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HAROUTIOUN D. TUFENKJIAN

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

JOSE VELAZQUEZ, and HAROUTIOUN D.)
TUFENKJIAN, and on behalf of the general)
public as private attorneys general,)

Plaintiffs,

v.

KERMANIG, INC., a California Corporation,)
and KERMANIG, LLC, a California Limited)
Liability Company, HK STAFFING)
AGENCY, INC., and DOES 1-50, inclusive,)

Defendants.)

Case No. 20STCV17127
Assigned for all Purposes to:
Hon. Armen Tamzarian
Dept. 52

**DECLARATION OF JAMES HAWKINS
IN SUPPORT OF STIPULATION
APPROVING SETTLEMENT OF
PRIVATE ATTORNEYS GENERAL ACT
CLAIMS, DISMISSING ACTION WITH
PREJUDICE, AND ENTERING
JUDGMENT THEREON**

DECLARATION OF JAMES HAWKINS

I, James Hawkins, declare as follows:

1. I am an attorney at law duly licensed to practice law before all of the Courts in the State of California and various federal courts such as the United States District Court, for the Northern Southern Central and Eastern Districts of California. I am a partner at James Hawkins, APLC ("Counsel"). I am one of the attorneys of record for named Plaintiffs JOSE VELAZQUEZ, and HAROUTIOUN D. TUFENKJIAN who filed this action on behalf of the aggrieved employees subject to the settlement agreement. I submit this Declaration in support of the PAGA Settlement. I have personal knowledge of the facts set forth below, and if called to testify regarding them, I could and would do so competently.

2. On February 26, 2020, Plaintiffs sent their LWDA Letter asserting claims for civil penalties pursuant to PAGA stemming from Defendants' alleged: Failure to Pay Minimum Wages; Failure to Pay Wages and Overtime; Failure to Provide Meal Periods or Meal Period Premiums; Failure to Provide Rest Periods of Rest Period Premiums; Failure to Reimburse for Necessary Business Expenditures; Failure to Issue Accurate and Itemized Wage Statements; Failure to Issue Semimonthly Payments; Failure to Keep Records; Failure to Provide Seating; and Waiting Time Penalties for Failure to Pay Wages When Employment Ends. On June 09, 2020, Plaintiff sent their Amended Notice to the LWDA clarifying the PAGA claims.

3. On May 1, 2020, Plaintiffs filed their PAGA complaint in the Superior Court of California, County of Los Angeles, Case No. 20STCV17127, entitled *Jose Velazquez, et. al. vs HK Staffing, Agency, Inc., et. al.*, alleging violations of PAGA for violations of the PAGA statute for Labor Code violations for Failure to Pay Minimum Wages; Failure to Pay Wages and Overtime; Failure to Provide Meal Periods or Meal Period Premiums; Failure to Provide Rest Periods of Rest Period Premiums; Failure to Reimburse for Necessary Business Expenditures; Failure to Issue Accurate and Itemized Wage Statements; Failure to Issue Semimonthly Payments; Failure to Keep Records; Failure to Provide Seating; and Waiting Time Penalties for Failure to Pay Wages When Employment Ends. On or about October 26, 2020, Plaintiffs filed an Amended Complaint clarifying the scope of the claims

1 4. On November 12, 2021, the Parties engaged in mediation before mediator Kelly
2 Knight. The Parties were able to agree to settle the claims following a full day of mediation. In
3 preparation for the mediation, Plaintiff's counsel requested and Defendant's counsel provided
4 sample time and payroll data for the purported Aggrieved Employees, personnel and employment
5 documents. With Mr. Knight's assistance, the Parties agreed to fully and finally resolve the
6 Action and the PAGA Released Claims as to Plaintiff, the State of California, the LWDA and the
7 Aggrieved Employees.

8 5. Defendant disputes and denies the allegations and claims asserted in the
9 Complaints, and the LWDA notices. It was also Defendant's position that Plaintiffs could not
10 maintain their PAGA Complaints because of defenses relating to exemptions for outside sales
11 persons as well as being no evidence of a common policy or practice that makes a trial
12 manageable.

13 6. Defendant disputes and denies the allegations and claims asserted in the Complaint,
14 and notice to the LWDA. It was also Defendant's position that Plaintiff could not maintain the
15 PAGA Complaints because there is no evidence of a common policy or practice that makes a trial
16 manageable.

17 7. During the course of the litigation, Plaintiff and Defendant (hereinafter, Plaintiff
18 and Defendant are collectively referred to as the "Parties") engaged in informal discovery and
19 fully shared the information necessary for all sides to conduct a reasonable investigation into the
20 allegations of the action and potential defenses thereto. The Parties have reached this settlement
21 only after discovery and investigation was performed. The Parties have reached this settlement
22 only after discovery and investigation was performed.

23 8. Being fully apprised of the value and strength of Plaintiffs' claims, counsel for
24 Plaintiffs and Defendant successfully negotiated a settlement of Plaintiffs' claims asserted in the
25 action through arm's-length negotiations assisted by mediator Kelly Knight, Esq., the terms and
26 conditions of the settlement are set forth in the Private Attorneys General Act (Labor Code § 2698
27 *et seq.*) Settlement Agreement. The Settlement Agreement resolves all claims asserted in the
28

1 Complaints and contemplates that the Court will enter judgment on the terms and conditions of the
2 Settlement Agreement.

3 9. Counsel for Plaintiff and Defendant also considered the fact that the existence of
4 numerous disputes of fact in this case make the outcome uncertain. In the estimation of counsel for
5 the Parties, the delay, inconvenience, distraction, and uncertainty imposed by the litigation
6 demands would far outweigh the potential benefits of additional litigation.

7 10. Based on the information and documents obtained through both formal and
8 informal discovery, Plaintiffs assessed the maximum value of the limited PAGA claims to be
9 released by the settlement to be approximately \$240,000 (at the rate of a \$200.00 penalty for
10 approximately 1,200 pay periods at issue for approximately 39 Aggrieved Employees). As set
11 forth in the Settlement Agreement, the amount of the Settlement Sum is \$190,000, or
12 approximately 78% of the maximum discretionary recoverable penalties, and includes an
13 apportionment of attorneys' fees and costs, payment to the settlement administrator, and a general
14 release payment/enhancement award to Plaintiff.

15 11. This Aggrieved Employees recovery compares favorably to the estimated amount
16 of PAGA penalties given the evidence provided and the risks of liability and then penalty awards
17 at trial. As discussed further herein, California Labor Code Section 2699(e) (1) permits a Court to
18 award a lesser amount than the maximum civil penalty if based on the facts and circumstances to
19 do otherwise would result in an award that is "unjust, arbitrary and oppressive or confiscatory."

20 12. Plaintiff and Plaintiff's Counsel believe that the Settlement is a fair, adequate, and
21 reasonable resolution of this matter. Plaintiff and his counsel recognize the expense and length
22 of continued proceedings necessary to litigate the matter through trial and any possible appeals
23 and have also considered the uncertainty and risk of the outcome of further litigation, and the
24 difficulties and delays inherent in such litigation based upon the burdens of proof. Plaintiff and his
25 counsel are also aware of the burdens of proof necessary to establish liability, both generally and
26 in response to Defendant's defenses thereto, and the difficulties in establishing Defendant's
27 liability for, and the right to recover, penalties on behalf of Plaintiff, the State of California, and
28 the other purported aggrieved employees.

1 13. The settlement is a compromise of highly disputed claims and to recover any
2 PAGA penalties, Plaintiff would be required at trial to prove each of the underlying Labor Code
3 violations. *See Cardenas v. McLane Foodservice, Inc.*, No. SACV 10-473 DOC (FFMx), 2011
4 U.S. Dist. LEXIS 13126, *10 (C.D. Cal. 2011) (“Given the statutory language [of PAGA], a
5 plaintiff cannot recover on behalf of individuals whom the plaintiff has not proven suffered a
6 violation of the Labor Code by the defendant.”). Here, Plaintiff would need to prove each
7 Aggrieved Employee suffered a violation for each period the employee worked to determine meal
8 or rest period violations, failure to pay minimum or overtime wages, failure to provide accurate
9 itemized wage statements, failure to maintain accurate payroll records, failure to pay wages when
10 due, and failure to reimburse for required expenses.

11 14. The result achieved in this case, and the monetary recovery provided by this
12 Settlement, are well-within the range of an acceptable settlement under the circumstances,
13 especially when compared to the settlement of PAGA claims in other cases. *See, e.g., DCH Auto*
14 *Wage and Hour Cases*, Los Angeles Superior Court, Case No. JCCP4833 (May 2017) (approving
15 the amount of \$15,000 out of \$4 million toward settlement of PAGA claims); *Flores v. Dart*
16 *Container Corp.*, No. 2:19-cv-00083 WBS JDP, 2021 U.S. Dist. LEXIS 6897, at *3 (E.D. Cal.
17 Jan. 12, 2021) (approving the amount of \$15,000 out of \$411,000 towards settlement of PAGA
18 claims); *Dawson v. Hitco Carbon Composites, Inc.*, No. CV 16-07337 PSG (FFMx), 2019 U.S.
19 Dist. LEXIS 226687, at *6-7 (C.D. Cal. Nov. 25, 2019) (approving the amount of \$10,000 of \$1.1
20 million toward settlement of PAGA claims); *Brown v. CVS Pharmacy, Inc.*, No. CV15-7631 PSG
21 (PJWx), 2017 U.S. Dist. LEXIS 182309, at *3 (C.D. Cal. Apr. 24, 2017) (approving the amount of
22 \$20,000 of \$3 million gross settlement towards settlement of PAGA claims); *Nordstrom*
23 *Commissions Case*, 186 Cal.App.4th 576, 589 (2010) (finding no abuse of discretion by the trial
24 court in approving a settlement that allocates \$0 toward the settlement of PAGA claims that were
25 at issue in the lawsuit); *Alcala v. Meyer Logistics, Inc.*, No. CV 17-7211 PSG (AGRx), 2019 U.S.
26 Dist. LEXIS 166879, at *26 (C.D. Cal. June 17, 2019) (finding that courts approve PAGA
27 settlements that fall within zero to two percent of gross settlement recovery). Here, the value
28 obtained for settlement of the PAGA claims is very significant, and it will be distributed in
accordance with and in fulfillment of the objectives of the PAGA statute.

1 15. A crucial factor in evaluating the value of a PAGA-only case is that all PAGA
2 awards are discretionary and can be reduced by the Court.¹ California Labor Code Section
3 2699(e)(1) permits a Court to award a lesser amount than the maximum civil penalty if, based on
4 the facts and circumstances, to do otherwise would result in an award that is “unjust, arbitrary and
5 oppressive or confiscatory.” For example, in *Carrington v. Starbucks Corp.*, 30 Cal. App. 5th 504
6 (2018), the Court of Appeal affirmed a judgment after trial that only provided for a PAGA penalty
7 of \$5 per pay period. Given this precedent, there is a risk at trial that any PAGA penalties awarded
8 could be significantly less than Plaintiff’s calculation even where Plaintiff prevailed on the PAGA
9 claim. If the amount of \$5 per pay period from *Carrington v. Starbucks* is used, the potential
10 recovery of civil penalties would be only \$229,000, which is significantly less than this settlement
11 provides.

12 16. The settlement is also supported by other PAGA settlement previously approved
13 by other courts. See, e.g., *DCH Auto Wage and Hour Cases*, Los Angeles Superior Court, Case
14 No. JCCP4833 (May 2017) (approving the amount of \$15,000 out of \$4 million toward settlement
15 of PAGA claims); *Flores v. Dart Container Corp.*, No. 2:19-cv-00083 WBS JDP, 2021 U.S. Dist.
16 LEXIS 6897, at *3 (E.D. Cal. Jan. 12, 2021) (approving the amount of \$15,000 out of \$411,000
17 towards settlement of PAGA claims); *Dawson v. Hitco Carbon Composites, Inc.*, No. CV 16-
18 07337 PSG (FFMx), 2019 U.S. Dist. LEXIS 226687, at *6-7 (C.D. Cal. Nov. 25, 2019)
19 (approving the amount of \$10,000 of \$1.1 million toward settlement of PAGA claims); *Brown v.*
20 *CVS Pharmacy, Inc.*, No. CV15-7631 PSG (PJWx), 2017 U.S. Dist. LEXIS 182309, at *3 (C.D.
21 Cal. Apr. 24, 2017) (approving the amount of \$20,000 of \$3 million gross settlement towards
22 settlement of PAGA claims); *Nordstrom Commissions Case*, 186 Cal.App.4th 576, 589 (2010)

23 ¹ Under PAGA, courts have considerable discretion to reduce the penalty award. In
24 *Thurman v. Bayshore Transit Management, Inc.*, 203 Cal.App.4th 1112, 1135-1136 (2012), the
25 court found no abuse of discretion when the trial court reduced the penalty by 30 percent based on
26 the facts of the case, ruling that “[t]o do otherwise under the particular facts and circumstances of
27 this case would be unjust, arbitrary, oppressive, and confiscatory.” Some trial courts have actually
28 awarded no civil penalties, even when Labor Code violations are established. See *Makabi v.*
Gedalia, 2016 Cal. App. Unpub. 1489, *5-7 (2nd Dist. Ct. of App. Mar. 6, 2016) (no PAGA
penalties were awarded by the Los Angeles County Superior Court) (unpublished decision); *In re*
Taco Bell Wage & Hour Actions, No. 1:07-cv-01314-SAB, 2016 U.S. Dist. LEXIS 48557, *40-43
(E.D. Cal. Apr. 6, 2016) (PAGA penalties denied after trial).

1 (finding no abuse of discretion by the trial court in approving a settlement that allocates \$0 toward
2 the settlement of PAGA claims that were at issue in the lawsuit); *Alcala v. Meyer Logistics, Inc.*,
3 No. CV 17-7211 PSG (AGRx), 2019 U.S. Dist. LEXIS 166879, at *26 (C.D. Cal. June 17, 2019)
4 (finding that courts approve PAGA settlements that fall within zero to two percent of gross
5 settlement recovery). Here, the value obtained for settlement of the PAGA claims is reasonable,
6 and it will be distributed in accordance with and in fulfillment of the objectives of the PAGA
7 statute.

8 17. Had the case not settled, the Parties would have been required to conduct extensive
9 formal written discovery, and multiple depositions of party and percipient witnesses all over the
10 State of California, to prepare the case for trial. From the inception of this litigation, Defendant
11 indicated that it would aggressively litigate this case. Even if Defendants failed to succeed on
12 their defenses, litigating a complex PAGA action is inherently expensive, and the litigation could
13 continue beyond entry of judgment if either party were to appeal adverse rulings. Additionally,
14 there is a real possibility that Plaintiff would recover nothing, either for himself or on behalf of the
15 State of California or other Aggrieved Employees, after years of costly and labor-intensive
16 litigation. Avoiding these risks and the likelihood of future contentious litigation, which would
17 involve significant costs, favors settlement.

18 18. Defendant argued that no penalties prior to the PAGA notification should be
19 awarded because the violations were not intentional. Defendant could also argue that the
20 subsequent violations under PAGA only start to accrue after employers receive notice through a
21 citation from the Labor Commissioner, which would have significantly decreased Defendants'
22 exposure. See *Amaral v. Cintas Corp. No. 2*, 163 Cal. App. 4th 1157, 1209 (2008) (holding
23 “[u]ntil the employer has been notified that it is violating a Labor Code provision ... the employer
24 cannot be presumed to be aware that its continuing underpayment of employees is a ‘violation’
25 subject to penalties.”). See also *Amalgamated Transit Union Local 1309, AFL-CIO v. Laidlaw*
26 *Transit Servs., Inc.*, 2009 WL 2448430 *1, *9 (S.D. Cal. 2009) (“For the purposes of subsequent
27 violation penalties, the issue is not whether [defendant] willfully violated the Labor Code, but
28 rather whether a court or commissioner had notified it of any violation.”); *Robinson v. Open Top*

1 *Sightseeing San Francisco, LLC*, No. 14-CV-00852-PJH, 2018 WL 895572, at *20 (N.D. Cal.
2 Feb. 14, 2018) (applying “initial” penalty to each violation of § 226 and § 2699(f)(2) because
3 there was no evidence showing defendant was previously notified its practice violated § 226);
4 *Willis v. Xerox Bus. Servs., LLC*, 2013 WL 605383, at *1, *6 (E.D. Cal. 2013) (“for a plaintiff to
5 recover for a ‘subsequent violation,’ an employer must have notice that it has violated the Labor
6 Code”). As such, Defendants contends that Plaintiff’s calculation are inflated not only because the
7 “stack” penalties for a single person during a single pay period, but because the penalties Plaintiff
8 would award in each instances are at an inapplicable (doubled) rate.

9 19. These defenses present a risk to the PAGA claim and the potential that some or all
10 of the PAGA penalties sought may not be awarded. While Plaintiff maintains that his PAGA claim
11 has merit, in reaching the Settlement, Plaintiff and his counsel took into account the strengths and
12 weaknesses of each side's position and the uncertainty associated with continued litigation, trial,
13 and/or appeals.

14 20. Defendant disputes that the penalties assessed by Plaintiff and his expert
15 would have been awarded. Further, it is Defendant’s contention that PAGA penalties cannot be
16 stacked, and that at most just one PAGA penalty can be awarded to an aggrieved employee in any
17 one pay period. See Labor Code section 2699 (f)(2) (authorizing awardable PAGA penalties to be
18 measure by “each “each aggrieved employee per pay period”); *Smith v. Lux Retail North America,*
19 *Inc.*, 2013 WL 2932243, at *1, *4 (N.D. Cal. 2013) (rejecting a pleading that sought the “stacking
20 of penalties”; “[f]or the single mistake of failing to include commissions in the overtime base,
21 plaintiff has asserted *five* (count them, five) separate labor code violations that could lead to
22 statutory penalties;” “is it plausible that we would really pile one penalty on another for a single
23 substantive wrong?”; noting that “no actual holding in any judicial decision has ever blessed such
24 stacking”). As such, and for this initial reason, Defendant contends that the maximum potential
25 recovery in this action is significantly lower than as stated by Plaintiff.

26 21. Defendant further argues that Plaintiff would still face significant practical
27 problems in aggregating any material exposure, as each violation would need to be proven as to
28 each person and for each period for which recovery is sought. Defendant argues that it is unlikely

1 that any significant number of current and former employees would travel to the venue of a trial,
2 stay at a hotel, prepare for and deliver testimony, all in exchange for – at most – 25% of \$50 or
3 \$100 (i.e. \$12.50 or \$25) for each pay period in which there was a violation. (“wage statement
4 penalties”). For purposes of section 226, “a good faith dispute presents when there is (1)
5 uncertainty in the law; (2) representations by an authority that compliance was not required; or (3)
6 an employer’s good faith mistaken belief grounded in a good faith dispute.” *Magadia v. Wal-Mart*
7 *Assocs., Inc.*, 384 F. Supp. 3d 1058 (N.D. Cal. 2019). “Mere recklessness” is not a basis for
8 liability. *Pedroza*, 2012 WL 9506073, *5.

9 22. Plaintiff’s Counsel also took into account that even if Plaintiff prevailed on the
10 merits of the PAGA claim, Defendant could persuasively argue that the Court should exercise its
11 discretion, under Labor Code § 2699(e), to reduce the amount of civil penalties assessed. A court
12 in a PAGA action has the same discretion “to assess a civil penalty” that the Labor Commissioner
13 would have, as well as complete discretion to “award a lesser amount than the maximum civil
14 penalty amount specified [by PAGA] if, based on the facts and circumstances of the particular
15 case, to do otherwise would result in an award that is unjust, arbitrary and oppressive, or
16 confiscatory.” And indeed, it is common for courts to reduce the penalties. *See e.g., Ghrdilyan v.*
17 *RJ Financial, et al.*, Los Angeles Superior Court, Case No. BC430633 (94% reduction); *Parr v.*
18 *Golden State Overnight Delivery Service, Inc.*, Alameda County Superior Court, Case No. RG12-
19 618103 (94% reduction); *Fleming v. Covidien, Inc.*, 2011 U.S. Dist. LEXIS 154590 (C.D. Cal.
20 Aug. 12, 2011) (82% reduction); *Gola v. University of San Francisco*, Case No. CGC-18-565018
21 (Sup. Ct. Decision dates July 21, 2020) (85% reduction of PAGA penalties).

22 23. Defendant contends that Plaintiff and the Aggrieved Employees were properly
23 compensated, and that they did not violate the Labor Code as to any of them. Defendant asserted
24 additional defenses to the PAGA claim as discussed above. These defenses present a risk to the
25 PAGA claim and the potential that some or all of the PAGA penalties sought may not be awarded

26 24. The underlying Labor Code section 203 claim was uncertain given the defenses
27 asserted for the underlying claims as well as the lack of evidence of the “willfulness” prong
28 necessary for a Labor Code §203 claim. Plaintiff’s counsel also recognized a risk of an adverse

1 finding given Defendant's apparently compliant policies and procedures at the time of mediation.
2 The labor code section 226 claim was dependent on the underlying claims for failure to pay
3 wages.

4 **Individual Settlement**

5 25. The Settlement provides for an enhancement which is an individual settlement
6 payment to be paid to Plaintiff in the amount of \$10,000 each in exchange for a general release of
7 all known and unknown claims. Unlike Aggrieved Employees who only releasing claims for civil
8 penalties under PAGA, Plaintiff is releasing his individual claims. In exchange for a release of
9 these claims, the Parties agreed to an Individual Settlement Payment of \$10,000. In addition,
10 Plaintiff contributed considerable time and effort to the litigation of this case in order to enforce
11 the California Labor Code on behalf of the State of California and for the benefit of other
12 Aggrieved Employees. Plaintiffs gathered and produced relevant documents and information,
13 provided the facts and evidence necessary to attempt to prove the allegations, and discussed his
14 employment with his counsel. Plaintiffs assisted counsel in developing the theories and evidence
15 to prepare for mediation. They were available whenever his counsel needed him and tried to obtain
16 documents and information that would aid in the litigation of the PAGA claims and pursuit of
17 recovery on behalf of the State of California and the Covered Employees.

18 26. Plaintiffs as PAGA Representative has provided extensive supporting documents
19 and assisted Counsel in developing information necessary to litigate and settle this case. Plaintiffs
20 also conducted record review and consultation with counsel in preparation for discovery and
21 eventual mediation, and to assist in evaluating and proving the claims.

22 27. The settlement is intended to fully and finally resolve the PAGA claims asserted
23 by Plaintiff on behalf of the State of California and aggrieved employees. This is only a
24 settlement of the PAGA claims for civil penalties, and is not a class settlement and does not
25 release the individual claims, if any, of the Aggrieved Employees. After deducting the Attorneys'
26 Fees (\$63,333.33) and Costs (\$10,591.79), Settlement Administration Expenses (\$4,950) ILYM
27 Group (the Settlement Administrator), and Plaintiff's separate Individual Settlement Payment
28 (\$10,000 X 2), the remaining Net Settlement Amount is estimated to be \$98,875.12 and will be

1 distributed to the LWDA and Aggrieved Employees. An estimated \$24,718.78 (25% of the NSA)
2 will be distributed to the Aggrieved Employees on a pro rata basis, amounting to an average of
3 \$633.81 per Aggrieved Employee. The remaining \$74,156.34 (75% of the NSA) is to be
4 distributed to the LWDA.

5 28. As set forth in the Settlement Agreement, the amount of the Settlement Sum is
6 \$190,000, or approximately 78% of the maximum discretionary recoverable penalties, and
7 includes an apportionment of attorneys' fees and costs, payment to the settlement administrator,
8 and a general release payment/enhancement award to Plaintiff.

9 29. Based on their extensive experience litigating over 200 representative actions,
10 counsel for Plaintiff believes the settlement here is fair and reasonable and warrants approval by
11 the Court.

12 30. I and my firm have a great deal of experience in wage and hour class action
13 litigation. I have been certified and approved as class counsel in many other wage/hour class
14 actions, and I am currently litigating numerous others before federal and state courts. I have been
15 working with James Hawkins of James Hawkins, APLC, formerly of Hawkins & Sofonio, since
16 the commencement of my practice of law in 2002. Since then, I have been committed solely to
17 representing Plaintiffs in both individual employment litigation and complex wage and hour class
18 actions.

19 31. In approximately 2003 to 2004, I began to focus almost exclusively in class action
20 litigation. In my practice as a class action Plaintiffs' attorney, I have been involved in litigating,
21 mediating and settling numerous wage and hour class actions dealing with class sizes ranging
22 from several hundred to several thousand class members resulting in settlements ranging from six
23 figures to multimillion-dollar settlements.

24 31. The following is a non-exhaustive list of other class action cases that I also
25 litigated: Cole, et. al. v. CRST Van Expedited, et. al.; USDC, CENTRAL DISTRICT,
26 EASTERN DIVISION- Case No.: EDCV 08-1570, Wage and Hour Class Action seeking past
27 minimum wages and meal and rest break violations for drivers of Defendant in the State of
28 California; Coordination Proceeding Special Title [Rule 1550(b)] Wackenhut Wage and Hour

1 Cases, Los Angeles Superior Court, Case No. JCCP 4545, Wage and Hour Class Action seeking
2 past wages for overtime, meal and rest period violations for security guards employed by
3 defendant in the State of California; Coordination Proceeding Special Title [Rule 1550(b)]
4 California Logistics Wage and Hour Cases, Los Angeles Superior Court, Case No. JCCP 4622,
5 Wage and Hour Class Action seeking past wages for overtime, meal and rest period violations for
6 misclassified drivers employed by defendant in the State of California. Gonzalez v. Robertson's
7 Ready Mix, Ltd., Riverside County Superior Court, Case No. RIC 110770, Wage and Hour Class
8 Action seeking past wages.

9 32. The following is a non-exhaustive list of class action cases in which I was either
10 counsel or co-lead counsel in which final approval and attorneys' fees were granted along with my
11 corresponding hourly rates approved by the various courts throughout my class action career:
12 Walker v. Surf City Hospitality, aka Sharkeez, et al. OCSC, No. 05CC00293, hourly rate approved
13 in 2006 at \$350.00 per hour; Padron v. Universal Protection Service, OCSC No. 05CC00013 and
14 JCCP 4480, hourly rate approved in 2008 at \$400.00 per hour; Davila v. Beckman Coulter, Inc.,
15 OCSC No. 07CC01347, hourly rate approved in 2009 at \$500.00 per hour; Perez v. Naked Juice
16 Company of Glendora, Inc., et. al., LASC No. BC387088, hourly rate approved in 2009 at
17 \$500.00 per hour; Gonzalez v. Superior Industries International, Inc., et al., LASC No. BC
18 357912, approved fees of 33.3% of total settlement amount; Wilson v. MCP Foods, Inc. aka
19 Firmenich, OCSC No. 30-2008-00065584-CU-OE-CXC, hourly rate approved in 2010 at \$500.00
20 per hour; Garcia v. Quiksilver, Inc., OCSC Case No. 30-2008-00083896-CU-OE-CXC, hourly
21 rate approved in 2011 at \$500 per hour; Guiterrez, et. al. v. Hilton Hotels Corp., OCSC No. 30-
22 2009-00282002-CU-OE-CXC, hourly rate approved in 2011 at \$550.00 per hour; Sanchez v.
23 HVM LQ Management, LLC, USDC Central District No. SA CV11-00123 JAK (PJWx), hourly
24 rate approved in 2012 at \$560.00 per hour; Esquivel v. Fairmont Hotels and Resorts, U.S., Inc.,
25 Case No. 30-2010-00418849-CU-OE-CXC, hourly rate approved in 2012 at \$600.00 per hour;
26 Galvez v. Walt Disney Parks and Resorts U.S., Inc., OCSC NO. 30-2011-00473272-CU-OE-CXC,
27 hourly rate approved in 2013 at \$600.00 per hour; Fernando v. GCS Service, Inc., OCSC No. 30-
28 2011-00473162-CU-OE-CXC, hourly rate approved in 2013 at \$600.00 per hour; Navarro v. QS

1 Wholesale, Inc., OCSC Case No. 30-2011-00462143-CU-OE-CXC, hourly rate approved in 2013
2 at \$600.00 per hour; LoCascio, et. al. v. Hertz Local Edition, SDSC Case No. 37-2015-00020830,
3 hourly rate approved in 2017 at \$750 per hour; Terrado v. Accredited Debt Relief, et. al., SDSC
4 Case No: 37-2018-00014181-CU-OE-CTL, hourly rate approved in 2018 at \$750 per hour; Singer,
5 et. al. v. M.A.C. Cosmetics, SDSC Case No. 37-2019-00033695-CU-OE-CTL, hourly rate of
6 approved in 2020 at \$850 per hour.

7 33. Our firm served as class counsel in a number of significant wage and hour
8 settlements. Of particular note, in 2019, our firm was co-lead counsel in securing the largest
9 wage and hour class action settlement in California history at \$130,000,000. During this case,
10 Plaintiffs appealed a decertification order. This case involved several appeals. The appellate record
11 amassed an extensive appellate record comprising a 23-volume joint appendix, a three-volume
12 reporters transcript, five briefs, four letter briefs, two motions for judicial notice, a motion to
13 augment the record, and several additional letters informing the appellate court of new legal
14 authority issued after *Dukes*. The matter was argued to and submitted by the Court of Appeal on
15 September 15, 2016, and on November 21, 2016, the decertification order was reversed and the
16 case was remanded for further proceedings. (*Lubin v. The Wackenhut Corporation* (“*Lubin*”), 5
17 Cal. App. 5th 960 (2016)). Wackenhut filed a petition for review of the Court of Appeal decision
18 to the California Supreme Court. The Supreme Court denied Wackenhut’s petition for review of
19 *Lubin*. The Court of Appeal issued remittitur on April 10, 2017. Eventually through more
20 litigation, the parties were able to secure the 130 million settlement that was approved on October
21 21, 2019 by Judge Highberger in the Los Angeles Superior Court.

22 34. First, the requested fees are justified by the result achieved. Plaintiff’s Counsel
23 negotiated a recovery of \$190,000.00 and this result justifies the requested fees equal to one-third
24 of this recovery. This percentage is within the standard contingent recovery percentage of one-
25 third, and this percentage is what was expressly approved by the Supreme Court in *Laffitte v.*
26 *Robert Half Int’l Inc.*, 1 Cal.5th 480, 504, (2016). Second, the requested fees are justified by the
27 work performed.

28 35. A review of our firm’s detailed billing system reveals that to date, our firm as

1 Counsel, on behalf of Plaintiff and the Settlement Aggrieved Employees, invested numerous
2 hours litigating this matter through the date of this declaration and have invested attorney time at a
3 rate of more than double the requested fees. The rates charged by my firm are in line with the
4 prevailing rates of attorneys in the local legal community for similar work and, if this were a
5 commercial matter, these are the charges that would be made and presented to the client. These
6 hourly rates have been approved by Court's throughout California, including the Courts in the
7 Superior Court of California. The requested fees are reasonable.

8 36. Finally the award of litigation expenses is based upon the actual expenses incurred
9 by Plaintiff and Plaintiff's Counsel, and were all reasonably necessary to the litigation, and are
10 detailed in **Exhibit B** attached hereto. Under the Agreement, Plaintiffs' Counsel will be recovering
11 litigation expenses in the total amount of \$10,591.79.

12 37. Attached hereto as **Exhibit C** is a true and correct copy of the Proposed Settlement
13 Administrator's quote to administer the terms of the settlement.

14 37. The Parties request that the Court enter the accompanying proposed order,
15 approving the Settlement as permitted by Labor Code § 2699(1), in accordance with the terms and
16 conditions of the Settlement Agreement.

17 I declare under penalty of perjury that the foregoing is true and correct. Executed on
18 March 30, 2022 at Irvine, California.

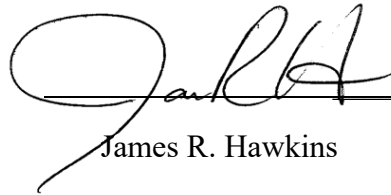
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EXHIBIT A

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PAGA SETTLEMENT AGREEMENT

This PAGA Settlement Agreement (hereinafter "Settlement Agreement," "Settlement," or "Agreement") is made and entered into between Plaintiffs, Jose Velasquez and Haroutioun Tufenkjian ("Plaintiffs") for themselves and on behalf of the State of California acting in a private attorney general capacity (hereinafter "Plaintiffs") and HK Staffing Agency, Inc., ("HK Staffing Agency") ("Defendant"). Plaintiff and Defendants are collectively referred to herein as the "Parties" and may be individually referred to as a "Party."

I. DEFINITIONS

The following terms, when used in this Settlement Agreement, shall have the following meanings:

1. "Action" means the matter entitled *Jose Velasquez, et. al. v. HK Staffing Agency, Inc., et al.*, filed by Plaintiffs on May 1, 2020 in the Superior Court of California, County of Los Angeles and as set forth in Plaintiff's February 26, 2020 correspondence to the Private Attorneys General Act ("PAGA") Administrator of the California Labor and Workforce Development Agency (hereinafter "LWDA Letter").
2. "Defendants" mean HK Staffing Agency, Inc., and its past, present, and future officers, directors, employees, board members, agents (including, without limitation, any investment bankers, accountants, insurers, reinsurers, attorneys and any past, present or future officers, directors and employees), customers, partners, investors, shareholders, members, representatives, parent companies, subsidiaries, affiliates, divisions, predecessors, successors, agents, and principals, and their heirs, estates, executors, administrators, servants, insurers, attorneys, and assigns (collectively, "Released Parties").
3. "Court" means the Superior Court of California for the County of Los Angeles.
4. "Data List" means a list in a ready to use, excel spreadsheet format provided by Defendant(s) which contains the name, last known mailing address, social security number, and number of Pay Periods or dates of employment of each of the PAGA Group Members worked during the PAGA Period.
5. "PAGA" means the California Labor Code Private Attorneys General Act, California Labor Code § 2698 *et seq.*
6. "Individual PAGA Payment" means the amount to be paid to each of the PAGA Group Members from the 25% of the PAGA Payment apportioned to them, such individual share to be based on the number of Pay Periods worked during the PAGA Period.
7. "PAGA Payment" means the total of the Gross Settlement Amount, less the payments for the Attorneys' Fees, Attorneys' Expenses and the Administration Costs, which shall be paid in full settlement of the PAGA Released Claims. Should the amount of the PAGA Payment increase or decrease, the amount to be distributed shall be adjusted according to the changes made by the Court. The PAGA Payment will be subject to Court approval consistent with Labor Code § 2699. The PAGA Payment shall be allocated under Labor Code section 2699

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with 75% of the Section 2699 payment going to the LWDA and 25% to the aggrieved employees (PAGA Group Members, as defined *infra*). The PAGA Group Members will be issued a form 1099 for their Individual PAGA Payments. .

8. "LWDA" means the California Labor Workforce Development Agency.

9. "Gross Settlement Amount" means the sum of One Hundred and Ninety Thousand Dollars and Zero Cents (\$190,000.00), which represents the maximum total amount payable under this Settlement Agreement by Defendants, including, without limitation, attorneys' fees, costs, and the recovery by the eligible employees for the PAGA Payment (as defined above). Defendants will not be required to make any payment in excess of the Gross Settlement Amount under any circumstances except that if there is an increase by more than 5% of pay periods beyond the currently stated amount (1,200 pay periods) as of November 11, 2021, then additional payment of \$158.33 (the equivalent of \$190,000 / 1,200) will be added to the Gross Settlement Amount per pay period that is beyond the 5%

10. "PAGA Period" means the time period from February 26, 2019 through November 11, 2021.

11. "PAGA Released Claims" with respect to the State of California and Participating PAGA Group Members (other than Plaintiff) means penalties related to wage and hour claims, rights, demands, liabilities and causes of action, whether known or unknown, arising during the PAGA Period, that were asserted or could have been asserted in the Action against Defendants based on the facts alleged or ascertained during the pendency of the Action, based on the alleged Labor Code violations alleged in the Action, including, the following categories: (a) any and all claims involving any alleged failure to pay overtime wages; (b) any and all claims involving any alleged failure to pay minimum wage; (c) any and all claims involving any alleged failure to keep accurate records or to issue proper wage statements to employees; (d) meal and rest periods; (e) failure to provide suitable seating; (f) failure to timely pay wages; (g) failure to reimburse business expenses. This release excludes the release of claims not permitted by law. The PAGA Released Claims expressly exclude all PAGA claims outside the PAGA Period and those not alleged in the Action.

12. "PAGA Group Members" means all individuals who are or were employed as commission based Outside Salespersons by Defendants in California for one or more pay periods from February 26, 2019 through November 11, 2021. Defendant represents there are 39 aggrieved employees during this Period.

13. "Administrator" means ILYM Group, Inc. retained by the parties to administer the settlement. The Administrator fee will be paid from the Gross Settlement Amount. The Administrator fee shall not affect and nothing shall increase the total amount Defendant will pay as part of the Gross Settlement Amount.

14. "Parties" means Plaintiff and Defendants.

15. "Plaintiff's Counsel" means James Hawkins, Esq., Gregory Mauro, Esq., and Michael Calvo, Esq. of James Hawkins APLC.

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II. RECITALS

1. Plaintiffs were employees of Defendants during the PAGA Period.
2. On February 26, 2020, Plaintiffs sent their LWDA Letter asserting claims for civil penalties pursuant to PAGA stemming from Defendants' alleged: Failure to Pay Minimum Wages; Failure to Pay Wages and Overtime; Failure to Provide Meal Periods or Meal Period Premiums; Failure to Provide Rest Periods of Rest Period Premiums; Failure to Reimburse for Necessary Business Expenditures; Failure to Issue Accurate and Itemized Wage Statements; Failure to Issue Semimonthly Payments; Failure to Keep Records; Failure to Provide Seating; and Waiting Time Penalties for Failure to Pay Wages When Employment Ends.
3. The Parties engaged formal discovery, informal discovery, exchanging information, documents and reviewing and analyzing extensive data made available by Defendants which enabled the parties to thoroughly evaluate Plaintiff's claims, the claims of the putative class or PAGA Group Members, Defendants' defenses, and the likely outcomes, risks and expense of pursuing litigation.
4. On November 12, 2021, the Parties engaged in mediation before mediator Kelly Knight. The Parties were able to agree to settle the claims following a full day of mediation.
5. The Parties agree a bona fide dispute exists as to whether any amount of penalties are due from Defendants to any California employees, including Plaintiff, and to the California Labor and Workforce Development Agency ("LWDA") and/or to any allegedly aggrieved employees.
6. Based on the discovery exchanged as well as their own independent investigation and evaluation, the Parties have considered the claims asserted by Plaintiff, the defenses asserted by Defendants, the risks associated with the continued prosecution of the Action, the cost of continued litigation through trial and appeals, and after considering all the circumstances, the Parties have concluded that the proposed settlement set forth in this Agreement is fair, adequate, and reasonable.
7. The Parties intend to fully and finally resolve the PAGA Released Claims as to Plaintiff and the PAGA Group Members.
8. The Parties further agree that the Agreement, the fact of this Settlement, any of the terms of this Agreement, and any documents filed in connection with the Settlement shall not constitute, or be offered, received, claimed, construed, or deemed as an admission, finding, or evidence of: (i) any wrongdoing by any Released Parties, (ii) any violation of any statute or law by Released Parties, (iii) any liability on the claims or allegations in the Action on the part of any Released Parties, (iv) any waiver of Defendants' right to arbitration or the enforceability of any arbitration agreement, or (v) the propriety of certifying a litigation class or collective (conditionally or otherwise) or pursuing representative relief under the PAGA in the Action or any other civil or administrative proceeding; and this Agreement shall not be used by any person or entity for any purpose whatsoever in any administrative or legal proceeding, including but not limited to arbitrations, other than a proceeding to enforce the terms of the Agreement.

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9. Within 30 days of full execution of this Settlement Agreement by all Parties and their counsel, Plaintiffs will file the Motion for Approval of the PAGA Settlement, as further addressed herein.

10. NOW, THEREFORE, IT IS HEREBY CONSENTED TO, AND AGREED, by Plaintiffs for themselves and on behalf of the State of California and aggrieved employees and by Defendants, that, subject to the approval of the Court and the LWDA, the Action shall be settled, compromised, and dismissed, on the merits and with prejudice, and the Released Claims shall be finally and fully compromised, settled and dismissed as to the Released Parties, in the manner and upon the terms and conditions hereafter set forth in this Agreement.

III. OPERATIVE TERMS OF SETTLEMENT AGREEMENT

The Parties agree as follows:

1. **Non-Admission.** Nothing in this Settlement Agreement shall be construed to be an admission by Plaintiff that the PAGA claims do not have merit or by Defendants of any liability or wrongdoing as to Plaintiff, the PAGA Group Members, or any other person, and Defendants specifically disclaim any such liability or wrongdoing. The Parties have entered into this Settlement Agreement with the intention to avoid further disputes and litigation with the attendant inconvenience, expenses, and risks. This Settlement Agreement and any related court documents or orders are not and may not be cited or admitted as evidence of liability.

2. **Settlement Amount.** Defendants shall pay the maximum Gross Settlement Amount of One Hundred and Ninety Thousand Dollars (\$190,000.00) in settlement of the Action. The Parties agree to allocate the Gross Settlement Amount as follows:

a. **PAGA Payment:** The PAGA Payment is the total of the Gross Settlement Amount, less the payments for the Attorneys' Fees, Attorneys' Expenses and the Administration Costs, which shall be paid in full settlement of the PAGA Released Claims. The PAGA Payment will be subject to Court approval consistent with Labor Code § 2699. Upon approval, the PAGA Payment shall be distributed as follows:

(1) One Hundred Percent (100%) of the PAGA Payment shall be paid as a Labor Code section 2699 payment with 75% of this amount being paid to the LWDA and 25% being paid to the Aggrieved Employees as their Individual PAGA Payments. Each Individual PAGA Payment shall be based on the number of pay periods each Aggrieved Employee worked during the PAGA Period as a percentage of the total pay periods worked by all Aggrieved Employees during the PAGA Period. This amount shall constitute resolution of all remedies available under Labor Code section 2699, and preclude pursuit by Aggrieved Employees of any PAGA Released Claims.

(2) The penalty settlement payments will be reported on IRS Form 1099s. The Parties acknowledge and agree that all payments under this Settlement Agreement as PAGA Payments are attributable as penalties. None are attributable as wages. Accordingly, the parties acknowledge and agree that Defendants are

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not responsible for any employer-side taxes in connection with any PAGA Payments under this Settlement Agreement.

(3) In the event the Court or LWDA increases the allocation of funds to the PAGA Payment, such increase shall come from the Gross Settlement Amount..

b. **Attorneys' Fees and Costs:** Defendant will not oppose Plaintiff's request for attorneys' fees up to 33.33% of the Gross Settlement Amount and reasonable costs. In the event this award is not approved by the Court, or a lesser amount is approved by the Court, the remainder will be included in the PAGA Payment.

c. **PAGA Administration:** Administrator's fee shall be paid from the Gross Settlement Amount. The Administrator's duties will include, among other things identified in this Agreement, a National Change of Address database search to update stale addresses prior to mailing Individual PAGA Payments and accompanying letters to PAGA Group Members; calculate the pro rata payment of penalties allocated to the PAGA Group Members, issue checks and IRS Form 1099's, and report such payments to the proper taxing authorities; format and print the letter accompanying the Individual PAGA Payment check; void Individual PAGA Payment checks after 180 days and transmit funds represented by such uncashed checks as provided for by this Agreement, and declarations as required by the Parties and the Court.

d. **Plaintiff's Service Payment:** Ten Thousand Dollars (\$10,000.00) shall be paid to each Plaintiff for resolution of their own individual claims and as a service award for initiation of and service as a representative of the State of California and of all other PAGA Group Members. Plaintiff will provide a general release and Civil Code 1542 waiver.

3. **Representative PAGA Release.** In Plaintiffs' capacity as a private attorney general and "aggrieved employee" acting on behalf of Plaintiffs' self, the State of California, and the PAGA Group Members, and in consideration of the PAGA Payment and Plaintiff's Service Payment, Plaintiffs hereby releases Defendants and Defendants' past, present and/or future, officers, board members, directors, employees, agents (including, without limitation, any investment bankers, accountants, insurers, reinsurers, attorneys and any past, present or future officers, directors and employees), representatives, attorneys, insurers, customers, partners, investors, shareholders, members, administrators, parent companies, subsidiaries, affiliates, divisions, predecessors, successors and/or assigns (the Released Parties) from any and all PAGA Released Claims that arose during the PAGA Period.

4. **Plaintiffs' Complete and General Release.** Upon complete execution of this Agreement by all Parties, Plaintiffs, for themselves only, generally, unconditionally, irrevocably and absolutely releases and discharges the Released Parties from any and all claims related in any way to the transactions or occurrences between them to date, to the fullest extent permitted by law, including, but not limited to, Plaintiffs' hiring by and employment with the Defendant, Plaintiff's compensation, wages, or pay of any kind related to the Defendant, and all other losses, liabilities, claims, charges, demands and causes of action, known or unknown, suspected or unsuspected, arising directly or indirectly out of or in any way connected with Plaintiffs' employment with the Defendant ("Plaintiffs' Complete and General Release"). Plaintiffs' Complete and General Release is intended to have the broadest possible application and includes, but is not limited to, any tort, contract, common law, constitutional or other statutory claims,

including, but not limited to alleged violations of California state law, the Fair Labor Standards Act, Title VII of the Civil Rights Act of 1964, the Equal Pay Act, the Americans with Disabilities Act, the Employee Retirement Income Security Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Occupational Safety and Health Act, the National Labor Relations Act, the Family and Medical Leave Act, the California Family Rights Act, the California Fair Employment and Housing Act, the California Labor Code, the California Constitution, the California Business and Professions Code, the California Industrial Welfare Commission Wage Orders, the California Government Code, as well as any amendments to those laws, and all claims for attorneys' fees, costs and expenses. This release of Plaintiffs' Complete and General Release unconditionally, irrevocably and absolutely releases and discharges the Released Parties from any claim that Plaintiff could maintain in any action against any Released Party at the time of the execution of this Settlement Agreement. Notwithstanding the foregoing, this waiver and release of claims does not extend to any rights which as a matter of law cannot be waived and released by private agreement, including rights to sue to enforce this Agreement and rights to unemployment benefits and workers' compensation benefits.

5. **Plaintiffs' Waiver of Rights Under California Civil Code Section 1542.** As partial consideration for the Plaintiffs' Service Payment, the Plaintiffs' Complete and General Release shall include all such claims, whether known or unknown by the releasing party. Thus, even if Plaintiffs discover facts and/or claims in addition to or different from those that he now knows or believes to be true with respect to the subject matter of the Plaintiffs' Complete and General Release, those claims will remain released and forever barred. Therefore, with respect to Plaintiffs' Complete and General Release, Plaintiffs expressly waives and relinquishes the provisions, rights and benefits of section 1542 of the California Civil Code, which reads:

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.

6. **Settled Claims.** Upon entry of the Order approving this settlement, Plaintiff and all PAGA Group Members will be forever barred from pursuing the PAGA Released Claims against Defendants during the PAGA Period.

7. **Confidentiality.** Neither Plaintiff nor Plaintiffs' Counsel shall issue a press release, or hold a press conference about the settlement and should they be asked to comment, shall respond that the Action has been resolved and to look to the Court's file for further information.

8. **No Right to Opt Out or Object.** The Parties agree there is no statutory right for any PAGA Settlement Group Member to object, opt out or otherwise exclude himself or herself from the Settlement. The Parties further agree there is no right or opportunity for any PAGA Settlement Group Member to appeal the approval of the Settlement by the Court.

9. **Waiver of Right to Appeal.** Provided that the Judgment is consistent with the material terms of this Agreement, Plaintiff, Defendants, and their respective counsel hereby waive any and all rights to appeal from the Judgment, including all rights to any post-judgment proceeding and appellate proceeding, such as a motion to vacate judgment, a motion for new

trial, and any extraordinary writ, and the Judgment therefore will become non-appealable at the time it is entered. The waiver of appeal does not include any waiver of the right to oppose any appeal, appellate proceedings or post-judgment proceedings. This paragraph does not preclude Plaintiffs or Plaintiffs' Counsel from appealing from a refusal by the Court to award the Plaintiff's Counsel attorneys' fees and/or costs sought by them. If an appeal is taken, the time for consummating the Settlement (including making payments under the Settlement) will be suspended until such time as their appeal is finally resolved and the Judgment becomes Final, as defined in this Agreement.

10. **Motion for Approval of PAGA Settlement by Plaintiff's Counsel.** The Parties recognize that in accordance with Labor Code Section 2699(I) 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* (2009) 46 Cal.4th 969, 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. Instead, to comply with the requirements of Labor Code Section 2699(I), Plaintiff shall file a Motion for Approval of the PAGA Settlement requesting that the Court approve the amount of the PAGA Penalties provided for by this Settlement ("PAGA Approval Motion"). Upon filing the motion for settlement approval, Plaintiff will also serve the LWDA with notice of the settlement as required by applicable law. At least seven (7) days prior to the deadline for filing, Plaintiff's counsel will provide the Motion for Approval of PAGA Settlement to counsel for Defendants' counsel to review and approve before it is filed. The Parties agree that Plaintiff will submit the Proposed Final Judgment and Order of Final Approval and Dismissal with Prejudice (retaining jurisdiction in the Court to enforce per CCP 664.6) ("Final Order") which will be approved by both counsel for Defendants and for Plaintiff prior to Plaintiff's filing.

11. The proposed PAGA Settlement is contingent upon the approval by the Court. If the Court should fail to approve this Settlement in the form agreed to by the Parties, the Parties agree to coordinate efforts to address the Court's questions or concerns and resubmit the Approval Stipulation or motion. If, after the Parties are unable to obtain approval of the terms of the Settlement, or (b) the Court's approval of this Settlement is reversed, modified, or declared or rendered void, then (i) this Settlement shall be considered null and void; (ii) neither this Settlement nor any of the related negotiations or proceedings shall be of any force or effect; and (iii) all Parties to this Settlement shall stand in the same position, without prejudice, as if the Settlement had been neither entered into nor filed with the Court. Invalidity of any material portion of this Settlement, except for the amount of attorneys' fees and costs, shall invalidate this Settlement in its entirety unless the Parties shall subsequently agree in writing that the remaining provisions shall remain in full force and effect. The Approval Motion will request the Court to approve the amount of the PAGA Penalties, dismiss the Operative Complaint with Prejudice, and enter judgment.

12. Within thirty (30) days of the full execution of this Agreement, Plaintiff will file the Motion for Approval of PAGA Settlement, together with the proposed PAGA Group Letter (defined in section IV. 3. *infra*), and Final Order Approving the PAGA Settlement, but only after Defendants' opportunity for review of all said documents and approval thereof in writing.

13. **Termination of Settlement Agreement.** If the Court does not approve this settlement, or if the Court does not enter judgment as provided for in this Settlement Agreement,

or if appellate review is sought and on such review the Court's decision is materially modified or reversed, or if one or more of the terms of the Settlement Agreement are not approved or is materially modified or reversed or found to be invalid, then Defendants shall have the right within twenty-one (21) days of written notice thereof to elect to terminate the Settlement Agreement, in which event it shall have no force or effect, and the Parties shall be deemed to have reverted to their respective status as of the date and time immediately prior to the execution of this Settlement Agreement.

14. **Final Order.** Plaintiff shall submit to the Court a proposed Final Order together with the Joint Motion for Approval of PAGA Settlement mutually agreed to by the Parties. This Settlement Agreement is expressly conditioned upon the Court entering the Final Order in its entirety. Defendant's must review and approve of the Final Order before it is submitted to the Court.

15. **Payment.** Defendant shall tender the Gross Settlement Amount to the Administrator within one-hundred twenty days (120) days of receipt of the signed Final Order and Judgment entered by the Court.

IV. ADMINISTRATION OF SETTLEMENT

1. Following Court approval of the PAGA Settlement, Administrator, will administer the PAGA Settlement and distribute the Gross Settlement Amount as provided for by this Agreement.

2. The PAGA Payment will be allocated as provided by Labor Code §2699(i), with 75% paid to the LWDA, and 25% distributed to PAGA Group Members on a proportionate basis, based upon the number of Pay Periods each worked during the PAGA Period.

3. Within thirty (30) days of receipt of Gross Settlement Amount the Administrator will issue to the PAGA Group Members, their Individual PAGA Payment together with a letter explaining the Individual PAGA Payment ("PAGA Group Letter") which is in a form substantially similar to **Exhibit "A"** which will be approved by both counsel for Defendant and for Plaintiff. The Individual PAGA Payment and letter will be mailed to the PAGA Group Members' last-known home address or as updated by the Administrator following the NCOA database search. Individual PAGA Settlement checks will remain active for one hundred and eighty (180) days. Any check returned as non-deliverable on or before the cashing deadline will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto. Funds represented by settlement checks returned as undeliverable and those settlement checks remaining uncashed for more than one hundred and eighty (180) days after issuance will be tendered to the State of California Controller Unclaimed Property Fund ("UPF") for further handling on behalf of the PAGA Group Members. The Individual PAGA Payments shall be deemed penalties and shall be reported using IRS tax form 1099.

4. After the distribution of the Individual PAGA Payment, the balance of the Gross Settlement Amount shall be paid as follows:

a. Within fourteen (14) calendar days of the distribution of the Individual PAGA Payment, the Administrator will pay Plaintiff's counsel the attorneys' fees and costs in

the amounts set forth in paragraph III.2(b) above to the extent it is approved by the Court.

b. Within fourteen (14) calendar days of the distribution of the Individual PAGA Payment, the Administrator shall pay the LWDA its share of the PAGA Payment.

5. Following distribution of the Gross Settlement Amount, the Administrator will provide a declaration to the Parties regarding the distribution to be filed with the Court.

6. Defendants make no representations or warranties with respect to tax consequences of any payment under this Settlement Agreement.

V. MISCELLANEOUS PROVISIONS

1. **Drafting.** The Parties agree that the terms and conditions of this Settlement Agreement are the result of lengthy, intensive, arm's-length negotiations between the Parties and that neither Party shall be considered the "drafter" of this Settlement Agreement for purposes of having terms construed against that Party.

2. **Successors.** This Settlement Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators and successors.

3. **Costs and Fees.** The Parties shall each bear their own costs, attorneys' fees, mediator fees, and other fees incurred in connection with this Agreement and in connection with the Action and Plaintiff's claims, except as otherwise set forth specifically herein.

4. **Authority.** Defendants represent and warrant that the undersigned has the authority to act on behalf of Defendants and to bind Defendants to the terms of this Agreement. Plaintiff and his counsel represent and warrant that Plaintiff has the capacity to act on behalf of the State of California as a private attorney general under PAGA to bind them to the terms and conditions of this Agreement.

5. **Governing Law.** This Agreement shall be construed under and governed by the laws of the State of California. This Agreement shall be deemed to have been entered into in San Diego, California and all questions of validity, interpretation or performance of any of its terms or of any rights or obligations of the Parties to this Agreement shall be governed by California law. If any legal or equitable action or arbitration is necessary to enforce the terms of this Agreement, it shall be brought in the State of California, County of San Diego.

6. **Complete Agreement.** The Parties each acknowledge and represent that no promise or representation not contained in this Settlement Agreement has been made to them and acknowledge and represent that this Settlement Agreement contains the entire understanding between them and contains all terms and conditions pertaining to the compromise and settlement of the claims. This Settlement Agreement cannot be amended or modified except by a writing signed by the Parties hereto.

7. **Nullification of Settlement Agreement.** In the event that: (i) the Court does not approve the Settlement as provided herein; or (ii) the Settlement does not become final for any other reason, then this Settlement Agreement, and any documents generated to bring it into

effect, will be null and void, and the Parties will be returned to their original respective positions.

8. **Judgment and Continued Jurisdiction.** After approval of this settlement, the Court will have continuing jurisdiction solely for purposes of addressing: (i) the interpretation and enforcement of the terms of the Settlement, (ii) settlement administration matters, and (iii) matters as may be appropriate under court rules or as set forth in this Settlement.

9. **Entire Agreement.** This Settlement Agreement constitutes the entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral agreements may be deemed binding on the Parties.

10. **Amendment or Modification.** This Settlement Agreement may be amended or modified only by a written instrument, signed by either the Parties or their successors-in-interest or counsel for all Parties.

11. **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 Settlement Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Settlement Agreement to effectuate its terms and to execute any other documents required to effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to effect the implementation of the Settlement. If the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of the Court to resolve such disagreement.

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

13. **California Law Governs.** All terms of this Settlement Agreement and Exhibits hereto will be governed by and interpreted according to the laws of the State of California.

14. **Execution and Counterparts.** This Settlement Agreement is subject only to the execution of all Parties. However, the Settlement Agreement may be executed in one or more counterparts. All executed counterparts and each of them, including facsimile and scanned copies of the signature page, will be deemed to be one and the same instrument provided that counsel for the Parties will exchange among themselves original signed counterparts.

15. **Acknowledgement that the Settlement is Fair and Reasonable.** The Parties believe this Settlement Agreement is a fair, adequate, and reasonable settlement of the Action and have arrived at this Settlement after arm's-length negotiations by experienced counsel. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Settlement.

16. **Invalidity of Any Provision.** Before declaring any provision of this Settlement Agreement invalid, the Court will first attempt to construe the provision as valid to the fullest extent possible consistent with applicable precedents so as to define all provisions of this

Settlement Agreement valid and enforceable.

17. **Severability.** If any term or provision of this Agreement is held to be invalid or unenforceable, the remaining portions of this Agreement will continue to be valid and will be performed, construed, and enforced to the fullest extent permitted by law, and the invalid or unenforceable term will be deemed amended and limited in accordance with the intent of the Parties, as determined from the face of the Agreement, to the extent necessary to permit the maximum enforceability or validation of the term or provision.

18. **Waiver.** No waiver of any condition or covenant contained in this Settlement Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a further waiver by such party of the same or any other condition, covenant, right or remedy.

19. **Taxes.** The Parties make no representation as to the tax treatment or legal effect of the payments called for hereunder, and the Plaintiff and the PAGA Group members are not relying on any statement, representation, or calculation by any of the Parties or by the Settlement Administrator in this regard. Plaintiff and the PAGA Group members understand and agree that they will be solely responsible for the payment of any taxes and penalties assessed on the payments described herein and will hold Plaintiff, Plaintiff's Counsel, Defendant, Defendant's counsel and the Released Parties free and harmless from and against any claims resulting from the tax treatment of payments under this Agreement. Plaintiff and PAGA Group members acknowledge and agree that no provision of this Settlement, and no written communication or disclosure between or among the Parties or their attorneys and other advisers, is or was intended to be, nor will 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 C.F.R. Part 10, as amended).

20. **Enforcement Action.** In the event that one or more of the Parties institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement or to declare rights and/or obligations under this Settlement, the successful Party or Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

21. **Guarantee:** Kermanig, Inc. and Kermanig, LLC. collectively ("Kermanig") will guarantee payments for HK Staffing Agency. HK Staffing Agency, Inc. will have a judgment entered against it guaranteed by Kermanig, Inc. No judgment shall be entered against Kermanig.

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

23. **Representation By Counsel.** The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Settlement

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Agreement, and that this Settlement Agreement has been executed with the consent and advice of counsel, and reviewed in full.

24. **Cooperation and Execution of Necessary Documents.** All Parties will cooperate in good faith and execute all documents to the extent reasonably necessary to effectuate the terms of this Settlement Agreement.

25. **Binding Agreement.** The Parties warrant that they understand and have full authority to enter into this Settlement, and further intend that this Settlement Agreement will be fully enforceable and binding on all Parties, and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under federal or state law.

26. **Denial of Liability.** The Parties expressly recognize that the making of this agreement does not in any way constitute an admission or concession of wrongdoing on the part of Defendant. Nothing in this Settlement, nor any action taken in implementation thereof, nor any statements, discussions or communications, nor any materials prepared, exchanged, issued or used during the course of this Action, is intended by the Parties to, nor will any of the foregoing constitute, be introduced, be used or be admissible in any way in any other judicial, arbitral, administrative, investigative or other forum or proceeding, as evidence of any violation of any federal, state, or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity. Notwithstanding the foregoing, this agreement may be used in any proceeding in the Court that has as its purpose the interpretation, implementation, or enforcement of the Settlement or any orders or judgments of the Court entered into in connection therewith.

26. **Authorization and Voluntary Agreement**

Each of the Parties represents and warrants that (a) they are fully authorized to enter into this Agreement; (b) they have read and fully understand each of the provisions of this Agreement; (c) they have had the opportunity to rely, and/or have relied, upon the advice and representation of their legal counsel of their own choosing in entering into this Agreement; (d) they have signed the Agreement voluntarily, without any duress or undue influence on the part, or on behalf, of any Party; and (e) the terms of this Agreement are contractual and not merely recitals. **Plaintiffs hereby are advised not to sign this Agreement before consulting with legal counsel.**

IN WITNESS THEREOF, the Parties each acknowledge that she/he/it has read the foregoing Settlement Agreement, accepts and agrees to the provisions contained in this Settlement Agreement and hereby executes it voluntarily and with full understanding of its consequences.

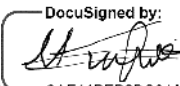
PLAINTIFFS:

Dated: 1/24, 2022

By:

DocuSigned by:
Jose Velazquez
E441DA518FCF498...
~~John Velasquez~~
Jose Velasquez

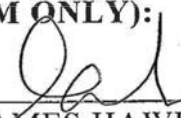
Dated: 01_25, 2022

DocuSigned by:

CAE11BEB2BC04A6...
By: Haroutoun Tufenkjian

PLAINTIFF'S COUNSEL (AS TO FORM ONLY):

Dated: January 24, 2022

By:


JAMES HAWKINS
GREGORY MAURO
MICHAEL CALVO
JAMES HAWKINS, APLC

DEFENDANT:

Dated: 01-22, 2022

By:


HK STAFFING AGENCY, INC.

By: Joe Kabadayan
Its: President

GUARANTOR

Dated: 01-22, 2022

By:


KERMANIG, INC. AND KERMANIG, LLC.
COLLECTIVELY ("KERMANIG") AS
GUARANTOR OF PAYMENTS FOR HK
STAFFING AGENCY, INC.

By: Joe Kabadayan
Its: President

DEFENDANTS' COUNSEL (AS TO FORM ONLY):

Dated: 01/22, 2022

By:

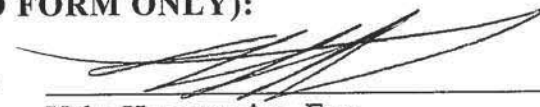

Vahe Hovanessian, Esq.

EXHIBIT A TO PAGA SETTLEMENT AGREEMENT

MJon Velasquez, et. al. v. HK Staffing, Inc., et al.
Superior Court of California, County of Los Angeles
Case No. 20-STCV-17127

[Date____, 2022]

PAGA EMPLOYEE NAME
ADDRESS

You have received the enclosed check in connection with the Settlement of the above-referenced lawsuit brought by former employees John Velasquez and Haroutioun Tufenkjian. On February 26, 2020, Plaintiffs sent their LWDA Letter asserting claims for civil penalties pursuant to PAGA stemming from Defendant HK Staffing, Inc. alleged: Failure to Pay Minimum Wages; Failure to Pay Wages and Overtime; Failure to Provide Meal Periods or Meal Period Premiums; Failure to Provide Rest Periods of Rest Period Premiums; Failure to Reimburse for Necessary Business Expenditures; Failure to Issue Accurate and Itemized Wage Statements; Failure to Issue Semimonthly Payments; Failure to Keep Records; Failure to Provide Seating; and Waiting Time Penalties for Failure to Pay Wages When Employment Ends

HK Staffing, Inc. denies, and continues to deny, all allegations and liability, but to avoid further time and expense of protracted and uncertain litigation, HK Staffing, Inc. and Plaintiffs have agreed to settle the lawsuit for civil penalties. The settlement, approved by the Court on [DATE], resolves the alleged claims brought on behalf of all individuals who are or were employed as commission based Outside Salespersons by Defendants in California for one or more pay periods from February 26, 2019 through November 12, 2021. ("PAGA Group").

Pursuant to the Court's Order, a payment of \$190,000.00 was approved in settlement of this lawsuit. After accounting for Plaintiffs' Counsel's attorneys' fees of \$66,666.67 and reimbursement of litigation costs of \$_____, administration expenses to \$5,000, and \$10,000 each as service awards and individual settlement Plaintiffs, the remaining sum called the "PAGA Payment" will be divided pursuant to California law as follows: \$_____ (75%) to the State of California Labor Workforce Development Agency and \$_____ (25%) to all PAGA Group employees to be shared on a proportionate basis. The enclosed check represents your share based upon the number of Pay Periods you worked any time during the period from February 26, 2019 and [DATE] ("PAGA Period"). An IRS 1099 form is enclosed. You will be solely responsible for paying federal, state, or local taxes, if any, on the amount of your check.

Regardless of whether you negotiate the enclosed check, by way of this Settlement and the corresponding Judgment and Final Order, for the PAGA Period, each PAGA Group member shall fully release **HK Staffing Agency, Inc.** for all claims for civil penalties under PAGA as alleged in Plaintiff's February 26, 2020 correspondence to the Private Attorneys General Act ("PAGA") Administrator of the California Labor and Workforce Development Agency (the "LWDA Letter") and Plaintiff's Operative Complaint filed in this Action or reasonably could have been asserted under Labor Code § 2698 et seq. based upon the facts alleged in the LWDA Letter and Plaintiff's Complaint filed in this Matter.

The enclosed check is valid for 180 days from the date of issuance. **It is strongly recommended that you cash or deposit this check immediately.** After 180 days of issuance, the check will become void and the amount forwarded to the State of California Controller's Office Unclaimed Property Division for further handling. If the

check is lost or misplaced, please contact the Administrator immediately, toll-free (800) _____ to have it reissued. If you have any questions about your check, please contact the [insert administrator information].

EXHIBIT B

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Matter Billing Detail

JAMES HAWKINS APLC

Date Range: 01/01/1900 to 03/16/2022
Client: KERMANIG002 - Jose Velazquez
Matter: UPDIKE002 - Kermanig Bakery-PAGA- Velazquez, Haroutioun Tufenkjian v. Kermanig Bakery

Date	Expense Code	Description	Debit	Credit	Billing Status	On Hold	Invoice Number	Check Number	Payee
Balance Forward:									
05/01/2020	FST	First Legal Network - Filing, Complaint, Summons, Civil Sheet, Ci IN#30128864	\$1,648.95		Unbilled				
05/08/2020	FST	First Legal Network - Filing, Amended Summons IN#30128864	\$52.25		Unbilled				
06/30/2020	FST	First Legal Network- SERVED- PAGA Complaint, Civil Case Cover Sheet IN#30131279	\$152.36		Unbilled				
06/30/2020	FST	First Legal Network- SERVED- PAGA complaint; civil case cover sheet; FILED- ntc and acknowledgement of receipt IN#30133807	\$436.11		Unbilled				
08/13/2020	FST	First Legal Network - Filed, FAC IN#30136335	\$59.25		Unbilled				
10/19/2020	FST	First Legal Network - Case Management Statement (e-filing); FAC (e-filing) IN#30141510	\$91.25		Unbilled				
11/02/2020	CCL	Court Call- Case management Conf 11/3/20 MJM	\$15.00		Unbilled				
11/10/2020	CCL	Court Call - LACourtConnect 11.03.2020 Case management conference for MJM	\$15.00		Unbilled				
02/10/2021	FED	FED EX - Returning Paystubs to Client	\$21.24		Unbilled				
02/11/2021	FST	First Legal Network - E-Filing, Notice of case reassignment IN#30151807	\$36.20		Unbilled				
03/02/2021	FST	First Legal Network - E-Filing, case management statement , PDF Courtesy, case management statement , IN#30154513	\$65.95		Unbilled				
03/03/2021	CCL	Court Call - 03.04.2021 Trial Setting Conference for MC	\$15.00		Unbilled				
11/16/2021	FST	First Legal Network - E-file: Joint Stipulation and Proposed Order - IN #30179004	\$58.20		Unbilled				
12/16/2021	FST	First Legal Network - E-Filing, ntc of continuance IN#30182125	\$36.20		Unbilled				
12/21/2021	EXA	Expert Analysis IN#5262 CK#9701	\$437.50		Unbilled				
01/03/2022	FST	First Legal Network - E-Filing, joint stipulation and [proposed] order, IN #30185317	\$59.70		Unbilled				

Matter Billing Detail

JAMES HAWKINS APLC

Date	Expense Code	Description	Debit	Credit	Billing Status	On Hold	Invoice Number	Check Number	Payee
02/16/2022	FST	First Legal Network - E-Filing, case management statement IN#30188503	\$37.70		Unbilled				
Total:			\$3,237.86	\$0.00					
Balance:			\$3,237.86						
Total Fees Billed:-----			\$0.00						
Total Fees Unbilled :-----			\$0.00						
Total Fees Received :-----			\$0.00						
Total Soft Cost Billed :-----			\$0.00						
Total Soft Cost Unbilled :-----			\$0.00						
Total Soft Cost Received :-----			\$0.00						
Total Hard Cost Billed :-----			\$0.00						
Total Hard Cost Unbilled :-----			\$3,237.86						
Total Hard Cost Received :-----			\$0.00						
Total Taxes Billed :-----			\$0.00						
Total Taxes Unbilled :-----			\$0.00						
Total Taxes Received :-----			\$0.00						
Total Late Charges Billed :-----			\$0.00						
Total Late Charges Unbilled:-----			\$0.00						
Total Late Charges Received :-----			\$0.00						
Trust Balance: -----			\$0.00						

Matter Billing Detail

JAMES HAWKINS APLC

Date Range: 01/01/1900 to 03/16/2022
Client: KERMANIG001 - Haroutioun D. Tufenkjian
Matter: JRH 3696 - Kermanig Bakery - Jose Velazquez, Haroutioun Tufenkjian v. Kermanig Bakery

Report Date: 3/16/2022
Report Time: 3:44PM
Page: 1 of 2
User ID: Adams

Date	Expense Code	Description	Debit	Credit	Billing Status	On Hold	Invoice Number	Check Number	Payee
Balance Forward:									
02/26/2020	FST	First Legal Network Filing complaint, summons, civil sheet, ci IN#30123463	\$1,648.95		Unbilled				
02/27/2020	FIL	Filing Fee- LWDA CK#8498	\$75.00		Unbilled				
03/20/2020	FST	First Legal Network - Personal Delivery, Complaint, Summons, Civ Cover Sheet, Complaint, Summons, Civ Cover Sheet IN#30125956	\$250.19		Unbilled				
04/01/2020	FST	First Legal Network - Filing, Proof of Service (2) IN#30127479	\$52.25		Unbilled				
06/12/2020	POS	Postage- LWDA Certified Mail	\$26.97		Unbilled				
06/19/2020	FST	First Legal Network- Request for Dismissal, Proposed Order IN#30131279	\$52.25		Unbilled				
07/01/2020	FST	First Legal Network- FILED- Notice of minute order IN#30133807	\$52.25		Unbilled				
02/10/2021	POS	Postage - Cert Mail to Tufenkjian re Contact	\$6.96		Unbilled				
02/10/2021	FED	FED EX to Plf Jose Velazquez for production of documents and return fed ex to our office	\$39.11		Unbilled				
10/12/2021	MED	Mediation Services - Mediation , CK#9544	\$5,150.00		Unbilled				
Total:			\$7,353.93						\$0.00
Balance:			\$7,353.93						

Matter Billing Detail

JAMES HAWKINS APLC

Date	Expense Code	Description	Debit	Credit	Billing Status	On Hold	Invoice Number	Check Number	Payee
Total Fees Billed:-----			\$0.00						
Total Fees Unbilled :-----			\$0.00						
Total Fees Received :-----			\$0.00						
Total Soft Cost Billed :-----			\$0.00						
Total Soft Cost Unbilled :-----			\$0.00						
Total Soft Cost Received :-----			\$0.00						
Total Hard Cost Billed :-----			\$0.00						
Total Hard Cost Unbilled :-----			\$7,353.93						
Total Hard Cost Received :-----			\$0.00						
Total Taxes Billed :-----			\$0.00						
Total Taxes Unbilled :-----			\$0.00						
Total Taxes Received :-----			\$0.00						
Total Late Charges Billed :-----			\$0.00						
Total Late Charges Unbilled:-----			\$0.00						
Total Late Charges Received :-----			\$0.00						
Trust Balance:-----			\$0.00						

EXHIBIT C

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ILYM | GROUP, Inc.

SETTLEMENT ADMINISTRATION EXPERTS

Case Name: Kermanig

Wednesday, March 16, 2022

Requesting Attorneys Name:

Greg Mauro

E-Mail:

greg@jameshawkinsaplc.com

ILYM Contact:

Sean Hartranft

E-Mail:

Sean@ilymgroupclassaction.com

Contact Number:

949.690.2564

ASSUMPTIONS	
Total Estimated Number of Aggrieved Employees	50
NCOA	Yes
Certified Spanish Translations	No
Case Duration (Years)	1

Activity	Rate Type	Unit Cost	Volume	Amount
CASE STARTUP				
Initial Setup - Import and Formatting of Data*	Hourly	\$150.00	1	\$150.00
Project Manager (Case notification and maintenance)	Hourly	\$120.00	3	\$360.00
NCOA	Flat Rate	\$22.50	1	\$22.50
Toll-Free Telephone Support	Flat Rate	\$45.00	1	\$45.00
Subtotal				\$577.50

*ILYM assumes that data will be in a standard format. Client will be notified immediately if not in standard format to correct data or ILYM can convert to standard format @ \$150.00 per hour.

DISTRIBUTION (Includes EIN, Bank Acct /QSF Setup)*				
Distribution Setup & Management	Hourly	\$150.00	2	\$300.00
Account Reconciliation & Distribution Reporting	Hourly	\$125.00	2	\$250.00
Check Stub & Release, English & Spanish (including 1099)	Per Check	\$2.00	50	\$100.00
USPS First Class 1oz Postage	Per Piece	\$0.55	50	\$27.50
Remails (Forward/Skip Trace Undeliverables)	Per Piece	\$2.00	10	\$20.00
Preparation of Taxes	Hourly	\$125.00	5	\$625.00
Annual Filing of Tax Return	Per Year	\$650.00	1	\$650.00
Subtotal				\$1,972.50

*Additional Bank fees may apply

CASE CONCLUSION				
Data Manager Final Reporting	Hourly	\$100.00	2	\$200.00
Declaration	Hourly	\$125.00	2	\$250.00
Subtotal				\$450.00

WILL NOT EXCEED: \$3,000.00

Terms and Conditions

All services to be provided by ILYM Group, Inc. (hereinafter, "ILYM") to Client shall be subject to the following terms and conditions:

Services: Subject to the terms hereof, ILYM agrees to provide the Client with Administration Services (hereinafter, "services") as specified in the Proposal provided to Client to which these Terms and Conditions are attached. The estimate is in good faith and does not cover any applicable taxes and fees. The estimate does not make provision for any services or class members/size not delineated in the request for proposal or stipulations. Such services do not in any way constitute legal services or advice. ILYM is performing its services as an Independent Contractor and neither it nor its employees shall be deemed to be employees of the Client.

Mailing and Data Conversion: ILYM's database administration assumes the Client will provide complete data that includes all information required to send notifications and complete the administration process. Data must be provided in a complete, consistent, standardized electronic format. ILYM's standard format is Microsoft Excel, however, ILYM may accept other formats at its discretion. Further developments or enhancements to non-standardized data will be billed to Client by ILYM on a time and materials basis, according to ILYM's Standard Rates.

Charges for Services: Charges to the Client for services shall be on a time and materials basis at our prevailing rates, as the same may change from time to time. Any fee estimates set forth in the proposal are estimates only, based on information provided by Client to ILYM. Actual fees charged by ILYM to Client may be greater or less than such estimate, and Client shall be responsible for the payment of all such charges and expenses in accordance with Section 5 hereof. Charges incurred related to resolving post distribution withholdings and related corrective files due to voids and re-issues of payments and related correspondence with state and federal taxing authorities will not be charged to the Client to the extent that funds are received from the taxing authorities offset these charges. ILYM may derive financial benefits from financial institutions in connection with the deposit and investment of settlement funds with such institutions, including without limitation, discounts on eligible banking services and fees, and loans at favorable rates.

Indemnification: Client will indemnify and hold ILYM (and the officers, employees, affiliates and agents harmless against any Losses incurred by ILYM, arising out of, in connection with, or related to (i) any breach of the terms by Client; (ii) the processing and handling of any payment by ILYM in accordance with Client's instructions, including without limitation, the imposition of any stop payment or void payment on any check or the wrongful dishonor of a check by ILYM pursuant to Client's instructions.

Payment of Charges: ILYM reserves the right to request payment of postage charges and 50% of the final administration charges at the start of the case. ILYM bills are due upon receipt unless otherwise negotiated and agreed to with the Client. In the event settlement terms provide that ILYM is to be paid out of the Settlement Fund, ILYM will request that Counsel endeavor to make alternate payment arrangements for ILYM charges that are due at the onset of the case. The entire remaining balance is due and payable at the time the Settlement Account is funded by, or no later than the time of disbursement. Decisions of the court and actions of the parties, including disapproval or withdrawal of a settlement, do not affect the Client's liability to ILYM for payment of services. Services are not provided on a contingency fee basis.

Confidentiality: ILYM maintain reasonable and appropriate security measures and safeguards to protect the security and confidentiality of Client data provided to ILYM by Client in connection herewith. Should ILYM ever be notified of any judicial order or other proceedings in which a third party seeks to obtain access to the confidential data created by or for the Client, ILYM will promptly notify the Client, unless prohibited by applicable law. The Client shall have the option to (1) provide legal representation at the Client's expense to avoid such access or (2) promptly reimburse ILYM for any of its costs, including attorneys' fees, reasonably incurred in avoiding, attempting to avoid or providing such access and not paid by the entity seeking the data. If ILYM is required, pursuant to a court order, to produce documents, disclose data, or otherwise act in contravention of the obligations imposed by this Agreement, or otherwise, with respect to maintaining the confidentiality, proprietary nature and secrecy of the produced documents or disclosed data, ILYM will not be liable for breach of said obligation.

Data Rights: ILYM does not convey nor does the Client obtain any right in the programs, system data, or materials utilized or provided by ILYM in the ordinary course of business in the performance of this Agreement.

Document Retention: Unless directed otherwise in writing by Client, ILYM will destroy undeliverable mail on the effective date of the settlement or the date that the disposition of the case is no longer subject to appeal or review, whichever is later. ILYM will maintain claim forms and other correspondence for one year after final distribution of funds or benefits, or until the date that the disposition of the case is no longer subject to appeal or review, whichever is later.

Limitation of damages: ILYM is not responsible to the Client for any special, consequential or incidental damages incurred by Client. Any liability of ILYM to the Client shall not exceed the total amount billed to the Client for the particular services that give rise to any loss.

Termination: The services to be provided under this Agreement may be terminated, at will by the Client upon at least 30 calendar days' prior written notice to ILYM. The Client's obligation to pay for services or projects in progress at the time of notice of withdrawal shall continue throughout that 30 day period. ILYM may terminate this Agreement (i) with 10 calendar days' prior written notice, if the Client is not current in payment of charges or (ii) in any event, upon at least 3 months' prior written notice to the Client.

Notice: Any notice required or permitted hereunder shall be in writing and shall be delivered personally, or sent by registered mail, postage prepaid, or overnight courier service to the responsible officer or principal of ILYM or the Client, as applicable, and shall be deemed given when so delivered personally, or, if mailed, five days after the date of deposit in United States mail, or, if sent by courier, one business day after delivery to such courier service.

Force Majeure: To the extent performance by ILYM of any of its obligations hereunder is substantially prevented by reason of any act of God or by reason of any other matter beyond ILYM's reasonable control, then such performance shall be excused and this Agreement, at ILYM's option, be deemed suspended during the continuation of such condition and for a reasonable time thereafter.

Waiver of Rights: No failure or delay on the part of a party in exercising any right hereunder will operate as a waiver of, or impair, any such right. No single or partial exercise of any such right will preclude any other or further exercise thereof or the exercise of any other right. No waiver of any such right will be effective unless given in a signed writing.

Jurisdiction: The parties hereto submit to the jurisdiction of the Court of the applicable case for purposes of any suit, action or proceeding to enforce any provision of, or based on any right arising out of, this Agreement. The parties hereto hereby waive any objection to the laying of venue of any such suit, action or proceeding in the Court.

Entire Agreement: These terms and conditions and the proposal embody the entire agreement between the parties with respect to the subject matter hereof, and cancels and supersedes all prior negotiations, representations, and agreements related thereto, either written or oral, except to the extent they are expressly incorporated herein. No changes in, additions to, or waivers of, the terms and conditions set forth herein will be binding upon any party, unless approved in writing by such party's authorized representative.