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8 Attorneys for Plaintiff Ruben Vargas, individually,
and on behalf of all others similarly situated.

9 *[Additional counsel listed on following page]*

10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
11 **FOR THE COUNTY OF LOS ANGELES**
12

13 RUBEN VARGAS, individually and on behalf of
14 all others similarly situated,

15 Plaintiffs,

16 vs.

17 FAULT LINE LOGISTICS, LLC; and DOES 1
18 through 20, inclusive,

19 Defendants.
20
21
22

Case No. 20STCV20408

Assigned for all purposes to:
Hon. Steven J. Kleifield, Dept. 57

23 **JOINT STIPULATION OF SETTLEMENT**
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25
26
27
28

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11 Attorneys for Defendant Fault Line Logistics, LLC
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1 It is stipulated and agreed by and among the undersigned Parties, subject to the approval of
2 the Court pursuant to the California Rules of Court, that the Settlement of this Action shall be
3 effectuated upon and subject to the following terms and conditions. Capitalized terms used herein
4 shall have the meanings set forth in Article I or as defined elsewhere in this Joint Stipulation of
5 Settlement (“Agreement” or “Settlement”).

6 This Agreement is made by and between Named Plaintiff Ruben Vargas (“Named Plaintiff”) and the Class Members, on the one hand, and Defendant Fault Line Logistics, LLC (“Fault Line” or
7 “Defendant”), on the other hand. Named Plaintiff and Defendant collectively are referred to in this
8 Agreement as “the Parties.”

9 The Parties agree that the Action shall be, and hereby is, ended, settled, resolved, and
10 concluded by agreement of Defendant to pay the settlement amount of Two Million Five Hundred
11 Thousand Dollars (\$2,500,000.00) as provided in Section 3.06(a) below (“Gross Settlement
12 Amount”) pursuant to the terms and conditions of this Agreement and for the consideration set forth
13 herein, including but not limited to, a release of all claims by Named Plaintiffs and the Class Members
14 as set forth herein.

15 **ARTICLE I**

16 **DEFINITIONS**

17 Unless otherwise defined herein, the following terms used in this Agreement shall have the
18 meanings ascribed to them as set forth below:

19 a. “Action” means *Ruben Vargas v. Fault Line Logistics, LLC*, Case No. 2:20-cv-3438
20 DSF (PJWx), commenced on February 13, 2020, in the Superior Court of the State of California for
21 the County of Los Angeles, and removed to the Central District of California on April 13, 2020, and
22 *Ruben Vargas v. Fault Line Logistics, LLC*, Case No. 20STCV20408, commenced on May 28, 2020,
23 in the Superior Court of the State of California for the County of Los Angeles.

24 b. “Agreement” means this Joint Stipulation of Settlement, including the attached
25 Exhibit(s).

1 c. "Class" or "Class Member(s)" means all current and former drivers classified,
2 referred to, or compensated as independent contractors by Defendant in California at any time from
3 February 16, 2016 through December 2, 2020.

4 d. "Class Counsel" means the attorneys for the Class and the Class Members, who are:

5 AEGIS LAW FIRM, PC
6 Kashif Haque
7 Samuel A. Wong
8 Jessica L. Campbell
9 Fawn F. Bekam
10 9811 Irvine Center Drive, Suite 100
11 Irvine, California 92618
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13 Facsimile: (949) 379-6251

14 e. "Class List" means a list based on Defendant's business records that identifies each
15 Class Member's name, last known home or mailing address, Social Security number or, as
16 applicable, other taxpayer identification number, and the Total Compensation they received from
17 Defendant during the Class Period. "Total Compensation" means the sum of any gross settlement
18 payments plus any fuel surcharge payments that a Class Member received from Defendant during
19 the Class Period.

20 f. "Class Period" means February 13, 2016 through the Preliminary Approval Date.

21 g. "Court" means the California Superior Court for the County of Los Angeles.

22 h. "Date of Finality" means the later of the following: (1) the date the Final Order is
23 signed if no objections are filed to the Settlement; (2) if objections are filed and overruled, and no
24 appeal is taken of the Final Order, sixty-five (65) days after the Final Order; or (3) if an appeal or
25 other judicial review is taken from the Court's overruling of objections to the settlement, ten (10)
26 days after the appeal is withdrawn or after an appellate decision affirming the Final Order becomes
27 final and the time during which further petition for hearing, appeal, or writ of certiorari can be taken
28 has expired.

i. "Defendant" means Defendant Fault Line Logistics, LLC.

j. "Defense Counsel" means counsel for Defendant:

Joshua S. Lipshutz
Gibson, Dunn & Crutcher LLP

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12 k. “Disposition” means the method by which the Court approves the terms of the
13 Settlement and retains jurisdiction over its enforcement, implementation, construction,
14 administration, and interpretation.

15 l. “Final Order Approving Settlement of Class Action” or “Final Order” means the final
16 formal court order signed by the Court following the Final Fairness and Approval Hearing in
17 accordance with the terms herein, approving this Agreement.

18 m. “Gross Settlement Amount” means Two Million Five Hundred Thousand Dollars and
19 Zero Cents (\$2,500,000.00) to be paid by Defendant as provided by this Agreement to settle this
20 Action. All claims of the Class and all administration costs, attorney’s fees and costs, and Incentive
21 Awards, pursuant to Section 3.06(a) below, shall be paid out of the Gross Settlement Amount. No
22 part of the Gross Settlement Amount shall revert to Defendant.

23 n. “Incentive Awards” means a monetary amount of up to Ten Thousand Dollars
24 (\$10,000.00) for the Named Plaintiff, subject to Court approval, in recognition of his effort and work
25 in prosecuting the Action on behalf of Class Members, and for their general release of claims.

26 o. “Individual Settlement Payment(s)” means each Participating Class Member’s
27 respective share of the Net Settlement Amount. Individual Settlement Payments will be determined
28 by the calculations provided in this Agreement.

p. “LWDA” means The State of California Labor and Workforce Development Agency.

1 q. “LWDA Payment” means 75% of the \$30,000 allocated to the settlement of PAGA
2 claims which, subject to Court approval, will be paid to the LWDA pursuant to Section 3.06(e) of
3 this Agreement, as provided for below.

4 r. “Motion for Final Approval” means Plaintiff’s submission of a written motion,
5 including any evidence as may be required for the Court to conduct an inquiry into the fairness of
6 the Settlement as set forth in this Agreement, to conduct a Final Fairness and Approval Hearing, and
7 to enter a Final Order in this Action.

8 s. “Motion for Preliminary Approval” means Plaintiffs’ submission of a written motion,
9 including any evidence as may be required for the Court to grant preliminary approval of the
10 Settlement as required by Rule 3.769 of the California Rules of Court.

11 t. “Named Plaintiff” means Ruben Vargas.

12 u. “Net Settlement Amount” means the Gross Settlement Amount less Court-approved
13 administration costs, Class Counsels’ attorney’s fees and costs, Incentive Awards, and LWDA
14 Payment, pursuant to Section 3.06(a)-(f) below.

15 v. “Non-Participating Class Member(s)” means any Class Member(s) who submit to the
16 Settlement Administrator a valid and timely written request to be excluded from the Class pursuant
17 to Section 3.04(b) below.

18 w. “Notice Packet” means the Notice of Proposed Class Action Settlement in a form
19 substantially similar to the Notice Packet attached hereto as **Exhibit A**, subject to Court approval.

20 x. “PAGA” means the California Private Attorneys General Act of 2004, which is
21 codified in California Labor Code §§ 2698 *et seq.*

22 y. “PAGA Settlement Amount” means the portion of the Gross Settlement Amount
23 allocated to the resolution of Class Members’ claims arising under PAGA. The Parties have agreed
24 that the PAGA Settlement Amount is Thirty Thousand Dollars (\$30,000), subject to Court approval.
25 Of the PAGA Settlement Amount, 75% will be considered the LWDA Payment, and the remaining
26 25% will be added to the Net Settlement Amount and distributed to PAGA Group Members.

27 z. “PAGA Group Members” means all Class Members.

28 aa. “PAGA Period” means February 16, 2019 through the Preliminary Approval Date.

bb. “Participating Class Member(s)” is defined as a Class Member who does not timely exclude himself or herself from the Settlement and will therefore receive his or her share of the Net Settlement Amount automatically without the need to return a claim form. Each Participating Class Member will be paid his/her Individual Settlement Payment.

cc. “Personal Guaranty” means the Personal Guaranty incorporated by reference and attached hereto as **Exhibit B**.

dd. “Preliminary Approval Date” means the date the Court preliminarily approves the Settlement embodied in this Agreement.

ee. “Qualified Settlement Fund” or “QSF” means a fund within the meaning of Treasury Regulation § 1.468B-1, 26 CFR § 1.468B-1 *et seq.*, that is established by the Settlement Administrator for the benefit of Participating Class Members.

ff. “Released Parties” means Defendant and its past, present and/or future officers, directors, shareholders, employees, agents, operators, principals, owners, heirs, representatives, accountants, auditors, consultants, insurers and reinsurers, parent, subsidiary, predecessor, and successor companies (including but not limited to Nordic Logistics LLC; Genesis Intermodal; WDO Equipment LLC; Phoenix Management; and their owners, officers, and employees), affiliates, members, divisions, fiduciaries, trustees, partners, shareholders, investors, benefit plans, parents and attorneys, if any.

gg. “Response Deadline” means the deadline by which Class Members must postmark or fax to the Settlement Administrator requests for exclusion or notices of objection. The Response Deadline will be forty-five (45) calendar days after the initial mailing of the Notice Packet by the Settlement Administrator, unless the forty-fifth (45th) calendar day falls on a Sunday or federal holiday, in which case the Response Deadline will be extended to the next day on which the U.S. Postal Service is open. The Response Deadline will be extended as set forth herein if there is a re-mailing.

hh. “Settlement Administration Costs” means all costs incurred by the Settlement Administrator in administration of the Settlement, including, but not limited to, mailing of notice to the class, calculation of Individual Settlement Payments, generation of Individual Settlement

1 Payment checks and related tax reporting forms, administration of unclaimed checks, and generation
2 of checks to Class Counsel for attorneys' fees and costs, to Named Plaintiffs for their Incentive
3 Awards, and to the LWDA. The Settlement Administration Costs shall be paid from the Gross
4 Settlement Amount.

5 ii. "Settlement Administrator" means ILYM Group, Inc., which the Parties have agreed
6 will be responsible for the administration of the Individual Settlement Payments to be made by
7 Defendant from the Gross Settlement Amount and related matters under this Agreement.

8 **ARTICLE II**

9 **CONTINGENT NATURE OF THE AGREEMENT**

10 **Section 2.01: Stipulation of Class Certification for Settlement Purposes**

11 Because the Parties have stipulated to the certification of the Class with respect to all causes
12 of action alleged in the Action for settlement purposes only, this Agreement requires preliminary and
13 final approval by the Court. Accordingly, the Parties enter into this Agreement on a conditional basis.
14 This Agreement is contingent upon the approval and certification by the Court. If the Date of Finality
15 does not occur, the fact that the Parties were willing to stipulate for the purposes of this Agreement
16 to a Class shall have no bearing on, nor be admissible in connection with, the issue of certification
17 of the Class with respect to all causes of action alleged in the Action. Defendant does not consent to
18 certification of the Class for any purpose other than to effectuate settlement of the Action. If the Date
19 of Finality does not occur, or if Disposition of this Action is not effectuated, any certification of the
20 Class as to Defendant will be vacated and Named Plaintiffs, Defendant, and the Class will be returned
21 to their positions with respect to the Action as if the Agreement had not been entered into. In the
22 event that the Date of Finality does not occur: (a) any Court orders preliminarily or finally approving
23 certification of any class contemplated by this Agreement shall be null, void, and vacated, and shall
24 not be used or cited thereafter by any person or entity; and (b) the fact of the settlement reflected in
25 this Agreement, the fact that Defendant did not oppose the certification of a Class under this
26 Agreement, or that the Court preliminarily approved the certification of the Class, shall not be used
27 or cited thereafter by any person or entity, including in any manner whatsoever, including without
28 limitation any contested proceeding relating to the certification of any class. If the Date of Finality

1 does not occur, this Agreement shall be deemed null and void, shall be of no force or effect
2 whatsoever, and shall not be referred to or used for any purpose whatsoever. Defendant expressly
3 reserves the right to challenge the propriety of class certification in the Action for any purpose, if the
4 Date of Finality does not occur.

5 The Parties and their respective counsel shall take all reasonable steps that may be requested
6 by the Court relating to the approval and implementation of this Agreement and shall otherwise use
7 their respective best efforts to obtain Court approval and implement this Agreement. If the Court
8 does not grant the Motion for Preliminary Approval and/or the Motion for Final Approval, the Parties
9 agree to meet and confer to address the Court's concerns. If the Parties are unable to agree upon a
10 resolution, the Parties agree to seek the assistance of mediator Hon. Carl J. West (Ret.) to resolve the
11 dispute.

12 **ARTICLE III**

13 **PROCEDURE FOR APPROVAL AND IMPLEMENTATION OF THE SETTLEMENT**

14 The procedure for obtaining Court approval of and implementing this Agreement shall be as
15 follows:

16 **Section 3.01: Motion for Conditional Class Certification and Preliminary Approval**

17 Named Plaintiff will bring a motion before the Court for an order conditionally certifying the
18 Class to include all claims pled in the Action based on the preliminary approval of this Agreement.

19 **Section 3.02: The Settlement Administrator**

20 The Parties have chosen ILYM Group, Inc. to administer this Settlement and to act as the
21 Settlement Administrator, including but not limited to distributing and responding to inquiries about
22 the Notice Packet, determining the validity of exclusions/opt-outs, calculating the Net Settlement
23 Amount and the Individual Settlement Payments, issuing the Individual Settlement Payment checks
24 and distributing them to Participating Class Members, establishing and maintaining the QSF, and
25 issuing the payment to Class Counsel for attorneys' fees and costs, and the Incentive Award checks
26 to Named Plaintiffs. The Settlement Administrator shall expressly agree to all of the terms and
27 conditions of this Agreement.
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1 All costs of administering the Settlement, including but not limited to all costs and fees
2 associated with preparing, issuing and mailing any and all notices to Class Members and/or
3 Participating Class Members, all costs and fees associated with computing, processing, reviewing,
4 and mailing the Individual Settlement Payments, all costs and fees associated with preparing any tax
5 returns and any other filings required by any governmental taxing authority or agency, all costs and
6 fees associated with preparing any other checks, notices, reports, or filings to be prepared in the
7 course of administering disbursements from the Net Settlement Amount, and any other costs and fees
8 incurred and/or charged by the Settlement Administrator in connection with the execution of its
9 duties under this Agreement (“Settlement Administration Costs”), shall be paid to the Settlement
10 Administrator from the Gross Settlement Amount.

11 **Section 3.03: Notice to Class Members**

12 No later than ten (10) business days after the Preliminary Approval Date, Defendant will
13 provide the Settlement Administrator with a “Class List” in electronic format based on its business
14 records, identifying the names of the Class Members, their last known home addresses, Social
15 Security numbers or, as applicable, other taxpayer identification number, the dates they contracted
16 to work with Defendant, the Total Compensation they received from Defendant during the Class
17 Period.

18 Within ten (10) business days of receiving a Class List from Defendant, the Settlement
19 Administrator will send Class Members, by first-class mail, at their last known address, the Court
20 approved Notice Packet, including notice of this Settlement and of the opportunity to opt out of the
21 Settlement Class. The Notice Packet will include a calculation of the Class Member’s approximate
22 share of the Net Settlement Amount. Class Members will have forty-five (45) days from the date of
23 mailing in which to postmark objections or requests for exclusion. Prior to the initial mailing, the
24 Settlement Administrator will check all Class Member addresses against the National Change of
25 Address database and shall update any addresses before mailing. The Settlement Administrator will
26 skip trace and re-mail all returned, undelivered mail within five (5) days of receiving notice that a
27 Notice Packet was undeliverable. If a Class Member’s notice is re-mailed, the Class Member shall
28 have fifteen (15) calendar days from the re-mailing, or forty-five (45) calendar days from the date of

1 the initial mailing, whichever is later, in which to postmark objections or requests for exclusion.
2 Class Members shall not be required to submit claim forms in order to receive a proportional share
3 of the Net Settlement Amount.

4 If the Notice Packet is returned with a forwarding address, the Settlement Administrator shall
5 re-mail the Notice Packet to the forwarding address. With respect to those Class Members whose
6 Notice Packet is returned to the Settlement Administrator as undeliverable, the Settlement
7 Administrator shall promptly attempt to obtain a valid mailing address by performing a skip trace or
8 mass search on LexisNexis or comparable databases based on set criteria and, if another address is
9 identified, shall mail the Notice Packet to the newly identified address. It is the intent of the parties
10 that reasonable means be used to locate Class Members and that the Settlement Administrator be
11 given discretion to take steps in order to facilitate notice of the Settlement and delivery of the
12 Individual Settlement Payments to all Participating Class Members.

13 If the Notice Packet is re-mailed, the Settlement Administrator will note for its own records
14 and notify Class Counsel and Defense Counsel of the date of each such re-mailing as part of a weekly
15 status report provided to the Parties.

16 In the event a Class Member's Notice Packet remains undeliverable sixty (60) calendar days
17 after the Notice Packet was initially mailed, the Settlement Administrator will not mail the Class
18 Member's Individual Settlement Payment. The Settlement Administrator will hold the Class
19 Member's Individual Settlement Payment during the check cashing period on behalf of the Class
20 Member. If at the conclusion of the check cashing period the Class Member's Notice Packet and
21 Individual Settlement Payment remain undeliverable and/or unclaimed and uncashed, the Settlement
22 Administrator will distribute the funds from unclaimed/uncashed checks in accordance with the
23 procedures set forth in Section 3.06(f) below.

24 No later than twenty (20) court days prior to the Final Fairness and Approval Hearing, the
25 Settlement Administrator shall provide Defense Counsel and Class Counsel with a declaration
26 attesting to completion of the notice process, including any attempts to obtain valid mailing addresses
27 for and re-sending of any returned Notice Packets, as well as the number of valid requests for
28 exclusion and objections that the Settlement Administrator received.

1 **Section 3.04: Responses to Notice**

2 **a. Class Member Disputes**

3 If any Class Member disagrees with Defendant's records as to his or her Total Compensation
4 received from Defendant during the Class Period as reflected in the Notice Packet, the Class Member
5 shall set forth in writing the Total Compensation he/she claims to have received from Defendant
6 during the Class Period and submit such writing to the Settlement Administrator by the Response
7 Deadline, along with any supporting documentation. The Notice will also provide a method for the
8 Class Member to challenge the data on which his or her Individual Settlement Payment is based. The
9 Settlement Administrator shall contact the Parties regarding the dispute and the Parties will work in
10 good faith to resolve it. If the Parties are unable to resolve the dispute, the Settlement Administrator
11 will be the final arbiter of the Total Compensation received from Defendant for each Class Member
12 during the Class Period based on the information provided to it.

13 **b. Requests for Exclusion from Class**

14 In order for any Class Member to validly exclude himself or herself from the Class and this
15 Settlement (*i.e.*, to validly opt out), a written request for exclusion must be signed by the Class
16 Member or his or her authorized representative, and must be sent to the Settlement Administrator,
17 postmarked no later than the Response Deadline (or fifteen (15) days after the Settlement
18 Administrator re-mails the Notice to the Class Member, whichever is later). The Notice Packet
19 shall contain instructions on how to validly exclude himself or herself from the Class and this
20 Settlement (*i.e.*, opt out), including the language to be used in a request for exclusion. The date of
21 the initial mailing of the Notice Packet, and the date the signed request for exclusion was
22 postmarked, shall be conclusively determined according to the records of the Settlement
23 Administrator. Any Class Member who timely and validly requests exclusion from the Class and
24 this Settlement will not be entitled to any Individual Settlement Payment and will not be bound by
25 the terms and conditions of this Agreement, except that all PAGA Group Members will be bound
26 by the Private Attorneys General Act release provided for in Section 5.02 of this Agreement,
27 regardless of whether they opt out of the Class and this Settlement. Any Class Member who timely
28

1 and validly requests exclusion from the Class and this Settlement will not have any right to object,
2 appeal, or comment thereon.

3 Any Class Member who fails to timely submit a request for exclusion shall automatically be
4 deemed a Class Member whose rights and claims with respect to the issues raised in the Action are
5 determined by the Court's Final Order Approving Settlement of Class Action, and by the other
6 rulings in the Action. Thus, said Class Member's rights to pursue any claims covered by the Action
7 and/or released in this Agreement will be extinguished.

8 Defendant has estimated the number of Class Members as 292. If the number of Class
9 Members who opt out of this Settlement exceeds 3% (which is 9 or more Class Members), Defendant
10 has the option of rescinding/voiding this Settlement within 5 business days of discovering that more
11 than 3% of Class Members opted out. Defendant shall be solely responsible for any Settlement
12 Administration costs incurred if it chooses to rescind/void this Settlement.

13 **c. Objections to Settlement**

14 For any Class Member to object to this Agreement, or any term of it, the person making the
15 objection must not submit a request for exclusion (*i.e.*, must not opt out), and should send to the
16 Settlement Administrator, postmarked or faxed no later than the Response Deadline (or fifteen (15)
17 days after the Settlement Administrator re-mails the Notice to the Class Member, whichever is later),
18 a written statement of the grounds of objection, signed by the objecting Class Member or his or her
19 attorney, along with all supporting papers. The date of the initial mailing of the Notice Packet, and
20 the date the signed objection was postmarked, shall be conclusively determined according to the
21 records of the Settlement Administrator. The Settlement Administrator shall send any objections it
22 receives to Defense Counsel and Class Counsel within three (3) business days of receipt. Class
23 Members may also appear at the final approval hearing to object. The Court retains final authority
24 with respect to the consideration and admissibility of any Class Member objections.

25 **d. Encouragement of Class Members**

26 Plaintiff and Plaintiff's Counsel shall support the Settlement and take such steps as are
27 reasonably necessary to effectuate the Settlement. Plaintiff's Counsel shall recommend the
28 Settlement to Class Members. Class Counsel further agree to use their best efforts to resolve any

1 objections to the release of all claims described in the Release, including all class actions, putative
2 class actions, collective actions, and individual-plaintiff actions.

3 The Parties to this Agreement and the counsel representing such Parties shall not, directly or
4 indirectly, through any person, encourage or solicit any Class Member to exclude him or herself from
5 this Settlement (opt out), or to object to it. However, Class Counsel may respond to inquiries from
6 Class Members.

7 **e. Right of Parties to Void Settlement**

8 Defendant has estimated the number of Class Members as 292. If the number of Class
9 Members increases by more than 3% (which is 9 or more Class Members) as of the end of the Class
10 Period, Plaintiff may rescind/void the Settlement.

11 **Section 3.05: Final Fairness and Approval Hearing**

12 On the date set forth in the Order for Preliminary Approval and Notice Packet, a Final
13 Fairness and Approval Hearing shall be held before the Court in order to (1) review this Agreement
14 and determine whether the Court should give it final approval, and (2) consider any objections made
15 and all responses by the Parties to such objections. At the Final Fairness and Approval Hearing, the
16 Parties shall ask the Court to grant final approval to this Agreement and shall submit to the Court a
17 Proposed Final Order Approving Settlement of Class Action.

18 **Section 3.06: Settlement Payment Procedures**

19 **a. Settlement Amount**

20 In exchange for the Released Claims set forth in this Agreement, Defendant agrees to pay the
21 Gross Settlement Amount in the amount of Two Million Five Hundred Thousand Dollars
22 (\$2,500,000.00). The Gross Settlement Amount includes all Individual Settlement Amounts to
23 Participating Class Members, all administration costs, Class Counsel's attorney's fees and costs,
24 PAGA Settlement Amount, and the Incentive Payments.

25 On the date of Final Approval, or September 1, 2021, whichever is later, Defendant shall
26 transfer \$2 million into a QSF established by the Settlement Administrator either directly or by
27 sending the funds to the Settlement Administrator to be deposited. No later than March 1, 2022,
28 Defendant shall transfer the remaining \$500,000 of the Gross Settlement Amount into a QSF

1 established by the Settlement Administrator either directly or by sending the funds to the Settlement
2 Administrator to be deposited and distributed. The Settlement Administrator will use these funds to
3 fund payment of the Individual Settlement Payments to Participating Class Members, Class
4 Counsel's attorneys' fees and costs, the Incentive Awards, the LWDA Payment, and the Settlement
5 Administration Costs.

6 Within ten (10) court days after receiving Defendant's final payment, funding the Gross
7 Settlement Amount in full, the Settlement Administrator will pay the Individual Settlement Payments
8 to Participating Class Members, Class Counsel's attorneys' fees and costs, LWDA Payment, and the
9 Incentive Awards. Prior to this distribution, the Settlement Administrator will perform a search based
10 on the National Change of Address Database to update and correct for any known or identifiable
11 address changes.

12 **b. Payment of Attorneys' Fees and Costs**

13 Class Counsel shall submit an application for an award of attorneys' fees of up to one-third
14 of the Gross Settlement Amount, which, based on the current Gross Settlement Amount, is Eight
15 Hundred Thirty-Three Thousand Three Hundred and Thirty-Three Dollars and Thirty-Three Cents
16 (\$833,333.33). Class Counsel shall submit an application for an award of costs not to exceed Fifteen
17 Thousand Dollars (\$15,000.00). Such application for attorneys' fees and costs shall be heard by the
18 Court at the Final Fairness and Approval Hearing. Defendant shall not object to or oppose any such
19 application in these amounts. Class Counsel shall serve Defendant with copies of all documents
20 submitted in support of their application for an award of attorneys' fees and costs.

21 Any attorneys' fees and costs awarded to Class Counsel by the Court shall be paid from the
22 Gross Settlement Amount and shall not constitute payment to any Class Member(s). The attorneys'
23 fees and costs for Class Counsel approved by the Court shall encompass all work performed, costs,
24 and expenses related to the investigation, prosecution, and settlement of the Action incurred through
25 the Date of Finality. To the extent that the Court approves less than the amount of attorney's fees
26 and/or costs that Class Counsel requests, the difference between the requested and awarded amounts
27 will be reallocated to the Net Settlement Amount.

1 **c. Payment of Settlement Administration Costs**

2 The Settlement Administration Costs shall be paid out of the Gross Settlement Amount and
3 shall not constitute payment to any Participating Class Member(s). The amount shall not exceed Ten
4 Thousand Nine Hundred Ninety-One Dollars and Fifty Cents (\$10,991.50).

5 **d. Payment of Incentive Award to Named Plaintiffs**

6 Subject to Court approval, the Named Plaintiff shall receive an Incentive Award of up to Ten
7 Thousand Dollars (\$10,000.00), the request for which Defendant will not object to or oppose. The
8 Incentive Awards shall be paid out of the Gross Settlement Amount and shall not constitute payment
9 to any Participating Class Member(s) other than Named Plaintiff. To the extent that the Court
10 approves less than the amount of incentive award that Class Counsel request, the difference between
11 the requested and awarded amounts will be reallocated to the Net Settlement Amount.

12 Because it is the intent of the Parties that the Incentive Awards represent payment to Named
13 Plaintiff for his service to the Class Members, and not wages, the Settlement Administrator will not
14 withhold any taxes from the Incentive Awards. The Incentive Awards will be reported on a Form
15 1099, which the Settlement Administrator will provide to Named Plaintiffs and to the pertinent taxing
16 authorities as required by law.

17 **e. Payment to the Labor and Workforce Development Agency**

18 In consideration of claims made under PAGA, Class Counsel will request that the Court
19 approve allocation of Thirty Thousand Dollars (\$30,000) of the Gross Settlement Amount to these
20 claims. Seventy-five percent (75%) of this payment will be paid to the California Labor and
21 Workforce Development Agency (“LWDA Payment”), and twenty-five percent (25%) will be paid
22 to the Net Settlement Amount for distribution to PAGA Group Members. Defendant will not oppose
23 this request. The entire PAGA Settlement Amount will be paid out of the Gross Settlement Amount.
24 The Court’s adjustment, if any, of the amount allocated to Named Plaintiffs’ PAGA claim in the
25 Action, will not invalidate this Agreement.

26 **f. Payment of Individual Settlement Payments to Participating Class Members**

27 The Parties agree that the Net Settlement Amount shall be used to fund Individual Settlement
28 Payments. The Parties agree that the Net Settlement Amount shall be divided between all

1 Participating Class Members pro rata based on the Total Compensation each Participating Class
2 Member received from Defendant during the Class Period. Each Class Member's approximate
3 Individual Settlement Payment amount will be included in his or her Notice Packet. After final
4 approval by the Court, the Net Settlement Amount will be dispersed to Participating Class Members
5 (those who did not exclude themselves) on a pro rata basis based on the Total Compensation each
6 Participating Class Member received from Defendant during the Class Period.

7 No later than ten (10) business days after receiving Defendant's final payment, the Settlement
8 Administrator shall prepare and mail the checks for the Individual Settlement Payments to
9 Participating Class Members. Individual Settlement Payments paid from the Net Settlement Amount
10 will not be reduced by any employer or employee tax withholdings, and the Settlement Administrator
11 will issue a Form 1099 to the extent required by law for the Individual Settlement Payments. Each
12 Participating Class Member will be responsible for any federal, state, and/or local tax obligations
13 and/or consequences that may arise out of the Individual Settlement Payments agreed to in this
14 Agreement.

15 Participating Class Members shall have 180 days from the date their Individual Settlement
16 Payment checks are dated to cash their Settlement checks. Any checks that are not cashed upon the
17 expiration of that 180-day time period will be void, and the uncashed funds shall be paid to the State
18 Controller Unclaimed Property Fund in the name of the Class Member for whom the funds are
19 designated.

20 If a check is returned to the Settlement Administrator as undeliverable, the Settlement
21 Administrator shall promptly attempt to obtain a valid mailing address by performing a skip trace or
22 a mass search on LexisNexis or a comparable databases based on set criteria and, if another address
23 is identified, the Settlement Administrator shall mail the check to the newly identified address. If the
24 Settlement Administrator is unable to obtain a valid mailing address through this process, the
25 Settlement Administrator will tender the funds from the undeliverable checks to the State Controller
26 Unclaimed Property Fund in the name of the Class Member for whom the funds are designated.

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1 **g. Default on Payment.**

2 In the event Defendant makes a late payment or does not pay any portion of the Gross
3 Settlement Amount, it shall be considered a default. In the event Defendant fails to make any payment
4 on the date it is due, under Section 3.06(a), the Settlement Administrator will provide notice to Class
5 Counsel and Defendant's counsel within three (3) business days of the missed payment. Thereafter,
6 Defendant will have ten (10) business days to cure the default and tender payment to the Settlement
7 Administrator. In the event Defendant fails to cure the default within the times set forth herein,
8 Named Plaintiff may elect to enter judgment against Defendant, on an ex parte basis, for the balance
9 of the unpaid Gross Settlement Amount to date, and Named Plaintiff will be entitled to recover
10 interest at ten percent (10%) per year from the due date for such payment and reasonable attorneys'
11 fees and costs.

12 **h. No Credit Toward Benefit Plans.**

13 The Individual Settlement Payments made to Participating Class Members under this
14 Agreement, as well as any other payments made pursuant to this Agreement, will not be utilized to
15 calculate any additional benefits under any benefit plans to which any Class Members may be
16 eligible, including, but not limited to: profit-sharing plans, bonus plans, 401(k) plans, stock purchase
17 plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan. Rather, it is the Parties'
18 intention that this Agreement will not affect any rights, contributions, or amounts to which any Class
19 Members may be entitled under any benefit plans.

20 **ARTICLE IV**

21 **LIMITATIONS ON USE OF THIS SETTLEMENT**

22 **Section 4.01: No Admission**

23 Defendant disputes the allegations in the Action and disputes that, but for this Settlement, a
24 Class should not have been certified in the Action. This Agreement is entered into solely for the
25 purpose of settling highly disputed claims. Nothing in this Agreement is intended nor will be
26 construed as an admission of liability or wrongdoing by Defendant.

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1 **Section 4.02: Confidentiality**

2 The Parties agree that the terms of this Agreement shall be confidential until the filing of the
3 Motion for Preliminary Approval. The Parties agree to cooperate in reaching agreement regarding
4 reasonable responses to media inquiries that will support the approval and implementation of this
5 Agreement. This section shall not apply to the filing with any documents with the Court or the LWDA
6 which are necessary to effectuate the Settlement.

7 **Section 4.03: Non-Evidentiary Use**

8 Whether or not the Date of Finality occurs, neither this Agreement, nor any of its terms, nor
9 the Settlement itself, nor any documents filed in support of the Settlement, will constitute, or be
10 offered, received, claimed, construed, or deemed as an admission, finding, or evidence of: (a) any
11 wrongdoing; (b) any violation of any statute, law, or regulations; (c) any liability on the claims or
12 allegations in any proceeding; (d) the propriety of certifying a litigation class, and shall not be used
13 for any purpose whatsoever in any legal proceeding, including but not limited to arbitrations or
14 agency proceedings, other than a proceeding to enforce the terms of this Agreement; provided,
15 however, that this Agreement may be cited and offered in support of a request to stay or dismiss
16 other legal proceedings involving Released Parties raising similar issues, including but not limited
17 to pending litigations, arbitrations, and agency proceedings.

18 **Section 4.04: Nullification**

19 The Parties have agreed to the certification of the Class encompassing all claims alleged in
20 the Action for the sole purpose of effectuating this Agreement. If (a) the Court should for any reason
21 fail to certify this Class for settlement, or (b) the Court should for any reason fail to approve this
22 Settlement, or (c) the Court should for any reason fail to enter the Final Order, or (d) the Final Order
23 is reversed, or declared or rendered void, or (e) the Court should for any reason fail to dispose of the
24 Action in its entirety, then (i) this Agreement shall be considered null and void; (ii) neither this
25 Agreement nor any of the related negotiations or proceedings shall be of any force or effect; (iii) all
26 Parties to this Agreement shall stand in the same position, without prejudice, as if the Agreement had
27 been neither entered into nor filed with the Court; and (iv) the fact that the Parties were willing to
28 stipulate to class certification of all causes of action pled in the Action as part of the Settlement will

1 have no bearing on, and will not be admissible in connection with, the issue of whether the Class
2 should be certified by the Court in a non-settlement context in this Action or any other action, and in
3 any of those events, Defendant expressly reserves the right to oppose certification of the Class.

4 In the event of a timely appeal from the Final Order, the Final Order shall be stayed and the
5 Gross Settlement Amount shall not be distributed pending the completion of the appeal.

6 **ARTICLE V**

7 **RELEASES**

8 **Section 5.01: Released Claims by Participating Class Members**

9 Upon the Date of Finality, Named Plaintiff and Participating Class Members who do not opt
10 out of the Settlement, release the Released Parties from any and all claims that were or could have
11 been alleged in Named Plaintiff's Operative Complaints, during the Class Period, including but not
12 limited to (1) failure to pay wages (2) failure to provide meal periods (3) failure to authorize or permit
13 rest periods (4) failure to pay all wages to piece-rate workers for rest breaks; (5) unlawful deductions;
14 (6) failure to pay wages upon separation of employment and within the required time (7) failure to
15 furnish accurate itemized wage statements wage statement violations (8) failure to reimburse for
16 business expenses; (8) violation of California Business and Professions Code §§17200, *et seq.* and
17 (8) any claims asserted under the Private Attorneys General Act ("Released Claims").

18 **Section 5.02: Released Private Attorneys General Act Claims by PAGA Group** 19 **Members**

20 As described in Section 3.04(b) of this Agreement, upon the Date of Finality, all PAGA
21 Group Members, including any PAGA Group Members who timely and validly requests exclusion
22 from the Class and this Settlement, release any claims asserted during the PAGA Period under the
23 Private Attorneys General Act against Defendant based on the facts alleged in Named Plaintiff's
24 Operative Complaints.

25 **Section 5.03: Named Plaintiff's Release of Unknown Claims**

26 Upon the Date of Finality, Named Plaintiff waives, releases, acquits, and forever discharges
27 the Released Parties from any and all claims, actions, charges, complaints, grievances, and causes of
28

1 action, of any nature arising from Named Plaintiff's work for Defendant, whether known or
2 unknown, which exist or may exist as of the Parties' execution of this Agreement.

3 Section 1542 of the California Civil Code provides as follows:

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

8 Plaintiff's general release provided herein is made with an express waiver and relinquishment
9 of any claim, right, or benefit under California Civil Code § 1542.

10 **ARTICLE VI**

11 **MISCELLANEOUS PROVISIONS**

12 **Section 6.01: Amendments or Modification**

13 The terms and provisions of this Agreement may be amended or modified only by an express
14 written agreement that is signed by all the Parties (or their successors-in-interest) and their counsel.

15 **Section 6.02: Assignment**

16 None of the rights, commitments, or obligations recognized under this Agreement may be
17 assigned by any Party, Class Member, Class Counsel, or Defense Counsel without the express written
18 consent of each other Party and their respective counsel. The representations, warranties, covenants,
19 and agreements contained in this Agreement are for the sole benefit of the Parties under this
20 Agreement and shall not be construed to confer any right or to avail any remedy to any other person.

21 **Section 6.03: Governing Law**

22 This Agreement shall be governed, construed, and interpreted, and the rights of the Parties
23 shall be determined, in accordance with the laws of the State of California, without regard to conflicts
24 of laws.

25 **Section 6.04: Entire Agreement**

26 This Agreement, including the Exhibits referred to herein, which form an integral part hereof,
27 contains the entire understanding of the Parties with respect to the subject matter contained herein.
28 In case of any conflict between text contained in Articles I through VI of this Agreement and text

1 contained in the Exhibits to this Agreement, the former (i.e., Articles I through VI) shall be
2 controlling, unless the Exhibits are changed by or in response to a Court order. There are no
3 restrictions, promises, representations, warranties, covenants, or undertakings governing the subject
4 matter of this Agreement other than those expressly set forth or referred to herein. This Agreement
5 supersedes all prior agreements and understandings among the Parties with respect to the settlement
6 of the Action, including correspondence between Class Counsel and Defense Counsel and drafts of
7 prior agreements or proposals.

8 **Section 6.05: Waiver of Compliance**

9 Any failure of any Party, Defense Counsel, or Class Counsel hereto to comply with any
10 obligation, covenant, agreement, or condition set forth in this Agreement may be expressly waived
11 in writing, to the extent permitted under applicable law, by the Party or Parties and their respective
12 counsel entitled to the benefit of such obligation, covenant, agreement, or condition. A waiver or
13 failure to insist upon strict compliance with any representation, warranty, covenant, agreement, or
14 condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

15 **Section 6.06: Counterparts and Fax/PDF Signatures**

16 This Agreement, and any amendments hereto, may be executed in any number of counterparts
17 and any Party and/or their respective counsel may execute any such counterpart, each of which when
18 executed and delivered shall be deemed to be an original. All counterparts taken together shall
19 constitute one instrument. A fax or PDF signature on this Agreement shall be as valid as an original
20 signature.

21 **Section 6.07: Meet and Confer Regarding Disputes**

22 Should any dispute arise among the Parties or their respective counsel regarding the
23 implementation or interpretation of this Agreement, a representative of Class Counsel and a
24 representative of Defense Counsel shall meet and confer in an attempt to resolve such disputes prior
25 to submitting such disputes to the Court.

26 **Section 6.08: Agreement Binding on Successors**

27 This Agreement will be binding upon, and inure to the benefit of, the successors in interest
28 of each of the Parties.

1 **Section 6.09: Cooperation in Drafting**

2 The Parties have cooperated in the negotiation and preparation of this Agreement. This
3 Agreement will not be construed against any Party on the basis that the Party, or the Party's counsel,
4 was the drafter or participated in the drafting of this Agreement.

5 **Section 6.10: Fair and Reasonable Settlement**

6 The Parties believe that this Agreement reflects a fair, reasonable, and adequate settlement of
7 the Action and have arrived at this Agreement through arm's-length negotiation and in the context
8 of adversarial litigation, taking into account all relevant factors, current and potential. The Parties
9 further believe that the Settlement is and is consistent with public policy, and fully complies with
10 applicable law.

11 **Section 6.11: Headings**

12 The descriptive heading of any section or paragraph of this Agreement is inserted for
13 convenience of reference only and does not constitute a part of this Agreement and shall not be
14 considered in interpreting this Agreement.

15 **Section 6.12: Notice**

16 Except as otherwise expressly provided in the Agreement, all notices, demands, and other
17 communications under this Agreement must be in writing and addressed as follows:

18 *To Named Plaintiff and the Class:*

19 AEGIS LAW FIRM, PC
20 Kashif Haque
21 Samuel A. Wong
22 Jessica L. Campbell
23 Fawn F. Bekam
24 9811 Irvine Center Drive, Suite 100
25 Irvine, California 92618
26 Telephone: (949) 379-6250
27 Facsimile: (949) 379-6251

28 And

To Defendant:

 Joshua S. Lipshutz
 GIBSON, DUNN & CRUTCHER LLP
 1050 Connecticut Avenue, N.W.

Washington, DC 20036-5306
Telephone: 202.229.7000
Facsimile: 202.467.0539

Michael Holecek
Thomas F. Cochrane
GIBSON, DUNN & CRUTCHER LLP
333 South Grand Avenue
Los Angeles, CA 90071-3197
Telephone: 213.229.7000
Facsimile: 213.229.7520

Section 6.13: Enforcement of Settlement and Continuing Court Jurisdiction

To the extent consistent with class action procedure, this Agreement shall be enforceable by the Court pursuant to California Code of Civil Procedure section 664.6 and California Rule of Court 3.769(h). The Final Order entered by the Court will not adjudicate the merits of the Action or the liability of the Parties resulting from the allegations of the Action. Its sole purpose is to adopt the terms of the Settlement and to retain jurisdiction over its enforcement. To that end, the Court shall retain continuing jurisdiction over this Action and over all Parties and Class Members, to the fullest extent to enforce and effectuate the terms and intent of this Agreement. 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, 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.

Section 6.14: Mutual Full Cooperation

The Parties agree fully to cooperate with each other to accomplish the terms of this Agreement, including but not limited to the execution of such documents, and the taking of such other action, as may reasonably be necessary to implement the terms of this Agreement. The Parties to this Agreement shall use their best efforts to effectuate and implement this Agreement and its terms. In the event 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 the Settlement, the Parties agree to seek the assistance of the Court.

1 **Section 6.15: Authorization to Act**

2 Class Counsel warrants and represents that they are authorized by Named Plaintiff, and
3 Defense Counsel warrants that they are authorized by Defendant, to take all appropriate action
4 required to effectuate the terms of this Agreement, except for signing documents, including but not
5 limited to this Agreement, that are required to be signed by the Parties themselves. Defendant
6 represents and warrants that the individual executing this Agreement on its behalf has the full right,
7 power, and authority to enter into this Agreement and to carry out the transactions contemplated
8 herein.

9 **Section 6.16: No Reliance on Representations**

10 The Parties have made such investigation of the facts and the law pertaining to the matters
11 described herein and to this Agreement as they deem necessary, and have not relied, and do not rely,
12 on any statement, promise, or representation of fact or law, made by any of the other parties, or any
13 of their agents, employees, attorneys, or representatives, with regard to any of their rights or asserted
14 rights, or with regard to the advisability of entering into and executing this Agreement, or with respect
15 to any other matters. No representations, warranties, or inducements, except as expressly set forth
16 herein, have been made to any party concerning this Agreement.

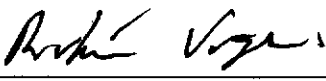
17 **EXECUTION BY PARTIES AND COUNSEL**

18 The Parties and their counsel hereby execute this Agreement.

19 Dated: 4-23-21

RUBEN VARGAS

20

By: 
Named Plaintiff

21

22

23 Dated: _____

FAULT LINE LOGISTICS, LLC

24

By: _____
(Signature)

25

26

(Printed Name)

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(Title)

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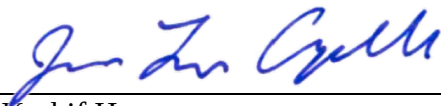
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Dated: 03/18/2021

AEGIS LAW FIRM, PC

By: 
Kashif Haque
Jessica L. Campbell
Fawn F. Bekam

Attorneys for Named Plaintiff Ruben Vargas

As to form only:

Dated: 3/17/2021

GIBSON, DUNN & CRUTCHER LLP

By: 
Joshua S. Lipshutz
Michael Holecek
Thomas F. Cochrane

Attorneys for Defendant Fault Line Logistics,
LLC