaintiffs’ Individual PAGA Payments, each Plaintiff will receive a \$7,500.00 Enhancement Award (subject to Court approval) (total \$15,000) for their efforts in bringing and prosecuting these Lawsuits and for their general release of all potential claims against Defendant and/or the Released Parties as defined in Paragraph 3, including their individual claims. To the extent that the Court approves less than the amount of the

Enhancement Award that Plaintiffs request, the amount of any reduction shall be allocated to the PAGA Fund;

- d. The remainder of the Maximum Settlement Amount (the “PAGA Fund”) after deducting items (a), (b) and (c) is approximately \$513,193.75, and shall be designated as PAGA Penalties to be allocated between the LWDA and the Allegedly Aggrieved Employees pursuant to Labor Code section 2699(i), with 75% paid to the LWDA (the “LWDA PAGA Portion”) and 25% paid to the Aggrieved Employees (the “Allegedly Aggrieved Employees’ PAGA Portion”) on a pro-rata basis as set forth in Paragraph 6 below.

7. Allocation and Calculation of the Individual PAGA Payments. Each Allegedly Aggrieved Employee shall receive a portion of the PAGA Penalties on a pro-rata basis based on the number of pay periods worked by each Allegedly Aggrieved Employee during the PAGA Period. The Settlement Administrator will calculate: (i) the total number of pay periods worked by each Allegedly Aggrieved Employee during the PAGA Period, and (ii) the total number of pay periods worked by all Allegedly Aggrieved Employees during the PAGA Period. To determine each Allegedly Aggrieved Employee’s Individual PAGA Payment, the Settlement Administrator will use the following formula: Settlement Payment for each PAGA Allegedly Aggrieved Employee = Allegedly Aggrieved Employees’ PAGA Portion ($\approx \$125,770.94$) $\times$ [Pay Periods Worked by Individual Allegedly Aggrieved Employee during the PAGA Period $\div$ Total Pay Periods Worked by All Allegedly Aggrieved Employees during the PAGA Period].

8. Pay Periods: Defendant estimates the Allegedly Aggrieved Employees during the PAGA Period worked approximately 58,265 pay periods and this estimate serves as the basis for Plaintiffs’ accepting the settlement. Should the number of pay periods increase by more than 15% of the total number of pay periods, i.e. 67,004.75 ($58,265 + 8,739.75=67,004.75$), before April 15, 2022, the released PAGA period shall end on the date the number or pay periods exceeds 67,004.75.

9. Tax Treatment of Settlement Amounts. With regard to settlement payments for PAGA penalties to Allegedly Aggrieved Employees, IRS Form 1099s will be issued by the Settlement Administrator. Nothing in this Settlement is intended to constitute legal advice regarding federal, state, and/or local tax obligations. Defendant, their counsel, and Plaintiffs’/PAGA Counsel are not responsible for any employee tax obligations regarding the allocation of the settlement payments. Payment of the portion allocated to PAGA Counsel’s fees and costs will be reflected in a Form 1099 to PAGA Counsel, who shall assume full responsibility and liability for the payment of taxes due on such payments.

10. Circular 230 Disclaimer. EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF THIS SECTION, THE “ACKNOWLEDGING PARTY” AND EACH PARTY TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN “OTHER PARTY”) ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR SHALL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF

UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS OR ITS OWN, INDEPENDENT LEGAL AND TAX ADVISERS FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISOR TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISOR'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT.

11. PAGA Settlement Payment Procedures.

- a. Within 30 calendar days of the Effective Date, Defendant shall deposit the Maximum Settlement Amount of \$873,975 with the Settlement Administrator.
- b. Within 15 calendar days of the Effective Date, Defendant shall provide the Settlement Administrator with a list, in a computer-readable format, such as a Microsoft Excel spreadsheet, containing Allegedly Aggrieved Employees' full names, last known mailing addresses, social security numbers, and the actual number of pay periods worked during the PAGA Period. Because Social Security numbers are included in the list, the Settlement Administrator will maintain the list in confidence, and access shall be limited to those with a need to use the list as part of the administration of the Settlement. Within 7 calendar days of receiving the Aggrieved Employees' information from Defendant, the Settlement Administrator will circulate to counsel for both Parties an anonymized spreadsheet containing the Individual PAGA Payments to each Aggrieved Employee and the data used to calculate said payments. The Settlement Administrator shall obtain approval from all counsel of the calculations before mailing Individual PAGA Payments.
- c. Upon receipt of the information for Aggrieved Employees, the Settlement Administrator shall run all the addresses of Allegedly Aggrieved Employees through the United States Postal Service National Change of Address ("NCOA") database to obtain current address information.
- d. Within 20 calendar days from the date the Maximum Settlement Amount has been deposited with the Settlement Administrator and after receiving approval from Plaintiffs' counsel of the payment calculations as provided above, the Settlement Administrator shall:
 - i. Distribute a total of Twenty-Five percent (25%) of the PAGA Fund to the Allegedly Aggrieved Employees via their Individual PAGA Payments, along with the Employee Letter in English and Spanish, which has been mutually approved by the Parties, (attached hereto

as **Exhibit B**). Allegedly Aggrieved Employees shall not be required to make claims but shall simply be delivered a check for their share of the PAGA settlement. The Individual PAGA Payments and Employee Letter shall be sent to each Allegedly Aggrieved Employee by U.S. First Class mail to the Allegedly Aggrieved Employee's address with directions to the Postmaster to forward the payment checks and return all undeliverable payment checks to the Settlement Administrator. Any checks returned as non-deliverable on or before the check cashing deadline will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator will promptly attempt to determine the correct address using a skip-trace or other reputable search method using the name, address or Social Security number of the Aggrieved Employee involved, and will perform up to a single re-mailing if a new address is located. It will be conclusively presumed that an Allegedly Aggrieved Employee's check was received if the payment check has not been returned within thirty (30) days of the original mailing of the payment check. All uncashed settlement checks shall be sent to the California State Controller's Unclaimed Property division.

- ii. Distribute a total of Seventy-Five percent (75%) of the PAGA Fund to the LWDA.
 - iii. Distribute PAGA Counsel's fees and costs, as approved by the Court.
 - iv. Distribute Enhancement Award to Plaintiffs, as approved by the Court.
 - v. Distribute payment to itself for services as Settlement Administrator, as approved by the Court.
- c. Funds represented by checks returned as undeliverable after a re-mailing, checks for whom the Settlement Administrator could not locate an updated address after performing a skip trace, and funds represented by checks remaining un-cashed more than 180 days after issuance (collectively, "Uncashed Checks"), shall escheat to the California State Controller's Office for deposit in the Unclaimed Property Fund, in the name of the Allegedly Aggrieved Employee..
- d. Neither Defendant nor Plaintiffs shall bear any liability for lost or stolen checks, forged signatures on checks, or unauthorized negotiation of checks. Unless responsible by its own acts of omission or commission, the same is true for the Settlement Administrator.

12. Settlement Administrator. As set forth in Paragraph 10, the Settlement Administrator shall be responsible for calculating settlement payments, preparing all checks and mailings, and complying with all requirements set forth in Paragraph 10. As noted above, the costs

of the Settlement Administrator shall be paid out of the Maximum Settlement Amount, and the Parties agree to use ILYM GROUP, Inc. as a Settlement Administrator.

13. Duties of the Parties Related to Approval. Promptly upon execution of this Agreement, Plaintiffs shall apply to Los Angeles County Superior Court, by way of motion by the Plaintiffs, for approval of the proposed Settlement and resolution of consolidated Lawsuits and for the entry of an order approving this Settlement as required by Labor Code section 2699(1). The approval motion will request Court approval of the following: (1) the terms of this Agreement, (2) the amount of fees and costs to Plaintiff's/PAGA Counsel and the Settlement Administrator, and (3) Final Judgment. In conjunction with the approval motion, Plaintiffs shall submit a proposed Final Judgment requesting the entry of judgment. Plaintiffs will have sole responsibility for drafting and filing the motion for approval of the Settlement but will provide their proposed moving papers to Defendant for review and comment at least three business days before filing them with the Court.

14. Interim Stay of Proceedings. The Parties agree to refrain from further litigation of this matter, except such proceedings necessary to finalize and implement this Agreement and obtain entry of the Final Order granting approval of the terms of the Agreement.

15. Accounting. Within 45 days after all payments have been made under the Settlement, the Settlement Administrator will provide an accounting under oath to the Parties of the amounts paid from the settlement.

16. Tax Consequences. Neither Plaintiffs nor Defendant, nor counsel for either of the Parties, makes any representations or warranties with respect to tax consequences of any payment under this Settlement Agreement.

17. Invalid without Court Approval. In the event this Settlement Agreement is not approved by the Court, it shall be deemed null and void, of no force and effect, and of no probative or evidentiary value, and the Parties hereto represent, warrant, and covenant that it will not be used or referred to for any purpose whatsoever. In the event that the Agreement does not become final for any reason, this Agreement shall be null and void and any order entered by the Court in furtherance thereof shall be treated as void ab initio. In such a case, the Parties shall return to the status quo as if they had not entered into this Settlement Agreement. The Settlement Administrator will be paid by Plaintiffs for its costs through the date it is notified that the Settlement will not proceed.

18. Non-Admission of Wrongdoing. The Parties agree that this Agreement does not constitute an admission by Defendant or any Released Party, of any of the matters alleged in the Lawsuits or of any violation by any of them of any federal, state or local law, ordinance or regulation, or of any violation of any policy or procedure, or of any liability or wrongdoing whatsoever. Neither this Agreement nor anything in this Agreement shall be construed to be or shall be admissible in any proceeding as evidence of liability or wrongdoing by Defendant or the Released Parties, or the Released Parties' parents, subsidiaries, divisions, affiliated corporations, trustees, directors, officers, shareholders, agents, attorneys, insurers, or employees.

19. Nondisclosure and Nonpublication. Plaintiffs agree not to publicize the Agreement, the fact of the Agreement, its terms or contents, or the negotiations underlying the

Agreement, in any manner or form, directly or indirectly, to any person or entity, beyond filing the Agreement with the Court and submitting a copy to the LWDA. In response to any inquiries, Plaintiffs will state that “the case was resolved and it was resolved confidentially.” Plaintiffs’ counsel shall not report the Agreement in any medium or in any publication, shall not post or report anything regarding the claims of Plaintiffs or Allegedly Aggrieved Employees on their website, and shall not contact any reporters or media regarding the Agreement. However, Plaintiffs’ counsel is authorized to make a limited disclosure to the Court and the LWDA for the purposes of obtaining the approval of the settlement. Plaintiffs’ counsel may list the case name and number and a description of the allegations in their qualifications as counsel in other cases.

20. Waiver and Amendment. The Parties may not waive, amend, or modify any provision of this Agreement except by a written agreement signed by all of the Parties, and subject to any necessary Court approval. A waiver or amendment of any provision of this Settlement Agreement will not constitute a waiver of any other provision.

21. Enforcement. The Parties agree that following entry of the Final Judgment, this Settlement Agreement shall be enforceable by the Court and the Court shall retain exclusive and continuing jurisdiction of the Lawsuits over all Parties and the Allegedly Aggrieved Employees to interpret and enforce the terms, conditions, and obligations of the Settlement Agreement pursuant to pursuant to California Code of Civil Procedure section 664.6.

22. Entire Agreement. This Settlement Agreement contains the entire agreement between the Parties with respect to the transactions contemplated hereby, and supersedes all negotiations, presentations, warranties, commitments, offers, contracts and writings prior to the date hereof relating to the subject matters hereof. Any representation promise or agreement not specifically included in this Agreement shall not be binding upon or enforceable against either Party. This is a fully integrated agreement. No other promises or agreements shall be binding or shall modify this Agreement unless in writing and signed by the Parties.

23. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Settlement Agreement that can be given effect without the invalid provisions or application, and to this end, the provisions of this Agreement are declared to be severable. Notwithstanding the foregoing, no portion of any release contained herein may be deemed severed or deleted from this Agreement, except upon waiver in writing by the applicable Released Party.

24. No Construction Against the Drafter. Each Party has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any Party on the basis that the Party was the drafter.

25. Choice of Law. This Agreement shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of California without regard to principles of conflict of laws.

26. Counterparts. This Agreement may be executed by one or more of the Parties on any number of separate counterparts and delivered electronically, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

27. Cooperation. Each Party, on behalf of themselves, and their respective business entities, heirs, executors, and assigns, agrees that they will abide by this Agreement and will do all such acts, and prepare, execute, and deliver all such documents, as may be reasonably required to carry out the stated objectives of this Agreement.

Dated: April ____, 2022

Plaintiff Francisca Mata

Dated: April ____, 2022

Plaintiff Cristina Martinez

Dated: April ____, 2022

Defendant Marukai Corporation

By: _____

Its: _____

APPROVED AS TO FORM AND CONTENT:

Dated: April ____, 2022

MOON & YANG, APC

Kane Moon
H. Scott Leviant
Lilit Tunyan
Attorneys for Plaintiff Francisca Mata

Dated: April ____, 2022

Haines Law Group, APC

Paul Haines
Sean M. Blakely
Neil M. Larsen
Attorneys for Plaintiff Cristina Martinez

Dated: April ____, 2022

BUCHALTER, A Professional Corporation

Joshua Mizrahi
Graham Lambert
Attorneys for Defendant Marukai Corporation

27. **Cooperation.** Each Party, on behalf of themselves, and their respective business entities, heirs, executors, and assigns, agrees that they will abide by this Agreement and will do all such acts, and prepare, execute, and deliver all such documents, as may be reasonably required to carry out the stated objectives of this Agreement.

Dated: April 5, 2022

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Francisca Mata
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Plaintiff Francisca Mata

Dated: April _____, 2022

Plaintiff Cristina Martinez

Dated: April _____, 2022

Defendant Marukai Corporation
By: _____
Its: _____

APPROVED AS TO FORM AND CONTENT:

Dated: April 5, 2022

MOON & YANG, APC
H. S. Leviant

Kane Moon
H. Scott Leviant
Lilit Tunyan
Attorneys for Plaintiff Francisca Mata

Dated: April _____, 2022

Haines Law Group, APC

Paul Haines
Sean M. Blakely
Neil M. Larsen
Attorneys for Plaintiff Cristina Martinez

Dated: April _____, 2022

BUCHALTER, A Professional Corporation

Joshua Mizrahi
Graham Lambert
Attorneys for Defendant Marukai Corporation

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Dated: April ____, 2022

Plaintiff Francisca Mata

Dated: April 06, 2022



Cristina martinez (Apr 6, 2022 13:48 PDT)
Plaintiff Cristina Martinez

Dated: April ____, 2022

Defendant Marukai Corporation

By: _____
Its: _____

APPROVED AS TO FORM AND CONTENT:

Dated: April ____, 2022

MOON & YANG, APC

Kane Moon
H. Scott Leviant
Lilit Tunyan
Attorneys for Plaintiff Francisca Mata

Dated: April ____, 2022

Haines Law Group, APC



Paul Haines
Sean M. Blakely
Neil M. Larsen
Attorneys for Plaintiff Cristina Martinez

Dated: April ____, 2022

BUCHALTER, A Professional Corporation

Joshua Mizrahi
Graham Lambert
Attorneys for Defendant Marukai Corporation

27. **Cooperation.** Each Party, on behalf of themselves, and their respective business entities, heirs, executors, and assigns, agrees that they will abide by this Agreement and will do all such acts, and prepare, execute, and deliver all such documents, as may be reasonably required to carry out the stated objectives of this Agreement.

Dated: April ____, 2022

Plaintiff Francisca Mata

Dated: April 06, 2022



Cristina martinez (Apr 6, 2022 13:48 PDT)
Plaintiff Cristina Martinez

Dated: April 11, 2022



Defendant Marukai Corporation
By: Reid Matsumoto
Its: Vice President

APPROVED AS TO FORM AND CONTENT:

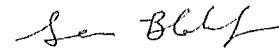
Dated: April ____, 2022

MOON & YANG, APC

Kane Moon
H. Scott Leviant
Lilit Tunyan
Attorneys for Plaintiff Francisca Mata

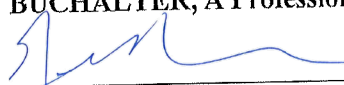
Dated: April ____, 2022

Haines Law Group, APC



Paul Haines
Sean M. Blakely
Neil M. Larsen
Attorneys for Plaintiff Cristina Martinez

Dated: April 12, 2022

BUCHALTER, A Professional Corporation


Joshua Mizrahi
Graham Lambert
Attorneys for Defendant Marukai Corporation

Exhibit “A”

MOON & YANG, APC

ATTORNEYS AT LAW
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LOS ANGELES, CALIFORNIA 90017
TELEPHONE: (213) 232-3128
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Kane Moon, Esq.
kane.moon@moonyanglaw.com

January 6, 2020

VIA ONLINE SUBMISSION

Labor & Workforce Development Agency
Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612

VIA CERTIFIED MAIL

Marukai Corporation
801 Kaheka Street
Honolulu, HI 96814

Notice of Labor Code Violations and PAGA Penalties

Re: ***Francisca Mata v. Marukai Corporation***

To Whom It May Concern:

Please be advised that my office has been retained by Francisca Mata (“Plaintiff”) to pursue a Labor Code Private Attorney General Act (PAGA) representative action (Cal. Lab. Code §§ 2699, *et seq.*) against his former employer, Marukai Corporation. (“Defendant”). The purpose of this letter is to comply with PAGA and set forth the facts and theories of California Labor Code violations which we allege Defendant engaged in with respect to Plaintiff and all of Defendant’s aggrieved employees.

Plaintiff wishes to pursue a PAGA representative action on behalf of herself as an aggrieved employee, on behalf of the State of California, and on behalf of all other current and former aggrieved employees who worked for Defendant in California as an hourly paid, non-exempt employee at any time within the applicable statutory period (hereafter, the “Aggrieved Employees”).

Plaintiff and the Aggrieved Employees of Defendant suffered the Labor Code violations described below.

Factual Background Regarding Plaintiff's Employment with Defendant

Defendant owns and operates an industry, business, and establishment within the State of California, including Los Angeles County. As such, Defendant is subject to the California Labor Code and the Wage Orders issued by the Industrial Welfare Commission ("IWC").

Plaintiff worked for Defendant as a sushi preparer from approximately 2017 to the present, primarily in Los Angeles County. Defendant classified Plaintiff as non-exempt from overtime. During the time period that Plaintiff was employed by Defendant, Plaintiff typically worked 5 days per workweek, and in excess of 8 hours each workday.

Throughout Plaintiff's employment, Defendant committed numerous labor code violations under state law. As discussed below, Plaintiff's experience working for Defendant was typical and illustrative.

Failure to Pay for All Hours Worked, Including Overtime

Under California law, an employer must pay for all hours worked by an employee. "Hours worked" is the time during which an employee is subject to the control of an employer, and includes all the time the employee is suffered or permitted to work, whether or not required to do so.

In addition, Labor Code § 510 provides that employees in California shall not be employed more than eight (8) hours in any workday or forty (40) hours in a workweek unless they receive additional compensation beyond their regular wages in amounts specified by law.

Labor Code §§ 1194 and 1198 also provide that employees in California shall not be employed more than eight hours in any workday unless they receive additional compensation beyond their regular wages in amounts specified by law. Additionally, Labor Code § 1198 states that the employment of an employee for longer hours than those fixed by the Industrial Welfare Commission is unlawful.

Throughout the statutory period, Defendant also maintained a policy and practice of not including all remunerations into the calculation of the regular rate for purposes of paying proper overtime premiums. Specifically, Defendant occasionally paid Plaintiff and the Aggrieved Employees non-discretionary bonuses, but did not include this compensation when calculating the regular rate of pay for overtime purposes. In doing so, Defendant also failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210, 558, 1197.1, and 2699(f)(2) for failing to pay for all hours worked, including overtime.

Failure to Provide Meal Periods

Under California law, employers have an affirmative obligation to relieve employees of all duty in order to take their first 30-minute, duty-free meal periods no later than the start of sixth hour of work in a workday, and to allow employees to take their second 30-minute, duty-free meal period no later than the start of the eleventh hour of work in the workday. Further, employees are entitled to be paid one hour of additional wages for each workday they were not provided with all required meal period(s).

Despite these legal requirements, Defendant wrongfully failed to provide Plaintiff and the Aggrieved Employees with legally compliant meal periods. Defendant regularly required Plaintiff and the Aggrieved Employees to work in excess of five consecutive hours a day without providing a 30-minute, continuous and uninterrupted, duty-free meal period for every five hours of work, or without compensating Plaintiff and the Aggrieved Employees for meal periods that were not provided by the end of the fifth hour of work or tenth hour of work. Defendant did not adequately inform Plaintiff and the Aggrieved Employees of their right to take a meal period by the end of the fifth hour of work, or, for shifts greater than 10 hours, by the end of the tenth hour of work. Moreover, Defendant did not have adequate written policies or practices providing meal periods for Plaintiff and the Aggrieved Employees, nor did Defendant have adequate policies or practices regarding the timing of meal periods. Defendant also did not have adequate policies or practices to verify whether Plaintiff and the Aggrieved Employees were taking their required meal periods. Accordingly, Defendant's policy and practice was to not provide meal periods to Plaintiff and the Aggrieved Employees in compliance with California law.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not provided with all required meal period(s). Defendant, however, regularly failed to pay Plaintiff and the Aggrieved Employees the additional wages to which they were entitled for meal periods and that were not provided.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210, 558, and 2699(f)(2) for failing to provide meal periods and pay meal period premium wages.

Failure to Authorize and Permit Rest Periods

Employers are required by California law to authorize and permit breaks of 10 uninterrupted minutes for each four hours of work or major fraction of four hours (i.e. more than two hours). Thus, for example, if an employee's work time is 6 hours and ten minutes, the employee is entitled to two rest breaks. Each failure to authorize rest breaks as so required is itself a violation of California's rest break laws.

Defendant, however, wrongfully failed to authorize and permit Plaintiff and the Aggrieved Employees to take timely and duty-free rest periods. Defendant regularly required Plaintiff and the Aggrieved Employees to work in excess of four consecutive hours a day without Defendant authorizing and permitting them to take a 10 minute, continuous and uninterrupted, rest period for every four hours of work (or major fraction of four hours), or without compensating Plaintiff and the Aggrieved Employees for rest periods that were not authorized or permitted. Defendant did not adequately inform Plaintiff and the Aggrieved Employees of their right to take a rest period. Moreover, Defendant did not have adequate policies or practices permitting or authorizing rest periods for Plaintiff and the Aggrieved Employees, nor did Defendant have adequate policies or practices regarding the timing of rest periods. Defendant also did not have adequate policies or practices to verify whether Plaintiff and the Aggrieved Employees were taking their required rest periods. Further, Defendant did not maintain accurate records of employee work periods, and therefore Defendant cannot demonstrate that Plaintiff and the Aggrieved Employees took rest periods during the middle of each work period. Accordingly, Defendant's policy and practice was for Plaintiff and the Aggrieved Employees to work through rest periods and to not authorize or permit them to take any rest periods.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not authorized and permitted to take all required rest period(s). Defendant, however, regularly failed to pay Plaintiff and the Aggrieved Employees the additional wages to which they were entitled for rest periods and that they were not authorized and permitted to take.

As a result, Defendant are liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210, 558, and 2699(f)(2) for failing to authorize and permit rest periods and pay rest period premium wages.

Failure to Maintain Accurate Records of Hours Worked and Meal Periods

Plaintiff seeks penalties under Labor Code § 1174(d). Pursuant to Labor Code § 1174.5, any person, including any entity, employing labor who willfully fails to maintain accurate and complete records required by Labor Code § 1174 is subject to a penalty under § 1174.5. Pursuant to the applicable IWC Order § 7(A)(3), every employer shall keep time records showing when the employee begins and ends each work period. Meal periods and total hours worked daily shall also be recorded.

Defendant, however, failed to maintain accurate records of hours worked and all meal periods taken or missed by Plaintiff and the Aggrieved Employees.

Defendant's failure to provide and maintain records required by the Labor Code IWC Wage Orders deprived Plaintiff and the Aggrieved Employees the ability to know, understand and question the accuracy and frequency of meal periods, and the accuracy of their hours worked stated in Defendant's records. Therefore, Plaintiff and the Aggrieved Employees had no way to dispute the resulting failure to pay wages, all of which resulted in an unjustified economic enrichment to Defendant. As a direct result, Plaintiff and the Aggrieved Employees have suffered and continue to suffer, substantial losses related to the use and enjoyment of such wages, lost interest on such wages and expenses and attorney's fees in seeking to compel Defendant to fully perform its obligation under state law, all to their respective damage in amounts according to proof at trial. As a result of Defendant's knowing failure to comply with the Labor Code and applicable IWC Wage Orders, Plaintiff and the Aggrieved Employees have also suffered an injury in that they were prevented from knowing, understanding, and disputing the wage payments paid to them.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 1174.5 for failing to maintain accurate records of hours worked and meal periods.

Failure to Reimburse and Indemnify Expenses

California Labor Code § 2802 requires employers to reimburse employees for their necessary expenditures and losses incurred in direct consequence of the discharge of their duties or of their obedience to directions of the employer.

Throughout the statutory period, Defendant wrongfully required Plaintiff and the Aggrieved Employees to pay expenses that they incurred in direct discharge of their duties for Defendant without reimbursement, which included the purchase of non-slip shoes. Plaintiff and the Aggrieved Employees incurred these substantial expenses as a direct result of performing their job duties for Defendant, and Defendant has failed to indemnify Plaintiff and the Aggrieved Employees for these employment-related expenses.

Failure to Timely Pay All Wages at Termination

Labor Code §§ 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an employee voluntarily leaves his or her employment, his or her wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting.

Within the applicable statute of limitations, the employment of Plaintiff and many other Aggrieved Employees ended, i.e. was terminated by quitting or discharge, and the employment of others will be. However, during the relevant time period, Defendant failed, and continues to fail to pay Plaintiff and terminated Aggrieved Employees, without abatement, all wages required to be paid by Labor Code sections 201 and 202 either at the time of discharge, or within seventy-two (72) hours of their leaving Defendant's employ. These unpaid wages include wages for unpaid work time (including minimum and straight time wages), missed meal periods, and missed rest periods.

Defendant's conduct violates Labor Code §§ 201 and 202. Labor Code § 203 provides that if an employer willfully fails to pay wages owed, in accordance with sections 201 and 202, then the wages of the employee shall continue as a penalty wage from the due date, and at the same rate until paid or until an action is commenced; but the wages shall not continue for more than thirty (30) days.

Accordingly, Plaintiff and the Aggrieved Employees are entitled to recover from Defendant their additionally accruing wages for each day they were not paid, at their regular hourly rate of pay, up to 30 days maximum pursuant to Labor Code § 203.

Moreover, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 2699(f)(2) for failing to timely pay all wages at termination.

Failure to Furnish Accurate Itemized Wage Statements

Labor Code § 226(a) provides that every employer shall furnish each of his or her employees an accurate itemized wage statement in writing showing nine pieces of information, including: (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and the last four digits of his or her social security number or an employee identification number other than a social security number, (8) the name and address of the legal entity that is the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee. An employee is presumed to suffer an injury if this information is missing. (Lab. Code § 226(e)(2)(B)(iii).)

The statute further provides: "An employee suffering injury as a result of a knowing and intentional failure by an employer to comply with subdivision (a) is entitled to recover the greater of all actual damages or fifty dollars (\$50) for the initial pay period in which a violation occurs and one hundred dollars (\$100) per employee for each violation in a subsequent pay

period, not to exceed an aggregate penalty of four thousand dollars (\$4,000), and is entitled to an award of costs and reasonable attorney's fees." (Lab. Code § 226(e)(1).)

Defendant intentionally and willfully failed to provide employees with complete and accurate wage statements. The deficiencies include, among other things, the failure to correctly identify hourly rates, the failure to correctly list gross wages earned, and the failure to list the true net wages earned, including wages for meal periods that were not provided in accordance with California law, wages for rest periods that were not authorized and permitted to take in accordance with California law, and correct wages earned for all hours worked.

As a result of Defendant violating Labor Code § 226, Plaintiff and similarly Aggrieved Employees suffered injury and damage to their statutorily protected rights.

Accordingly, Plaintiff and similarly Aggrieved Employees are entitled to recover from Defendant the greater of their actual damages caused by Defendant's failure to comply with Labor Code § 226(a), or an aggregate penalty not exceeding \$4,000 dollars per employee.

Moreover, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 226.3 for failing to furnish accurate itemized wage statements.

Action for Civil Penalties Under PAGA

In light of the above, Plaintiff alleges that Defendant violated the following provisions of the Labor Code with respect to the Aggrieved Employees:

1. Labor Code § 204, 510, 1194, 1197, and 1198 by failing to pay for all hours worked, including minimum wages, straight time wages and overtime wages;
2. Labor Code § 226.7, 512 and applicable Wage Orders by failing to provide meal periods;
3. Labor Code § 226.7 and applicable Wage Orders by failing to authorize and permit rest periods;
4. Labor Code § 1174.5 and applicable Wage Orders by failing to maintain accurate records of hours worked and meal periods taken or missed;
5. Labor Code § 2802 by failing to reimburse and indemnify employees for expenses and losses in the direct consequence and discharge of their duties;
6. Labor Code §§ 201 to 203 by willfully failing to pay all wages owed at termination;
7. Labor Code § 226 by failing to provide accurate itemized wage statements.

Therefore, on behalf of all Aggrieved Employees, Plaintiff seeks applicable penalties related to the violations alleged above pursuant to the PAGA. These include, but are not limited to, penalties under Labor Code §§ 210, 226.3, 558, 1174.5, 1197.1, 2802, and 2699(f)(2).

Plaintiff has placed Defendant on notice by mailing a certified copy of this correspondence to its corporate address, as indicated on the first page.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

MOON & YANG, APC



Kane Moon
Attorney at Law

HAINES LAW GROUP
EMPLOYMENT ATTORNEYS

April 9, 2020

VIA LWDA WEBSITE

Labor and Workforce Development Agency
Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612

Re: *Cristina Martinez v. Marukai Corporation*

To Whom It May Concern:

Please be advised that this law firm represents Cristina Martinez (“Ms. Martinez”) for claims arising from her employment with Marukai Corporation; and Does 1 through 100 (collectively “Marukai”). Ms. Martinez is an “aggrieved employee” as defined by Labor Code Section 2698 *et seq.*, due to Marukai’s numerous violations of the Labor Code as set forth below. The purpose of this letter is to comply with Labor Code Sections 2699.3, which requires aggrieved employees to notify their employer and the Labor & Workforce Development Agency (“LWDA”) of the specific provisions of the Labor Code allegedly violated. For purposes of this letter, “aggrieved employees” includes all of Marukai’s non-exempt employees who worked for Marukai in California during the one year immediately preceding the date of this letter through the present.

Ms. Martinez was employed by Marukai as a non-exempt employee in Marukai’s San Diego storefront from approximately 2015 until approximately April 17, 2019, when she was terminated by Marukai.

Ms. Martinez and other aggrieved employees were not authorized and permitted to take all required and legally-compliant rest periods due to Marukai’s rest period policies/practices. Specifically, Ms. Martinez and other aggrieved employees were not always authorized and permitted to take all legally compliant rest periods of a net ten minutes. Upon information and belief, Marukai required non-exempt employees to clock in and out for rest periods. However, Ms. Martinez and other aggrieved employees were required to work through their 10-minute rest periods even after punching in and out for rest periods and/or recorded short rest periods (i.e., less than 10 net minutes of rest), due to the demand of their job responsibilities. As a result, Marukai failed to relinquish control over Ms. Martinez and other aggrieved employees during their rest periods and dictated how they spent at least a portion of their 10-minute rest periods, therefore failing to authorize and permit 10 minutes of “net rest time,” in compliance with California law. On those occasions when Ms. Martinez and other aggrieved employees were not provided with all the legally-required and compliant rest periods to which they were entitled, Marukai failed to compensate Ms. Martinez and other aggrieved employees with the

required rest period premium for each workday in which they experienced a rest period violation, as mandated by Labor Code § 226.7. Upon information and belief, during at least a portion of the putative class period, Marukai maintained no payroll code for paying rest period premiums under Labor Code § 226.7.

Ms. Martinez and other aggrieved employees were not provided with all legally compliant meal periods due to Marukai's meal period policies/practices which routinely failed to provide Ms. Martinez and other aggrieved employees with a duty-free, uninterrupted 30-minute meal period commencing before the end of the fifth hour of work. Specifically, Ms. Martinez and other non-exempt employees were often provided with a meal period that was less than 30 minutes in duration, due to Marukai's requirement that Ms. Martinez and other aggrieved employees return to work to attend to their duties before their meal period was completed. In the event that a legally compliant meal period was not in fact provided, Ms. Martinez and other aggrieved employees were not paid the meal period premium required by Labor Code § 226.7.

As a result of Marukai's failure to pay meal and rest period premium wages, Marukai maintained inaccurate payroll records, issued inaccurate wage statements to Ms. Martinez and other aggrieved employees, and failed to timely pay all final wages to Ms. Martinez and other aggrieved employees upon their separation of employment from Marukai.

As described above, Marukai committed the following violations of the Labor Code, and Industrial Welfare Commission Wage Order 8 ("Wage Order 8"):

Rest Period Violations

As alleged above, Marukai also failed to authorize and permit Ms. Martinez and other aggrieved employees to take all required rest periods. *See* Labor Code §§ 226.7 and 516; Wage Order 8, § 12. As a result, Ms. Martinez and other aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday that they were not authorized and permitted to take all legally required rest periods. *See* Labor Code § 226.7 ("If an employer fails to provide an employee a meal period or rest period in accordance with an applicable order of the Industrial Welfare Commission, the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest period is not provided.")

Meal Period Violations

As alleged above, Marukai failed to provide Ms. Martinez and other aggrieved employees with all required and compliant meal periods. *See* Labor Code §§ 226.7 and 512; Wage Order 8, § 11. As a result, Ms. Martinez and other aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday they experienced a meal period violation. *See* Labor Code § 226.7 ("If an employer fails to provide an employee a meal or rest or recovery period in accordance with ... [an] order of

the Industrial Welfare Commission ... the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest or recovery period is not provided."").

Wage Statement Violations

Marukai was required to furnish Ms. Martinez and other aggrieved employees with complete and accurate itemized wage statements that showed, among other things, their rates of pay, corresponding number of hours worked at each rate of pay, total gross wages earned, total net wages earned. *See* Labor Code §§ 226(a) and 1174(d); Wage Order 8, § 7. As a result of Marukai's failure to pay all required meal and rest period premium wages, Marukai maintained inaccurate payroll records and issued inaccurate wage statements to Ms. Martinez and other aggrieved employees in violation of Labor Code § 226. Marukai's failure to comply with its wage statement obligations was knowing and intentional, and Ms. Martinez and other aggrieved employees have suffered injury as a result.

Waiting Time Penalties

Labor Code §§ 201 and 202 require that employees receive all of their final wages at the time of their separation of employment. Marukai failed to timely pay Ms. Martinez and other aggrieved employees all of their final wages at the time of separation, which included all meal and rest period premium wages. Pursuant to Labor Code § 203, Marukai's failure to pay all final wages due to Ms. Martinez and other aggrieved employees was willful and, consequently, entitles Ms. Martinez and other aggrieved employees to waiting time penalties equal to one day of wages at their standard hourly rate for each day Marukai failed to pay their final wages after their separation, up to a maximum of thirty days.

As an "aggrieved employee," Ms. Martinez will initiate a civil action on behalf of herself and other aggrieved employees to recover civil penalties resulting from the wage and hour violations alleged herein. Based on Ms. Martinez's own investigation, and on information and belief, Marukai committed and continues to commit the following Labor Code violations:

- a. Marukai violated Labor Code §§ 226.7, 516, and 558 by failing to authorize and permit Ms. Martinez and other aggrieved employees all required rest periods and failing to pay rest period premiums to Ms. Martinez and other aggrieved employees at these employees' respective regular rates of compensation for rest period violations;
- b. Marukai violated Labor Code §§ 226.7, 512, and 558 by failing to provide meal periods as required by law and failing to pay meal period premiums to Ms. Martinez and other aggrieved employees at these employees' respective regular rates of compensation for meal period violations;

- c. Marukai violated Labor Code § 226 by failing to furnish Ms. Martinez and other aggrieved employees with accurate and compliant itemized wage statements;
- d. Marukai violated Labor Code §§ 201, 202, and 203 by failing to timely pay all final wages due to Ms. Martinez and other aggrieved employees;
- e. Marukai violated Labor Code § 204 by failing to pay Ms. Martinez and other aggrieved employees all wages earned at least twice during each calendar month; and
- f. Marukai violated Labor Code §§ 1174 by failing to maintain accurate records on behalf of Ms. Martinez and other aggrieved employees.

Pursuant to Labor Code Section § 2699.3(a)(2)(A), please notify us and Marukai if the LWDA intends to investigate these alleged violations of the Labor Code. Please contact me should you require additional information.

Very truly yours,
HAINES LAW GROUP, APC



Paul K. Haines

cc: Marukai Corporation (via certified mail)

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MARUKAI CORPORATION
C/O SACHIKO ISHIOKA
1740 W. ARTESIA BLVD
GARDENA, CA 90248



PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

7019 2280 0001 9441 1755

Exhibit “B”

NOTICE OF PAGA ACTION SETTLEMENT

Mata v. Marukai Corporation, Los Angeles County Superior Court Case No. 20STCV00959
Martinez v. Marukai Corporation, Los Angeles Superior Court Case No. 20STCV13862

This is not a solicitation by a lawyer. You are not being sued.

A settlement (the “Settlement”) has been reached in the lawsuits entitled *Mata v. Marukai Corporation*, Los Angeles County Superior Court Case No. 20STCV00959 and *Martinez v. Marukai Corporation*, Los Angeles Superior Court Case No. 20STCV13862 (the “Actions”), asserting claims under the Private Attorneys General Act of 2004, Labor Code § 2698, *et seq.* (“PAGA”). The purpose of this Notice is to advise you as to why you have received a portion of the Settlement proceeds. The Settlement resolves the Actions.

Who is affected by this proposed Settlement?

The Court has designated, for settlement purposes only, the following persons as “Allegedly Aggrieved Employees”: all non-exempt employees employed by Defendant Marukai Corporation (“Defendant”) in California at any time during the PAGA Period (the “PAGA Period” refers to the period of January 9, 2019 through April 15, 2022).

According to Defendant’s records, you are one of the Allegedly Aggrieved Employees.

What is this case about?

In the Actions, Plaintiffs Francisca Mata and Cristina Martinez (“Plaintiffs”) assert claims that Defendant violated provisions of the Labor Code giving rise to civil penalty liability under PAGA.

Defendant denies each of Plaintiffs’ claims and all liability and is confident that it has strong legal and factual defenses to these claims. However, Defendant recognizes inherent risks, distractions, and costs associated with continued litigation and has therefore agreed to the instant Settlement.

This Settlement is a compromise reached after good faith, arm’s length negotiations between Plaintiffs and Defendant (the “Parties”), through their attorneys and is not an admission of liability on the part of Defendant.

The Court has not ruled on the merits of Plaintiffs’ claims or Defendant’s defenses but did approve the Settlement.

What are the Settlement terms?

Defendant will pay **\$873,975** (the “Maximum Settlement Amount”) for: (a) estimated payment of **\$377,312.81** to the Labor and Workforce Development Agency (“LWDA”) as its 75% share of PAGA penalties, the percentage required by PAGA; (b) estimated payment of **\$125,770.94** to Allegedly Aggrieved Employees collectively as their 25% share of PAGA penalties, (c) estimated payment of attorney’s fees of **\$305,891.25** and litigation costs of **\$25,000.00**; (d) estimated Enhancement Awards to Plaintiffs in the total amount of \$15,000; and (e) estimated payment of administration costs of **\$14,890** to the Settlement Administrator.

By operation of the Settlement’s terms, all Allegedly Aggrieved Employees will release Defendant and its owners, shareholders, members, parent corporations or entities, sister corporations or entities, related and/or affiliated entities, subsidiaries, divisions, investors, partners, general partners, limited partners, directors, officers, employees, managers, supervisors, assigns, heirs, beneficiaries, predecessors, successors, attorneys, agents, and representatives, and all others related to them, and each of them (collectively, the “Released Parties”) from the PAGA claims for civil penalties based on alleged violations of California Labor Code §§ 201, 202, 203, 204, 210, 221, 226, 226.3, 226.7, , 510, 512, 516, 558, 558.1, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2698, 2802, as well as the applicable provisions of the Industrial Wage Orders (the “Released Claims”).

The Settlement Payments to Allegedly Aggrieved Employees are classified as other miscellaneous income and will be reported on IRS Form 1099-MISC, if required. Your share was calculated as a pro rata share based on the number of pay periods you worked during the PAGA Period.

There is no need to take any action to enroll in the settlement, as you have been automatically included. Upon receipt, you may immediately deposit your enclosed settlement check and need not take any further action at this time. Even if you do not cash your check, as a result of the Settlement of the Actions, you will be bound by the release in the Actions.

All checks will remain valid and negotiable for one hundred eighty (180) days from the date of the checks’ issuance and shall thereafter automatically be void if not cashed within that time. Uncashed checks will be sent to the California State Controller’s Unclaimed Property division, in the name of the Allegedly Aggrieved Employee.

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