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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES – SPRING STREET COURTHOUSE

JORGE AVALOS, individually, and as a
representative of other aggrieved employees,

Plaintiffs,

vs.

UNVARNISHED, INC., a California Corporation;
600 SPRING, LLC, a California Limited Liability
Corporation, SCOTT GILLEN, an Individual and
DOES 1 through 250, inclusive,

Defendants.

Case No.: 20STCV16951

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

Dept: 17

Judge: The Hon. Maren Nelson

Action Filed: 04/30/2020

Trial Date: Not Yet Set

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

2 IT IS HEREBY STIPULATED, by and between Plaintiff JORGE AVALOS on behalf of
3 himself, the Settlement Class Members and the PAGA Members, on the one hand, and Defendants
4 UNVARNISHED, INC., 600 SPRING, LLC, and SCOTT GILLEN, on the other hand, and subject
5 to the approval of the Court, that the above-captioned Lawsuit is hereby being compromised and
6 settled pursuant to the terms and conditions set forth herein (the “Settlement,” “Stipulation,” or
7 “Agreement”).

8 **1. DEFINITIONS**

9 Unless otherwise defined herein, initial capitalized terms used in this Agreement shall have
10 the meanings set forth below:

11 1.1 “Class” or “Class Members” includes all current and former hourly or non-exempt
12 employees who worked at Defendant’s locations in California at any time from April 30, 2016 until
13 May 31, 2022

14 1.2 “Class Claims” means all claims and causes of action alleged in the First Amended
15 Complaint filed on July 15, 2021, including claims under the Private Attorneys General Act
16 (“PAGA”).

17 1.3 “Class Counsel” means Brent Buchsbaum, Esq., and Laurel N. Haag, Esq. of the
18 Law Offices of Buchsbaum & Haag, LLP and Roger E. Haag, Esq. of Gateway Pacific Law Group,
19 PC.

20 1.4 “Class Counsel Costs” means expenses and costs actually incurred by Class Counsel
21 according to proof and subject to Court approval for Class Counsel’s litigation and resolution of
22 this Lawsuit, not to exceed Seventeen Thousand Dollars (\$17,000.00). Class Counsel Costs shall
23 be paid from the Maximum Settlement Amount. Any portion of the requested Class Counsel Costs
24 that exceeds the Class Counsel Costs shall be a part of the Net Settlement Amount and distributed
25 to Settlement Class Members as provided in this Agreement.

26 1.5 “Class Information” means information regarding Class Members and PAGA
27 Members that Defendant will in good faith compile from its records to provide to the Settlement
28 Administrator. Class Information shall be provided as a password-protected, Microsoft Excel

1 spreadsheet and shall include each Class Member's: (a) full name; (b) last known address; (c) last
2 known telephone number; (d) Social Security number; (e) start date of employment and/or
3 assignment at Defendant; (f) end date of employment and/or assignment at Defendant; (g)
4 Compensable Weeks (as defined below in Paragraph 1.11); and (h) Compensable Pay Periods (as
5 defined in Paragraph 1.10. Because Social Security numbers are included in the Class Information,
6 the Settlement Administrator shall maintain the Class Information in confidence, it shall be
7 transmitted in password-protected file(s), and access shall be limited to those with a need to use the
8 Class Information as part of the administration of the Settlement.

9 1.6 "Class Counsel Award" means attorneys' fees for Class Counsel's litigation and
10 resolution of this Lawsuit not to exceed thirty-three and one-third percent (33-1/3%) of the
11 Maximum Settlement Amount (or Sixty-Six Thousand, Six Hundred and Sixty-Seven Dollars
12 (\$66,667.00), subject to approval by the Court. The Court shall review the requested amount of
13 the Class Counsel Award, and the approved amount shall be paid from the Maximum Settlement
14 Amount. Any portion of the requested Class Counsel Award that is not awarded to Class Counsel
15 shall be a part of the Net Settlement Amount and distributed to Settlement Class Members as
16 provided in this Agreement.

17 1.7 "Class Period" means the period from April 30, 2016 through and including May
18 31, 2022.

19 1.8 "Class Representative" means Plaintiff JORGE AVALOS.

20 1.9 "Class Settlement Payment" means the net amount paid by way of check to each
21 Settlement Class Member for their release of the Released Class Claims. The Class Settlement
22 Payment Amounts shall be calculated pursuant to Paragraph 3.11.

23 1.10 "Compensable Pay Periods" means all pay periods in which a PAGA Member
24 performed work for Defendant in California during the PAGA Period (as defined below in
25 Paragraph 1.26).

26 1.11 "Compensable Weeks" means all weeks in which a Class Member performed work
27 for Defendant in California during the Class Period.

28 1.12 "Court" shall mean the Superior Court of California for the County of Los Angeles.

1 1.13 “Defendants” means Defendants UNVARNISHED, INC., 600 SPRING, LLC, and
2 SCOTT GILLEN.

3 1.14 “Defense Counsel” or “Counsel for Defendant” means LightGabler, 760 Paseo
4 Camarillo, Suite 300, c/o Jonathan Fraser Light, Esq., Jamie N. Stein, Esq., and Brier Miron Setlur,
5 Esq,

6 1.15 “Effective Date” means the latest of the following dates: (i) the date that the deadline
7 for seeking appellate review of the Court’s Final Approval Order and Judgment has passed without
8 the filing of a timely appeal or timely request for review, or, if an appeal of the Court’s Final
9 Approval Order and Judgment is commenced, then (ii) the date that the Court of Appeal or the
10 California Supreme Court has rendered a final ruling affirming the Court’s Final Approval Order
11 and Judgment without material modification.

12 1.16 “Enhancement Award” means the amount approved by the Court to be paid to the
13 Class Representative in recognition of his effort and time as Class Representative. Class Counsel
14 shall seek an Enhancement Award for Plaintiff of up to Ten Thousand Dollars (\$10,000).
15 Defendant agrees not to oppose the motion by Plaintiff for said Enhancement Award, so long as
16 the requested Enhancement Award does not exceed this amount. Any portion of the requested
17 Enhancement Award that is not awarded shall be a part of the Net Settlement Amount and
18 distributed to Settlement Class Members as provided in this Agreement.

19 1.17 “Final Approval Hearing” means the hearing held on the motion for final approval
20 of the Settlement.

21 1.18 “Final Approval Order and Judgment” means the Court’s entry of an order granting
22 final approval of the Settlement and entering judgment in this Lawsuit based thereon, in conformity
23 with California Rules of Court rule 3.769(h).

24 1.19 “Lawsuit” and “Complaint” means the operative wage-and-hour class and
25 representative action Plaintiff filed on July 15, 2021, entitled *Jorge Avalos v. Unvarnished, Inc.,*
26 *600 SPRING, LLC, and Scott Gillen*, now pending in the Superior Court of California for the
27 County of Los Angeles, Case No. 20STCV16951.
28

1 1.20 “LWDA Letters” means Plaintiff’s March 13, 2020 notice to the Labor and
2 Workforce Development Agency (“LWDA”) alleging violations of Labor Code sections 201, 202,
3 203, 204, 510, 558, 226, 226.7, 226.3, 226.8, 510, 512, 1174, 1198.5, 2750.3.

4 1.21 “LWDA Payment” means 75% of the PAGA Payment, which will be paid to the
5 California Labor Workforce Development Agency (“LWDA”) per California Labor Code
6 section 2699(i).

7 1.22 “Maximum Settlement Amount” means Two Hundred Thousand Dollars
8 (\$200,000.00). Defendant’s obligation to fund the Maximum Settlement Amount is limited to
9 \$200,000.00 plus the employer’s share of payroll taxes as set forth in Paragraph 2.7. Defendants
10 shall also fund their employer-side payroll taxes at the same time as they fund the Maximum
11 Settlement Amount. No portion of the Maximum Settlement Amount will revert to Defendant.

12 1.23 “Net Settlement Amount” means the amount of monies available for distribution to
13 Settlement Class Members, which shall be the Maximum Settlement Amount less the Class Counsel
14 Award, Class Counsel Costs, Enhancement Award, Settlement Administration Costs, and PAGA
15 Payment.

16 1.24 “Notice of Class Action Settlement” or “Class Notice” means the Notice of Class
17 Action Settlement, substantially in the form attached hereto as **Exhibit A**.

18 1.25 “PAGA Members” means all current and former hourly-paid or non-exempt
19 employees of Defendant who worked at Defendant’s locations in California at any time from March
20 13, 2019 to May 31, 2022.

21 1.26 “PAGA Payment” means the allocation of Ten Thousand Dollars (\$10,000.00),
22 payable from the Maximum Settlement Amount, subject to approval by the Court, for penalties
23 under PAGA. 75% of the PAGA Payment is the LWDA Payment and will be paid to the LWDA.
24 The remaining 25% of the PAGA Payment is the PAGA Settlement Payment and will be paid to
25 PAGA Members as described in Paragraph 3.11.4.

26 1.27 “PAGA Period” means the period from March 13, 2019 through and including the
27 May 31, 2022.

1 1.28 “PAGA Settlement Payment” means the amount payable to each PAGA Member
2 for the release of his or her Released PAGA Claims, regardless of whether the PAGA Member
3 objects, opts out, or otherwise excludes himself or herself from the release of Released Class
4 Claims. The amount of the PAGA Settlement Payment distributed to each PAGA Member shall
5 be calculated pursuant to Paragraph 3.11.4 herein.

6 1.29 “Parties” means Plaintiff and Defendant, collectively, and “Party” shall mean either
7 Plaintiff or Defendant, respectively.

8 1.30 “Plaintiff” means JORGE AVALOS.

9 1.31 “Preliminary Approval” or “Preliminary Approval Date” means the date the Court
10 enters an Order preliminarily approving the Settlement.

11 1.32 “Preliminary Approval Order” means the Order granting preliminary approval of
12 the Settlement.

13 1.33 “Released Class Claims” is defined as any and all claims, debts, liabilities, demands,
14 actions, or causes of action of every nature and description that were alleged in the First Amended
15 Complaint dated July 15, 2021 (“Complaint”), or which could have been alleged based on the
16 factual predicates in said Complaint. The Released Claims include, without limitation, all claims
17 for unpaid wages, including, but not limited to, failure to pay minimum wages; failure to pay
18 straight time compensation, overtime compensation double-time compensation, reporting time
19 compensation, and/or interest; missed, late, short or interrupted meal and/or rest periods, including
20 any claims for any alleged failure to pay premiums for missed, late, short or interrupted meal or
21 rest periods, including any claim for any alleged failure to pay such premiums for missed, late,
22 short or interrupted meal or rest periods, or to pay such premiums at the regular rate of
23 compensation, inaccurate or otherwise improper wage statements and/or failure to keep or maintain
24 accurate record; any claim for unfair business practices arising out of, arising in connection with,
25 or related to any or all of the aforementioned claims; any claim for penalties arising out of or related
26 to any or all of the aforementioned claims, including but not limited to, record-keeping penalties,
27 wage statement penalties, minimum-wage penalties, and waiting time penalties; and attorneys’ fees
28 and costs. The Released Claims include all such claims arising under the California Labor Code,

1 including, but not limited to, sections 200, 201, 202, 203, 204, 210, 216, 218, 218.5, 218.6, 223,
2 225, 225.5, 226, 226.3, 226.7, 226.8, 510, 512, 516, 558, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1,
3 1198.5, 2750, and 2698 *et seq. as to identified Labor Code Section* and 2699 *et seq.*; the applicable
4 Wage Orders of the California Industrial Welfare Commission as to the facts alleged in the
5 Complaint and all claims that could have been pled based on the alleged facts in said Complaint;
6 California Business and Professions Code section 17200, *et seq.*; the California Civil Code,
7 including but not limited to, section 3287; and California Code of Civil Procedure section 1021.5.
8 In addition, Class Members who endorse their settlement checks waive and release any claims
9 under the Fair Labor Standards Act, 29 U.S.C. § 201 *et seq.* (“FLSA”) arising during the Class
10 Period and reasonably related to any or all of the aforementioned claims. This release excludes the
11 release of claims not permitted by law.

12 1.34 “Released PAGA Claims” is defined as all claims for civil penalties under the
13 Private Attorneys General Act, Cal. Lab. Code § 2698, *et seq.* (“PAGA”) that were pled in the
14 Complaint or that could have been pled based on the facts pled in Complaint, arising during the
15 PAGA Period, including, but not limited to, failure to pay minimum wages; failure to pay straight
16 time compensation, overtime compensation double-time compensation, reporting time
17 compensation, and/or interest; missed, late, short or interrupted meal and/or rest periods, including
18 any claims for any alleged failure to pay premiums for missed, late, short or interrupted meal or
19 rest periods, including any claim for any alleged failure to pay such premiums for missed, late,
20 short or interrupted meal or rest periods, or to pay such premiums at the regular rate of
21 compensation, inaccurate or otherwise improper wage statements and/or failure to keep or maintain
22 accurate record; any claim for unfair business practices arising out of, arising in connection with,
23 or related to any or all of the aforementioned claims; any claim for in violation of California Labor
24 Code sections 201, 202, 203, 204, 226(a), 226.7, 510, 512(a), 551, 552, 1174(d), 1194, 1197,
25 1197.1, 1198, 2800, 2802, and 2810.5 and Industrial Welfare Commission Wage Order Nos. 2-
26 2001, 4-2001, and 10-2001.

27 1.35 “Released Parties” means Unvarnished, Inc., 600 SPRING, LLC, and Scott Gillen
28 as well as Unvarnished, Inc. and 600 SPRING, LLC’s current and former parents, subsidiaries,

1 predecessors and successors, and affiliated entities, and each of their respective owners, officers,
2 directors, managers, supervisors, partners, shareholders, and agents (including managing agents),
3 and any other successors, assigns, or legal representatives, including without limitation Scott
4 Gillen.

5 1.36 "Request for Exclusion" means a Class Member's request to be excluded from the
6 Class Settlement Payment that is made in conformity with this Agreement, the instructions in the
7 Class Notice, and the Court's orders, and that results in the Class Member not being bound by the
8 Released Class Claims. A Request for Exclusion shall not apply to eligible Class Members' (i.e.,
9 PAGA Members) receipt of a PAGA Settlement Payment and such Class Members shall remain
10 bound by the Released PAGA Claims regardless of their Request for Exclusion from the Class
11 Settlement Payment.

12 1.37 "Response Deadline" means the date that is forty-five (45) calendar days after the
13 Settlement Administrator mails the Class Notice to Class Members and the last date on which Class
14 Members eligible for Class Settlement Payments only may: (a) postmark or fax a Request for
15 Exclusion to the Settlement Administrator; (b) postmark or fax a Notice of Objection (as set forth
16 in Paragraph 3.7) to the Settlement to the Settlement Administrator; or (c) postmark or fax a Dispute
17 (as set forth in Paragraph 3.5) to the Settlement to the Settlement Administrator.

18 1.38 "Settlement Account" means the account established by the Settlement
19 Administrator pursuant to the terms of this Stipulation into which all monies funded by Defendant
20 under the terms of the Settlement shall be deposited and from which all monies payable under the
21 terms of this Settlement shall be paid, as set forth herein.

22 1.39 "Settlement Administration Costs" means the amount to be paid to the Settlement
23 Administrator from the Maximum Settlement Amount for the administration of the Settlement. The
24 Settlement Administration Costs amount is presently estimated not to exceed Seven Thousand
25 Dollars (\$7,000.00). If the Settlement Administration Costs awarded exceed the actual costs the
26 balance shall be a part of the Net Settlement Amount and distributed to Settlement Class Members
27 as provided in this Agreement.

28 1.40 "Settlement Administrator" means Phoenix Class Action Administration Services.

1 1.41 “Settlement Class Members” or “Settlement Class” means all Class Members who
2 do not submit a valid and timely Request for Exclusion.

3 **2. RECITALS**

4 2.1 Description and Procedural Posture of the Litigation. Plaintiff filed his PAGA
5 notice on March 13, 2020. As a result, the PAGA Period extends from March 13, 2019 to the
6 present. The Class Action complaint was filed on April 30, 2020 in the Los Angeles Superior Court,
7 so the Class Period extends from April 30, 2016 to the present. The Complaint alleged claims for
8 (i) Violation of California Labor Code §§ 510, 1194, 1198 (Unpaid Overtime and Minimum
9 Wages); (ii) Violation of California Labor Code §§ 226(a) and 1174 (Non-compliant Wage
10 Statements); (iii) Violation of California Labor Code §§ 201-203 (Failure to Pay All Wages and on
11 a Timely Basis); (iv) Violation of Labor Code 226.7, 512(a) (Unpaid Meal Period Premiums; (v)
12 Violation of Labor Code 226.7 (Unpaid Rest Period Premiums) and; (vi) Violation of California
13 Business & Professions Code §§ 17200, et seq.

14 Plaintiff alleged that some, but not all, individuals employed by Defendants were
15 misclassified as independent contractors and required to sign “Independent Contractor” agreements
16 but were performing general labor duties. Plaintiff alleges these employees were improperly treated
17 as independent contractors and were not paid all overtime wages. Plaintiff also alleges that other
18 Unvarnished, Inc. employees were not paid overtime wages but were not required to sign
19 “Independent Contractor” agreements and thus were not expressly misclassified. However,
20 Plaintiff alleges they were also not paid all overtime wages due to them.

21 The case was assigned to the Hon. Maren Nelson. Defendants were served on August 7,
22 2020. Plaintiff then submitted a first amended class action complaint on July 15, 2021 alleging a
23 Violation of California Labor Code §§ 2698 et seq. ("PAGA"). Plaintiff alleges that the amendment
24 is based on the “relation back” doctrine. Defendants assert that this amendment is improper and the
25 relation back doctrine is not applicable. Plaintiff also filed a workers’ compensation claim in March
26 2020. Plaintiff’s workers’ compensation claim has been closed.

27 Plaintiff’s Counsel began investigating the facts of the case before filing the PAGA claim
28 notice and civil complaint. Plaintiff’s Counsel reviewed the paystubs provided by Plaintiff, as

1 well as a copy of a portion of the independent contractor agreement that Plaintiff had in his
2 possession while concurrently determining Plaintiff's suitability to serve as Class representative.

3 Plaintiff proved himself more than suitable as a class representative through his herculean
4 efforts to locate and contact his former coworkers at Unvarnished, Inc. Many of these individuals
5 were journeyman laborers with temporary contact information. Plaintiff contacted former
6 coworkers based the on last known telephone numbers and addresses in his possession to set up
7 interviews between Plaintiff's counsel and the witness. Almost all of the individuals contacted were
8 initially hesitant to speak to Plaintiff's Counsel due to many reasons, including but not limited to
9 their immigration status. Plaintiff spoke to each witness and his status as a trusted co-worker helped
10 persuade four witnesses to speak with Plaintiff's Counsel. During telephonic interviews with these
11 witnesses, Plaintiff came to Plaintiff's counsel's office so he could be present during the interviews
12 between the witness, Plaintiff's Counsel, and counsel's interpreter.

13 After some of these interviews, Plaintiff even went to witnesses homes to pick up copies of the
14 paystubs in their possession and brought them to Plaintiff's Counsel to analyze. As a result of these
15 interviews, Plaintiff's Counsel was able to calculate an initial estimate of: (1) the number of
16 employees during the Class Period; (2) the number of employees who may have been misclassified
17 as independent contractors; (3) the number of missed rest and meal breaks per week during the
18 Class Period; and (4) the number of unpaid overtime hours per week during the Class Period. These
19 interviews also provided facts that helped Plaintiff's Counsel to eliminate some labor code claims
20 that were initially thought to have merit.

21 After the civil complaint was filed, there were numerous discussions with Defense counsel
22 regarding the merits and potential legal defenses. Plaintiff's Counsel received, among other things
23 data and documents relevant to Class-wide liability ("Class Data") in support of their investigation
24 and evaluation of Class claims. The Class Data comprised of (1) a list of employees during the
25 Class Period (with personal information redacted); (2) the independent contractor agreements
26 signed by 18 of the 110 employees within the Class Period; (3) sections of the employee handbooks
27 and other documents addressing Defendants' wage and hour practices; and (4) timesheets and
28 paystubs of Plaintiff and approximately 60 employees. Defendants stated they could not produce

1 all employee records due to a fire at a facility where some payroll records were stored. Throughout
2 litigation, Plaintiff's Counsel met with Plaintiff to go over his records and spoke with witnesses to
3 discuss and verify the information in the documents provided by Defendants. As a result, the initial
4 estimates and theories on missed rest and meal periods as well as misclassification of employees
5 were revised.

6 The parties worked cooperatively to share information so that any settlement was backed
7 up by a robust disclosure of class data and other relevant discovery. The parties were in regular
8 communication and exchanged information up through and even during the day of the mediation.
9 Plaintiff's counsel performed a number of tasks to prepare the case for litigation or settlement
10 posture, including but not limited to (1) researching wage-and-hour class actions involving similar
11 claims; (2) obtaining and analyzing Defendants' wage-and-hour policies and procedures; (3)
12 obtaining and analyzing time and corresponding payroll records to determine violation rates and
13 penalty payments; (4) researching the latest case law bearing on the theories of liability, specifically
14 California Labor Code Section 558.1 and 2966, et seq.; (5) researching settlements in similar cases;
15 (6) analyzing the value of Plaintiff's claims; (7) drafting the mediation brief and participating in an
16 all-day mediation session with Plaintiff and Paul Grossman, Esq., which the Plaintiff also attended
17 and was an active participant; (8) negotiating the terms of the Settlement; (9) preparing the Joint
18 Stipulation of Settlement and Release; (10) finalizing the Notice of Class Action Settlement; and
19 (11) drafting the preliminary approval papers. (*Id.*)

20 Based on the data provided by Defendants and information obtained from Plaintiff and some
21 of Plaintiff's former co-workers, the parties were able to calculate a reasonably accurate estimate
22 of: (i) the approximate average hourly rate of pay for Class Members; (ii) the total number of former
23 and current employees in the Class Period; (iii) the total number of Class Members in the PAGA
24 period; (iv) the number of pay periods and workweeks worked by all Class Members during the
25 Class Period; (v) the number of missed rest and meal breaks per week during the Class Period and;
26 (vi) the number hours of unpaid overtime per week during the Class Period. Notice of settlement
27 was submitted to the LWDA on March 04, 2022.

1 On July 29, 2021, the Parties attended a mediation with Paul Grossman, Esq. Mr. Grossman
2 is a highly regarded attorney in California labor and a well-respected class action mediator. During
3 the mediation, the parties accepted a mediator's proposal that resolved the Lawsuit, executed a
4 binding and enforceable Memorandum of Agreement, and agreed that a detailed, long-form
5 Stipulation of Class Action and PAGA Settlement and Release would be completed thereafter.

6 The receipt and analysis of the existing Class Data was sufficient for the Parties to make a
7 reasonably accurate and informed decision about the strengths and weaknesses of Plaintiff's
8 theories of liability, Defendants' defenses, Class-wide damages, and benefits of Settlement.

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

19 2.2 Benefits of Settlement to Class Members and PAGA Members. Plaintiff and Class
20 Counsel recognize the expense and length of continued proceedings necessary to litigate their
21 disputes through trial and through any possible appeals. Plaintiff and Class Counsel have also taken
22 into account the uncertainty and risk of the outcome of further litigation, and the difficulties and
23 delays inherent in such litigation. Plaintiff and Class Counsel are also aware of the burdens of
24 proof necessary to establish liability for the claims asserted in the Lawsuit, both generally and in
25 response to Defendants' defenses thereto (many of which have been shared during the course of
26 the Parties' extensive settlement negotiations), and potential difficulties in establishing damages
27 and entitlement to monetary recovery including civil penalties for the PAGA Members. Plaintiff
28 and Class Counsel have also taken into account Defendants' agreement to enter into a settlement

1 that confers substantial relief upon Class Members and PAGA Members based on the terms set
2 forth herein. Based on the foregoing, Plaintiff and Class Counsel have determined that the
3 Settlement set forth in this Agreement is a fair, adequate, and reasonable settlement and is in the
4 best interests of the Class Members and PAGA Members.

5 2.3 Defendants' Reasons for Settlement. Defendants have concluded that any further
6 defense of this litigation would be protracted and expensive for all Parties. Substantial amounts of
7 time, energy, and resources of Defendants have been and, unless this Settlement is made, will
8 continue to be, devoted to the defense of the claims asserted by Plaintiff. Defendants have also
9 taken into account the risks of further litigation in reaching its decision to enter into this Settlement.
10 Despite continuing to contend that it is not liable for any of the claims set forth by Plaintiff in the
11 Lawsuit, Defendants have, nonetheless, agreed to settle in the manner and upon the terms set forth
12 in this Agreement to put to rest the claims alleged in the Lawsuit.

13 2.4 Class Members' Claims. Plaintiff, on behalf of Class Members and PAGA
14 Members, has claimed and continues to claim that the Released Class Claims and Released PAGA
15 Claims have merit and give rise to liability on the part of Defendants. This Agreement constitutes
16 Plaintiff's good faith compromise of disputed claims. Nothing contained in this Agreement (and
17 exhibits/attachments hereto), no documents referred to herein, and no action taken to carry out this
18 Agreement may be construed or used as an admission by or against the Class Members, PAGA
19 Members or Class Counsel as to the merits or lack thereof of the claims asserted.

20 2.5 Defendants' Defenses. Defendants have claimed and continues to claim that the
21 Released Class Claims and Released PAGA Claims have no merit and do not give rise to liability.
22 Moreover, Defendants challenged and continue to challenge the inclusion of the PAGA claim in
23 the First Amended Complaint. This Agreement constitutes Defendants' good faith compromise of
24 disputed claims. Nothing contained in this Agreement, no documents referred to herein, and no
25 action taken to carry out this Agreement may be construed or used as an admission by or against
26 Defendants as to the merits or lack thereof of the claims asserted.

27 2.6 Maximum Amount Payable by Defendants. Under the terms of this Settlement, the
28 maximum amount payable by Defendants shall not exceed the Maximum Settlement Amount.

1 However, notwithstanding the foregoing, in addition to the Maximum Settlement Amount,
2 Defendants shall also pay the employer share of payroll taxes due and payable on Class Settlement
3 Payments as a result of this Settlement.

4 **3. TERMS OF AGREEMENT**

5 The Parties agree as follows:

6 3.1 Releases Given by Plaintiff and the Settlement Class.

7 3.1.1 As To All Settlement Class Members and PAGA Members. As of the date
8 Defendant funds the Settlement (as set forth in Paragraph 3.10) all Settlement Class Members,
9 including Plaintiff, release the Released Parties from the Released Class Claims and all PAGA
10 Members, including Plaintiff, release the Released PAGA Claims. The Settlement Administrator
11 shall include a legend on the Class Settlement Payment check stating: “By cashing this check, I am
12 affirmatively opting into the release of claims in *Jorge Avalos v. Unvarnished, Inc., 600 SPRING,*
13 *LLC, and Scott Gillen, now pending in the Superior Court of California for the County of Los*
14 *Angeles, Case No. 20STCV16951,* and releasing the Released Class Claims described in the
15 Settlement Agreement.”

16 3.1.2 General Release of Class Representative’s Claims. Plaintiff, Jorge Avalos,
17 releases and discharges all Released Parties from any and all claims relating to or arising from his
18 employment with Defendants including but not limited to: any and all wage-and-hour claims arising
19 under the laws of the State of California, including, without limitation, statutory, constitutional,
20 contractual, and/or common law claims for wages, damages, restitution, unreimbursed expenses,
21 equitable relief, penalties, liquidated damages, and/or punitive damages (including, without
22 limitation, claims under any applicable Industrial Welfare Commission Wage Order, the California
23 Private Attorneys General Act, or any other provision of the California Labor Code); any and all
24 claims arising under any federal, state, local or other governmental statute or ordinance, including
25 without limitation, the National Labor Relations Act; Title VII of the Civil Rights Act of 1964; the
26 Civil Rights Act of 1991; the Americans with Disabilities Act of 1990; the Fair Labor Standards
27 Act; the Occupational Safety and Health Act; the Consolidated Omnibus Budget Reconciliation
28 Act of 1985; the Age Discrimination in Employment Act (“ADEA”); the Older Workers Benefit

1 Protection Act; the Worker Adjustment and Retraining Notification Act (“WARN”); the Employee
2 Retirement Income Security Act of 1974; the Family and Medical Leave Act of 1993; the
3 Rehabilitation Act of 1973; the Internal Revenue Code of 1986, as amended; the California Fair
4 Employment and Housing Act; the California Family Rights Act; the California Labor Code; the
5 California Civil Code; the California Government Code; the California Constitution; and the
6 California Unfair Competition Law (Cal. Bus. & Prof. Code § 17200, *et seq.*). Plaintiff expressly
7 waives the protections of California Civil Code section 1542, which reads as follows:

8 A general release does not extend to claims that the creditor or releasing party does
9 not know or suspect to exist in his or her favor at the time of executing the release
10 and that, if known by him or her would have materially affected his or her
11 settlement with the debtor or released party.

12 3.2 Tax Liability. The Parties make no representations as to the tax treatment or legal
13 effect of the payments called for hereunder, and Class Members and PAGA Members are not
14 relying on any statement or representation by the Parties in this regard. Class Members and PAGA
15 Members understand and agree that they will be responsible for the payment of any taxes and
16 penalties assessed on the payments described herein and will hold the Parties free and harmless
17 from and against any claims resulting from treatment of such payments as non-taxable damages,
18 including the treatment of such payments as not subject to withholding or deduction for payroll and
19 employment taxes.

20 3.3 Settlement Approval and Implementation Procedures. As part of this Settlement,
21 the Parties agree to the following procedures for obtaining the Court’s preliminary approval of the
22 Settlement, certifying a Class for settlement purposes only, notifying Class Members and PAGA
23 Members of the Settlement, obtaining the Court’s final approval of the Settlement, and processing
24 the Class Settlement Payments and PAGA Settlement Payments.

25 3.3.1 Preliminary Approval and Certification. The Parties will jointly submit this
26 Stipulation to the Court for its preliminary approval. Such submission will include this Agreement,
27 the proposed Class Notice, attached hereto as **Exhibit A**, and any motions, memoranda, and
28 evidence as may be necessary for the Court to determine that this Agreement is fair, adequate, and

1 reasonable. The Parties agree to request the Court to enter an order approving the certification of
2 the Class after the preliminary approval hearing in accordance with California Rules of Court rule
3 3.769(c).

4 3.3.2 Class Information. No more than thirty (30) business days after the entry of
5 the Preliminary Approval Order, Defendants shall provide the Settlement Administrator with the
6 Class Information for purposes of administering the Settlement.

7 3.3.3 Efforts to Locate Class Members and PAGA Members. The Parties agree
8 that locating and contacting Class Members and PAGA Members is an important and material
9 aspect of the Settlement. In this regard, the Settlement Administrator shall undertake diligent
10 efforts to locate Class Members and PAGA Members and utilize the best practicable means
11 available for purposes of verifying and/or updating the current address and telephone numbers for
12 all Class Members (including skip tracing). After updating against the National Change of Address
13 Database, the address(es) identified by the Settlement Administrator as the current mailing address
14 shall be presumed to be the best mailing address for each Class Member and PAGA Member. The
15 cost of diligently attempting to find the best contact information of the Class Members and PAGA
16 Members shall be included in the Settlement Administration Costs and Defendant shall not, under
17 any circumstances, be required to pay any additional funds for the investigatory duties to be
18 performed by the Settlement Administrator.

19 3.3.4 Notice By First Class U.S. Mail. No more than fourteen (14) calendar days
20 after receiving the Class Information from Defendants as provided herein, the Settlement
21 Administrator shall mail copies of the Class Notice to all Class Members and PAGA Members by
22 First-Class U.S. Mail. Prior to mailing the Class Notices, the Settlement Administrator will use the
23 United States Postal Service National Change of Address Database to locate updated addresses to
24 ensure that the Class Notice is sent to all Class Members and PAGA Members at the addresses
25 most likely to result in receipt of the Class Notice. It will be conclusively presumed that, if an
26 envelope so mailed has not been returned by the Response Deadline, the Class Member and/or
27 PAGA Member received the Class Notice.
28

1 3.3.5 Undeliverable Notices. Any Class Notice that is returned to the Settlement
2 Administrator as non-delivered on or before the Response Deadline shall be re-mailed to the
3 forwarding address affixed thereto, if any. If no forwarding address is provided, the Settlement
4 Administrator shall make any further reasonable efforts to obtain an updated mailing address within
5 two (2) business days of the date of the return of the Class Notice, including, without limitation,
6 conducting one skip trace search. If an updated mailing address is identified, the Settlement
7 Administrator shall re-send the Class Notice to the Class Member and/or PAGA Member. Class
8 Members to whom a Class Notice is re-sent after having been returned undeliverable to the
9 Settlement Administrator shall have fourteen (14) calendar days thereafter or until the Response
10 Deadline has expired, whichever is later, to mail or fax the Request for Exclusion, Notice of
11 Objection, or Dispute. A Class Notice that is re-sent shall inform the recipient of this adjusted
12 deadline. The date of the postmark of the submission, either based on the date on the return
13 envelope or the date of the fax stamp, shall be the exclusive means used to determine whether a
14 Class Member has timely returned his or her Request for Exclusion, Notice of Objection, or
15 Dispute. Unless otherwise agreed by the Parties, Requests for Exclusion, Notices of Objection, or
16 Disputes shall be deemed valid only if they are signed by the Class Member and postmarked or fax
17 stamped on or before the applicable deadline. If a Class Member's Class Notice is returned to the
18 Settlement Administrator more than once as non-deliverable, then the Settlement Administrator
19 shall not be required to undertake any additional re-mailing of the returned Class Notice.

20 3.3.6 Compliance with the procedures specified in Paragraphs 3.3.2 through 3.3.5
21 herein shall constitute due and sufficient notice to Class Members of this Settlement and shall
22 satisfy the requirement of due process. Nothing else shall be required of, or done by, the Parties,
23 Class Counsel, and Defense Counsel to provide notice of the proposed Settlement.

24 3.4 Translation of Class Notice. A Spanish and English version of the Class Notice will
25 be mailed to each Class Member. The Settlement Administrator shall be responsible for translating
26 the Class Notice from English to Spanish. Costs of translation are included in the Settlement
27 Administration Costs.
28

1 3.5 Disputes. Class Members and PAGA Members will have the opportunity, should
2 they disagree with Defendants' records regarding their Compensable Weeks for their Class
3 Settlement Payment as stated on their Class Notice, to dispute this information by completing a
4 form attached to the Class Notice ("Dispute") to the Settlement Administrator. The Dispute
5 contains sections for the Class Member to fill out: (1) the name, address, telephone number, last
6 four digits of the Social Security number, and a space for the signature of the Class Member; (2)
7 contains the case name and number of the Lawsuit; (3) indicates that the Class Member seeks to
8 dispute his or her Compensable Weeks for their Class Settlement Payment; (4) provides
9 documentation and/or an explanation to show contrary Compensable Weeks; and (5) is postmarked
10 or fax-stamped by the Response Deadline and returned to the Settlement Administrator at the
11 specified address or fax telephone number. If there is a Dispute, the Settlement Administrator will
12 consult with the Parties to determine whether an adjustment is warranted. Defendant's records will
13 be presumed determinative, but the Settlement Administrator and Parties will determine whether
14 an adjustment is warranted.

15 Any disputes, including those concerning a Class Member's settlement payment or
16 administration of the Settlement (but excluding those disputes that concern the interpretation or
17 enforceability of this Agreement) shall be presented to the Settlement Administrator, who shall
18 recommend a resolution of the dispute. If either Party disagrees with the recommendation, the Court
19 will finally resolve the matter. Prior to any such resolution, counsel for the Parties will confer in
20 good faith to resolve the dispute.

21 3.6 Requests for Exclusion (Opt Outs). The Class Notice shall state that Class Members
22 or PAGA Members who wish to exclude themselves from the Class Settlement Payment and
23 Released Class Claims must submit a written statement to the Settlement Administrator ("Request
24 for Exclusion") as described in this Section 3.6. The Request for Exclusion must be submitted to
25 the Settlement Administrator by the Response Deadline. The Request for Exclusion must: (1)
26 contain the name, address, telephone number, last four digits of the Social Security number, and
27 signature of the Class Member; (2) contain the case name and number of the Lawsuit; (3) clearly
28 indicate that the Class Member seeks to exclude him or herself from the Class Settlement Payment

1 and Released Class Claims; and (4) be postmarked or fax-stamped on or before the Response
2 Deadline and returned to the Settlement Administrator at the specified address or fax telephone
3 number.

4 Any Class Member or PAGA Member who requests to be excluded from the Class
5 Settlement Payment will not be entitled to any recovery for the Class Claims under the Settlement
6 and will not be bound by the terms of the Settlement with respect to the Class Claims or have any
7 right to object, appeal, or comment thereon. Class Members or PAGA Members who receive a
8 Class Notice but fail to submit a valid and timely Request for Exclusion shall be bound by all terms
9 of the Settlement and any Final Approval Order and Judgment entered in this Lawsuit if the
10 Settlement is approved by the Court.

11 No later than fourteen (14) calendar days after the Response Deadline, the Settlement Administrator
12 shall provide Defense Counsel with a complete list of all Class and PAGA Members who have
13 timely submitted Requests for Exclusion. Any Class or PAGA Member who submits a valid and
14 timely Request for Exclusion shall forfeit his or her right to receive a Class Settlement Payment
15 under this Agreement, the amount of which will be part of the Net Settlement Amount to be
16 distributed to Settlement Class Members as provided in this Agreement but will still release the
17 Released PAGA Claims and receive a PAGA Settlement Payment (if eligible).

18 3.7 Objections. The Class Notice shall state that Settlement Class Members (*i.e.*, Class
19 and PAGA Members who have not excluded themselves from the Settlement) who wish to object
20 to the Class Claims Settlement must submit a written statement of objection (“Notice of Objection”)
21 on or before the Response Deadline to the settlement administrator. The Notice of Objection must:
22 (1) contain the name, address, telephone number, last four digits of the Social Security number, and
23 signature of the Class Member; (2) contain the case name and number of the Lawsuit; (3) clearly
24 indicate that the Class Member seeks to object to the Class Claims Settlement; (4) state the legal
25 and factual basis for the objection; (5) state whether the Settlement Class Member intends to appear
26 at the Final Approval Hearing; and (6) be postmarked or fax-stamped on or before the Response
27 Deadline and returned to the Settlement Administrator at the specified address or fax telephone
28 number. The Settlement Administrator shall within five (5) calendar days of receiving a Notice of

1 Objection provide the Parties with copies of the Notices of Objection. The Settlement
2 Administrator will lodge all Notices of Objection that it receives with the Court by attaching them
3 to its declaration to be filed with the Court in support of the motion for final approval of the
4 Settlement.

5 3.8 No Solicitation of Objections or Requests for Exclusion. The Parties agree to use
6 their best efforts to carry out the terms of this Settlement. At no time shall any of the Parties or
7 their counsel seek to solicit or otherwise encourage Class Members to submit Requests for
8 Exclusion, Notices of Objection, or Disputes or to appeal from the Court's Final Approval Order
9 and Judgment.

10 3.9 Uncashed Checks. If a Settlement check is returned to the Settlement Administrator
11 as undeliverable within thirty (30) calendar days of mailing to a Settlement Class Member, the
12 Settlement Administrator shall promptly attempt to obtain a valid mailing address by performing a
13 skip trace search and, if another address is identified, shall re-mail the check to the newly identified
14 address.

15 No portion of the Maximum Settlement Amount will revert to Defendants. If a Settlement
16 check is not cashed or deposited within one hundred eighty (180) calendar days after the date it is
17 mailed to a Settlement Class Member, it will be voided. The funds associated with such voided
18 checks will be transmitted to the Unclaimed Property Fund maintained by the State Controller's
19 Office in the names of the Settlement Class Members whose checks are voided.

20 3.10 Funding and Allocation of Settlement. Defendants are required to fully fund and
21 pay Two Hundred Thousand Dollars (\$200,000.00) of the Maximum Settlement Amount as well
22 as the employer-side payroll taxes within twenty (20) calendar days of the Effective Date.
23 Defendant shall provide the funds for the Settlement to the Settlement Administrator by certified
24 check or by wire transfer. The Settlement Administrator shall deposit the funds in the Settlement
25 Account. Distributions from the Settlement Account shall occur in conformity with the Court's
26 Final Approval Order and Judgment. No more than five (5) calendar days after the Settlement is
27 fully funded, the Settlement Administrator will provide the Parties with an accounting of all
28 anticipated payments and awards from the fund. Payments from the fund shall be made for: (1) the

1 Class Settlement Payment to Settlement Class Members; (2) the Enhancement Award, as specified
2 in this Agreement and approved by the Court; (3) the Class Counsel Award and Class Counsel
3 Costs, as specified in this Agreement and approved by the Court; (4) the Settlement Administration
4 Costs, as specified in this Agreement and approved by the Court; and (5) the PAGA Payment
5 (including the LWDA Payment and PAGA Settlement Payment), as specified in this Agreement
6 and approved by the Court, to the LWDA and eligible Class Members. No portion of the Maximum
7 Settlement Amount will revert to Defendants.

8 3.11 Class Settlement Payments and PAGA Settlement Payments.

9 3.11.1 Class Settlement Payments and PAGA Settlement Payments shall be mailed
10 by regular First-Class U.S. Mail to Settlement Class Members' last known mailing address within
11 thirty (30) calendar days after the Effective Date.

12 3.11.2 Each Settlement Class Member's share of the Net Settlement Amount shall
13 be determined as follows:

- 14 • Total Workweeks = (1 x all Unvarnished, Inc. Employee Classified as
15 "Independent Contractor" Weeks) + (0.7 x all other Unvarnished, Inc. Non-
16 Exempt Employee Weeks)
- 17 • Workweek Value = Net Settlement Amount ÷ Total Workweeks
- 18 • Individual Class Settlement Payment = [(1 x individual Unvarnished Inc.
19 Individuals Classified as "Independent Contractor" Employee Weeks) + (0.7
20 x Non-Exempt Employees of Unvarnished, Inc. Employee Weeks)] x
21 Workweek Value

22 Compensable Weeks for Defendants employees who were not classified as "Independent
23 Contractor" shall have 0.7 of the Workweek Value for Compensable Weeks for non-exempt
24 employees of Unvarnished, Inc. who did not sign "Independent Contractor" agreements. This
25 reduction in Workweek Value is fair because some Unvarnished, Inc. employees were not required
26 to sign Independent Contractor agreements and therefore may not have been subjected to the
27 alleged policies and/or practices that give rise to the regular rate claim, wage statement claim, and
28

1 waiting-time penalties claim. The Class Settlement Payments will be reduced for employees' share
2 of payroll taxes on the wages portion for each Settlement Class Member.

3 3.11.3 Class Settlement Payments (as defined in Paragraph 3.11.2) will be allocated
4 as follows: thirty-three and a third percent (33.33%) as wages and sixty-six and two thirds percent
5 (66.67%) as interest/penalties/non-wage damages. The wages portion of each Class Settlement
6 Payment will be reduced by any legally-mandated deductions for payroll taxes or other required
7 employee-side taxes and withholdings. Defendants' share of any employer-related payroll taxes
8 will be paid by Defendants separately and in addition to the Maximum Settlement Amount. The
9 Settlement Administrator shall issue the appropriate tax documents associated with the Class
10 Settlement Payments and PAGA Settlement Payments, including an IRS Form W-2 for the amounts
11 allocated as wages and an IRS Form 1099 for the amounts allocated as interest/penalties/non-wage
12 damages.

13 3.11.4 The PAGA Settlement Payments payable to each PAGA Member shall be
14 determined as follows:

- 15 • Pay Period Value = PAGA Settlement Amount ÷ total Compensable Pay
16 Periods
- 17 • Individual PAGA Settlement Payment = individual Compensable Pay
18 Periods x Pay Period Value

19 The PAGA Settlement Payments are considered to be entirely civil penalties and will be paid
20 without reduction for any taxes or other withholdings and will be reported on an IRS Form 1099
21 (if required). The Settlement Administrator shall issue the appropriate tax documents associated
22 with the PAGA Settlement Payments.

23 3.11.5 No benefit, including, but not limited to, pension benefits and/or 401(k),
24 shall increase or accrue as a result of any payment made as a result of the Settlement. Except for
25 the Class Representative's Enhancement Award, Class Members and PAGA Members are not
26 eligible to receive any compensation other than Class Settlement Payments and, if eligible, PAGA
27 Settlement Payments, as a result of this Settlement.

1 3.12 Enhancement Award. Defendants agree not to oppose or object to any application
2 or motion by Plaintiff to be appointed Class Representative and for a Class Representative's
3 Enhancement Award. Class Counsel shall seek an Enhancement Award for Plaintiff up to Ten
4 Thousand Dollars (\$10,000.00). Defendants agree not to oppose the motion by Plaintiff for said
5 Enhancement Award, so long as the requested Enhancement Award does not exceed this amount.
6 Any portion of the requested Enhancement Award that is not awarded shall be a part of the Net
7 Settlement Amount to be distributed to Settlement Class Members as provided in this Agreement.
8 The Enhancement Award is intended to be in recognition of the Class Representative's efforts and
9 time as Class Representative. The Enhancement Award shall be paid to Plaintiff from the
10 Maximum Settlement Amount within thirty (30) calendar days after the Effective Date. The
11 Settlement Administrator shall issue an IRS Form 1099-MISC to Plaintiff for his Enhancement
12 Award. Plaintiff shall be solely and legally responsible to pay any and all applicable taxes on his
13 Enhancement Award and shall hold harmless Defendants from any claim or liability for taxes,
14 penalties, or interest arising as a result of the Enhancement Award. The Enhancement Award shall
15 be in addition to Plaintiff's Class Settlement Payment and PAGA Settlement Payment as a Class
16 Member and PAGA Member. In the event the Court reduces or does not approve the requested
17 Enhancement Award, Plaintiff shall not have the right to revoke his agreement to the Settlement,
18 which shall remain legally binding and enforceable on the Parties.

19 3.13 Class Counsel Award and Class Counsel Costs. Defendants agree not to oppose or
20 object to any application or motion by Class Counsel for attorneys' fees not to exceed thirty-three
21 percent (33-1/3%) of the Maximum Settlement Amount (*i.e.*, \$66,667.00) and Class Counsel Costs
22 not to exceed Seventeen Thousand Dollars (\$17,000.00), as supported by declaration from Class
23 Counsel, from the Maximum Settlement Amount. Class Counsel shall be paid the Court-approved
24 Class Counsel Award and Class Counsel Costs within thirty (30) calendar days after the Effective
25 Date. Class Counsel shall be solely and legally responsible to pay all applicable taxes on the
26 payment made pursuant to this Paragraph. The Settlement Administrator shall issue an IRS Form
27 1099-MISC to Class Counsel for the payments made pursuant to this Paragraph. In the event the
28 Court reduces or does not approve the requested Class Counsel Award and/or Class Counsel Costs,

1 the Settlement shall remain legally binding and enforceable on the Parties. Any amount requested
2 by Class Counsel for the Class Counsel Award and/or Class Counsel Costs and not granted by the
3 Court shall be included in the Net Settlement Amount before it is distributed as provided in this
4 Agreement.

5 3.14 PAGA Payment. Subject to approval by the Court, the Parties shall allocate a total
6 of Ten Thousand Dollars (\$10,000.00) for payment of penalties pursuant to PAGA per California
7 Labor Code section 2699(i) (*i.e.*, the PAGA Payment). 75% of the PAGA Payment (*i.e.*, \$7,500.00)
8 will be paid to California's Labor Workforce Development Agency ("LWDA") from the Maximum
9 Settlement Amount (*i.e.*, the LWDA Payment) by the Settlement Administrator within thirty (30)
10 calendar days after the Effective Date. The remaining 25% of the PAGA Payment (\$2,500.00)
11 shall be distributed to PAGA Members as described in Paragraph 3.11.4 (*i.e.*, the PAGA Settlement
12 Payment). It is intended by the Parties that the LWDA Payment shall satisfy the distribution
13 requirements of Cal. Lab. Code § 2698, *et seq.* If the Court awards a lesser amount for the PAGA
14 Payment, then the LWDA Payment shall be adjusted to 75% of the Court-approved amount, and
15 the PAGA Settlement Payment shall be adjusted to 25% of the Court-approved amount.

16 3.15 Option to Terminate Settlement. If, after the Response Deadline and before the
17 Final Approval Hearing, the number of individuals who submitted timely and valid Requests for
18 Exclusion from the Settlement exceeds five percent (5%) of all Class Members, Defendants shall
19 have, in its sole discretion, the option to rescind this Settlement within ten (10) days of being
20 informed, in writing, of this information, by the Settlement Administrator. If Defendants exercise
21 its option to terminate this Settlement, Defendants shall pay all Settlement Administration Costs
22 incurred up to the date of termination. If the option to terminate this Settlement is exercised by
23 Defendants, Defendants shall exercise it by providing written notice to Class Counsel, in
24 conformity with Paragraph 3.35 herein.

25 3.16 Settlement Administration Costs. The Settlement Administrator shall be paid for
26 the costs of administration of the Settlement from the Maximum Settlement Amount. Such costs
27 of administration are estimated not to exceed Seven Thousand Dollars (7,000.00). No fewer than
28 twenty-one (21) calendar days prior to the Final Approval Hearing, the Settlement Administrator

1 shall provide the Parties with a statement detailing the costs of administration. The Settlement
2 Administrator, on Defendants' behalf, shall have the authority and obligation to make payments,
3 credits, and disbursements, including payments and credits in the manner set forth herein, to
4 Settlement Class Members and PAGA Members calculated in accordance with the methodology
5 set out in this Agreement and orders of the Court. The Parties agree to cooperate in the Settlement
6 administration process and to make all reasonable efforts to control and minimize the cost and
7 expenses incurred in administration of the Settlement. The Parties each represent they do not have
8 any financial interest in the Settlement Administrator or otherwise have a relationship with the
9 Settlement Administrator that could create a conflict of interest. The Settlement Administrator
10 shall be responsible for: processing and mailing payments to Plaintiff, Class Counsel, Class
11 Members, PAGA Members, and the LWDA; printing and mailing the Class Notice to the Class
12 Members as directed by the Court; receiving and reporting the Requests for Exclusion, Disputes,
13 or Notices of Objection submitted by Class Members (including providing weekly status reports);
14 providing declaration(s) as necessary in support of preliminary and/or final approval of this
15 Settlement; payment of all applicable payroll taxes and withholding and reporting of such
16 payments; and other tasks as the Parties mutually agree or the Court orders the Settlement
17 Administrator to perform. The Settlement Administrator shall keep the Parties timely apprised of
18 the performance of all Settlement Administrator responsibilities. Any legally-mandated tax reports,
19 tax forms, tax filings, or other tax documents required by administration of this Agreement shall be
20 prepared by the Settlement Administrator. Any expenses incurred in connection with such
21 preparation shall be a cost of administration of the Settlement. The Settlement Administrator shall
22 be paid the Settlement Administration Costs within thirty (30) calendar days after the Effective
23 Date.

24 3.17 Final Approval Hearing. At a reasonable time following the Response Deadline,
25 the Court shall hold the Final Approval Hearing, where objections, if any, may be heard, and the
26 Court shall determine amounts properly payable for (i) the Class Counsel Award and Class Counsel
27 Costs, (ii) the Enhancement Award, (iii) the PAGA Payment, and (iv) the Settlement
28 Administration Costs. The Court will hear from any Class Member who attends the Final Approval

1 Hearing and asks to speak regardless of whether the Class Member complied with the Objection
2 procedures in section 3.7.

3 3.18 Entry of Judgment. If the Court approves this Settlement at the Final Approval
4 Hearing, the Parties shall request that the Court enter judgment, with the Court retaining jurisdiction
5 over the Parties to enforce the terms of the judgment, pursuant to California Rules of Court rule
6 3.769. To provide notice of judgment to the Class, the Settlement Administrator will post the
7 Court's Final Approval Order and Judgment on its website for sixty (60) calendar days after the
8 date of entry of the Final Approval Order and Judgment, and no individualized notice will be
9 required.

10 3.19 Nullification of Settlement Agreement. In the event: (i) the Court does not enter the
11 Preliminary Approval Order as provided herein; (ii) the Court does not grant final approval of the
12 Settlement as provided herein; (iii) the Court does not enter a Final Approval Order and Judgment
13 as provided herein; or (iv) the Settlement does not become final for any other reason, this Settlement
14 Agreement shall be null and void and any order or judgment entered by the Court in furtherance of
15 this Settlement shall be treated as void from the beginning. However, notwithstanding the
16 foregoing, the Parties will cooperate to obtain a Preliminary Approval Order and Final Approval
17 Order from the Court. In such a case, the Parties and any funds to be awarded under this Settlement
18 shall be returned to their respective statuses as of the date and time immediately prior to the
19 execution of this Agreement, and the Parties shall proceed in all respects as if this Agreement had
20 not been executed, except that any fees already incurred by the Settlement Administrator shall be
21 paid by the Parties in equal shares. In the event an appeal is filed from the Court's Final Approval
22 Order and Judgment, or any other appellate review in this action is sought, administration of the
23 Settlement shall be stayed pending final resolution of the appeal or other appellate review.

24 3.20 No Admission by Defendants. Defendants deny any and all claims alleged in this
25 Lawsuit and denies all wrongdoing whatsoever. This Agreement is not a concession or admission
26 and shall not be used against Defendants as an admission or indication with respect to any claim of
27 any fault, concession, or omission by Defendants.
28

1 3.21 Dispute Resolution. Except as otherwise set forth herein, all disputes concerning
2 the interpretation, calculation of payment of settlement claims, or other disputes regarding
3 compliance with this Agreement shall be resolved as follows:

4 3.21.1 If Plaintiff or Class Counsel, on behalf of Plaintiff or any Settlement Class
5 Members and/or PAGA Member, or Defendants at any time believe that the other Party has
6 breached or acted contrary to the Agreement, that party shall notify the other party in writing of the
7 alleged violation.

8 3.21.2 Upon receiving notice of the alleged violation or dispute, the responding
9 party shall have ten (10) business days to correct the alleged violation and/or respond to the
10 initiating party with the reasons why the Party disputes all or part of the allegation.

11 3.21.3 If the response does not address the alleged violation to the initiating party's
12 satisfaction, the Parties shall negotiate in good faith for up to ten (10) business days to resolve their
13 differences.

14 3.21.4 If thereafter the Parties still cannot resolve the dispute, the parties shall
15 utilize the services of Paul Grossman, Esq., in a good-faith attempt to mediate and resolve the
16 dispute, with the expense of the mediator to be shared equally by the Parties. If Mr. Grossman is
17 not available to mediate the dispute, and the Parties do not agree to a different mediator, or either
18 Party desires to forego mediation of the dispute, the dispute may be submitted directly to the Court
19 as set forth in Paragraph 3.21.5.

20 3.21.5 If the Parties are thereafter still unable to resolve their differences after
21 twenty (20) business days, either Party may file a motion with the Court, including and not limited
22 to, pursuant to California Rules of Court rule 3.769 and/or California Civil Procedure Code section
23 664.6.

24 3.22 Exhibits and Headings. The terms of this Agreement include the terms set forth in
25 the attached Exhibit, which are incorporated by this reference as though fully set forth herein. The
26 Exhibit to this Agreement is an integral part of the Settlement. The descriptive headings of any
27 paragraphs or sections of this Agreement are inserted for convenience of reference only and do not
28 constitute a part of this Agreement.

1 3.23 Interim Stay of Proceedings. The Parties agree to stay all proceedings in the
2 Lawsuit, subject to necessary compliance with the Court's orders, except such proceedings
3 necessary to implement and complete the Settlement, in abeyance pending the Final Approval
4 Hearing to be conducted by the Court.

5 3.24 Amendment or Modification. This Agreement may be amended or modified only
6 by a written instrument signed by counsel for all Parties or their successors-in-interest and approved
7 by the Court.

8 3.25 Entire Agreement. This Agreement and attached Exhibits constitute the entire
9 Agreement among the Parties, and no oral or written representations, warranties, or inducements
10 have been made to any Party concerning this Agreement or its Exhibits other than the
11 representations, warranties, and covenants contained and memorialized in the Agreement and its
12 Exhibits.

13 3.26 Authorization to Enter Into Settlement Agreement. Counsel for all Parties warrant
14 and represent they are expressly authorized by the Parties whom they represent to negotiate this
15 Agreement and to take all appropriate actions required or permitted to be taken by such Parties
16 pursuant to this Agreement to effectuate its terms and to execute any other documents required to
17 effectuate the terms of this Agreement. The Parties and their counsel will cooperate with each other
18 and use their best efforts to effect the implementation of the Settlement. In the event the Parties
19 are unable to reach agreement on the form or content of any document needed to implement the
20 Settlement, or on any supplemental provisions that may become necessary to effectuate the terms
21 of this Settlement, the Parties may seek the assistance of the Court to resolve such disagreement.
22 The persons signing this Agreement on behalf of Defendant represent and warrant that they are
23 authorized to sign this Agreement on behalf of Defendant. Plaintiff represents and warrants that he
24 is authorized to sign this Agreement and that he has not assigned any claim, or part of a claim,
25 covered by this Settlement to a third party.

26 3.27 Binding Nature of Agreement. This Agreement shall be binding upon, and inure to
27 the benefit of, the successors, heirs, assigns, and third-party beneficiaries of the Parties hereto, as
28

1 previously defined. To the extent permitted by law, the PAGA Members and Settlement Class
2 Members shall also be bound by this Agreement and any judgment relating thereto.

3 3.28 California Law Governs. All terms of this Agreement and the Exhibit hereto shall
4 be governed by and interpreted according to the laws of the State of California.

5 3.29 This Settlement is Fair, Adequate, and Reasonable. The Parties believe and stipulate
6 that this Settlement is a fair, adequate, and reasonable settlement of this Lawsuit and have arrived
7 at this Settlement after extensive, arm's-length, non-collusive negotiations, taking into account all
8 relevant factors, present and potential.

9 3.30 Jurisdiction of the Court. The Parties agree that the Court shall retain jurisdiction
10 with respect to the interpretation, implementation, and enforcement of the terms of this Agreement
11 and all orders and judgments entered in connection therewith, and the Parties and their counsel
12 hereto submit to the jurisdiction of the Court for purposes of interpreting, implementing, and
13 enforcing the Settlement embodied in this Agreement and all orders and judgments entered in
14 connection therewith.

15 3.31 Invalidity of Any Provision. Before declaring any provision of this Agreement
16 invalid, the Court shall first attempt to construe the provisions valid to the fullest extent possible
17 consistent with applicable precedents so as to define all provisions of this Agreement valid and
18 enforceable.

19 3.32 No Right to Terminate Based on Reduction of Class Counsel Award or Class
20 Counsel Costs. The Parties agree that any reduction in the Class Counsel Award and Class Counsel
21 Costs shall not constitute grounds to terminate or void the Settlement or otherwise increase the
22 maximum amount payable by Defendants under this Agreement, which shall not exceed the
23 Maximum Settlement Amount defined herein.

24 3.33 Cooperation. The Parties agree to cooperate fully with one another to accomplish
25 and implement the terms of this Settlement. Such cooperation shall include, but not be limited to,
26 execution of such other documents and taking of such other actions as may be reasonably necessary
27 to timely fulfill the terms and approval by the Court of this Settlement. The Parties to this
28 Settlement shall use their best efforts, including all efforts contemplated by this Settlement and any

1 other efforts that may become necessary by Court order or otherwise, to effectuate this Settlement
2 and the terms set forth herein.

3 3.34 Publicity. Plaintiff and Class Counsel agree that they will not issue (before the date
4 of the filing of the motion for preliminary approval of this Settlement) any press releases, initiate
5 any contact with the press, respond to any press inquiry, post any new material on any internet
6 websites, or have any communication with the press about the Lawsuit, and/or the fact, amount, or
7 terms of the Settlement. Before the date of the filing of the motion for preliminary approval of the
8 Settlement, Plaintiff and Class Counsel will not initiate any contact with the Class Members or
9 anyone else about the Settlement, except that: (a) Class Counsel, if contacted by a Class Member,
10 may respond that a settlement has been reached and that the details will be communicated in a
11 forthcoming Court-approved notice; and (b) Plaintiff, if contacted by a Settlement Class Member
12 or PAGA Member, may respond only that the Settlement Class Member or PAGA Member should
13 contact Class Counsel. Nothing in this paragraph shall prevent Class Counsel and Plaintiff from
14 undertaking all required submissions to the LWDA as required by the PAGA statute in connection
15 with this Settlement. Class Counsel and Plaintiff will also provide Defendant's Counsel with a
16 copy of the papers submitted to the LWDA, either prior to or on the same day as the submission to
17 the LWDA.

18 3.35 Notices. Unless otherwise specifically provided, all notices, demands, or other
19 communications in connection with this Agreement shall be: (1) in writing; (2) deemed given on
20 the third business day after mailing; and (3) sent via United States registered or certified mail, return
21 receipt requested, addressed as follows:

22 To Plaintiff:

23 **LAW OFFICES OF BUCHSBAUM & HAAG, LLP**

24 Brent S. Buchsbaum, Esq.
25 Lauren N. Haag, Esq.
26 100 Oceangate, Suite 1200
27 Long Beach, California 90802

28 **GATEWAY PACIFIC LAW GROUP, PC**

 Roger E. Haag, Esq.
 111 W. Ocean Blvd. Suite 472
 Long Beach, CA 90802

 To Defendant:

LIGHTGABLER

 Jonathan Fraser Light, Esq.
 Jamie N. Stein, Esq.
 Brier Miron Setlur
 760 Paseo Camarillo, Suite 300
 Camarillo, California 93010

3.36 Execution by Class Members. It is agreed that it is impossible or impractical to have each Class Member and PAGA Member execute this Settlement Agreement. The Notice of Settlement will advise all Class Members and PAGA Members of the binding nature of the Released Class Claims as to Settlement Class Members and Released PAGA Claims as to Class Members and PAGA Members, and such shall have the same force and effect as if each Class Member and PAGA Member executed this Agreement.

3.37 Execution by Plaintiff. Plaintiff, by signing this Stipulation, is bound by the terms herein.

3.38 Drafting of the Agreement. The Parties hereto agree that the terms and conditions of this Stipulation of Settlement are the result of lengthy, intensive, arm's-length, non-collusive negotiations and a neutrally-facilitated mediation between the Parties, and that this Agreement shall not be construed in favor of or against any of the Parties by reason of their participation in the drafting of this Agreement.

3.39 Counterparts. This Agreement shall become effective upon its execution by all of the undersigned. Plaintiff, Class Counsel, Defendant, and Defense Counsel may execute this Stipulation in counterparts, and execution of counterparts shall have the same force and effect as if each had signed the same instrument. Copies of the executed Agreement, including scans or PDF versions, shall be effective for all purposes as though the signatures contained therein were original signatures.

STIPULATED, AGREED, AND ACCEPTED.

Date: 03/16/2023

PLAINTIFF JORGE AVALOS

Print Name: Jorge Avalos

Signature: Jorge Alvarez
ID nBQmvoRUwdQ5D1LpHdPveeTG

DEFENDANT UNVARNISHED, INC.

Date: 03/20/2023

Print Name: Scott Gillen

Title: President

Signature: Scott Gillen

DEFENDANT 600 SPRING, LLC

Date: 03/20/2023

Print Name: Scott Gillen

Title: Managing Member

Signature: Scott Gillen

DEFENDANT SCOTT GILLEN

Date: 03/20/2023

Print Name: Scott Gillen

Title: _____

Signature: Scott Gillen

APPROVED AS TO FORM AND CONTENT

LAW OFFICES OF BUCHSBAUM & HAAG, LLP

Counsel for Plaintiff

Date:

Print Name: Brent S. Buchsbaum

Signature: /S/ Brent S. Buchsbaum

GATEWAY PACIFIC LAW GROUP, PC

Counsel for Plaintiff

Date: 03/02/2022

Print Name: Roger E. Haag

Signature: /S/ Roger E. Haag

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LIGHTGABLER
Counsel for Defendant

Date: March 20, 2023

Print Name: Brier Miron Setlur

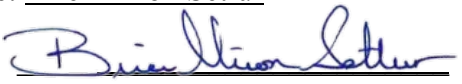
Signature: 

EXHIBIT A

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

Jorge Avalos v. Unvarnished, Inc, et al., Case No. 20STCV16951
Superior Court of California for the County of Los Angeles

A court authorized this notice. This is not a solicitation from a lawyer.

ATTENTION: ALL CURRENT OR FORMER HOURLY OR NON-EXEMPT EMPLOYEES OF UNVARNISHED, INC. OR 600 SPRING, LLC IN CALIFORNIA, AND ALL CURRENT AND FORMER HOURLY-PAID OR NON-EXEMPT EMPLOYEES WHO WERE ASSIGNED TO PERFORM WORK AT UNVARNISHED, INC. OR 600 SPRING, LLC'S LOCATIONS IN CALIFORNIA DURING THE PERIOD FROM APRIL 30, 2016 UP TO AND INCLUDING MAY 31, 2022, YOU ARE SUBJECT TO A CLASS ACTION SETTLEMENT AND MAY RECEIVE PAYMENT UNDER THE SETTLEMENT.

YOUR ESTIMATED PAYMENT(S) AND HOW THEY WERE CALCULATED CAN BE FOUND IN SECTION 4 OF THIS NOTICE.

PLEASE READ THIS NOTICE CAREFULLY. IT EXPLAINS YOUR RIGHTS AND OPTIONS, AND STRICT DEADLINES FOR EXERCISING THEM.

- A proposed class action and representative settlement ("Settlement") has been reached between Plaintiff Jorge Avalos ("Plaintiff"), on behalf of himself and the below-defined Class and PAGA Members, and Defendants Unvarnished, Inc., 600 Spring, LLC and, Scott Gillen ("Defendants").
- The Settlement resolves the class and representative lawsuit entitled *Jorge Avalos v. Unvarnished, Inc, et al.*, Case No. 20STCV16951, pending in the Superior Court of California for the County of Los Angeles (the "Lawsuit"). In the Lawsuit, Plaintiff alleges Defendants misclassified employees as independent contractors, did not provide compliant meal and/or rest breaks and associated premiums, did not pay all minimum and overtime wages, did not timely pay wages during employment and upon termination, did not provide compliant wage statements, did not keep requisite payroll records, and thereby violated the California Labor Code, the California Business & Professions Code §§ 17200, *et seq.* ("UCL"), the Industrial Welfare Commission Wage Orders ("IWC Wage Orders") and the Private Attorneys General Act, California Labor Code §§ 2698, *et seq.* ("PAGA").
- The Settlement covers two groups:
 - (1) all current and former hourly or non-exempt employees of Defendants in California at any time during the period April 30, 2016 through May 31, 2022, and
 - (2) all individuals who were misclassified as independent contractors by Defendants and performed worked for Defendants in California at any time during the period April 30, 2016 through May 31, 2022.

The above group covered by the Settlement are collectively defined as the "Class," and individuals in the group are defined as "Class Members." Because Defendants' records show that you qualify as a Class Member, you may receive money from the Settlement if the Court grants final approval of the Settlement. In addition, any individual in the group who performed work for Defendants in California at any time during the period March 13, 2019 through May 31, 2022 is a PAGA Member (defined in Section 1) and may be eligible for an additional money from the Settlement.

- Notwithstanding the terms of this Settlement, Defendant denies any wrongdoing and entered into the Settlement as a compromise to resolve this dispute.

OVERVIEW OF YOUR LEGAL RIGHTS AND OPTIONS UNDER THE SETTLEMENT	
DO NOTHING	If you do nothing and the Court grants final approval of the Settlement, you will be deemed a "Settlement Class Member" and be bound by the terms of the Settlement and judgment entered based thereon and the release of Released Claims described below in Section 5. You will be mailed

	a Class Settlement Payment check and, if eligible, a PAGA Penalties Payment check, at the last address that the Settlement Administrator has on file for you.
ASK TO BE EXCLUDED FROM CLASS SETTLEMENT	If you do not wish to participate in the Settlement, you must send a letter requesting exclusion (“Request for Exclusion”) to the Settlement Administrator. You will keep the right to sue Defendants on your own about the Released Class Claims resolved by this Settlement. Your Request for Exclusion must be postmarked or fax-stamped no later than [Response Deadline] . However, <u>you cannot request to be excluded from the portion of the Settlement related to the Released PAGA Claims.</u> In other words, if you request exclusion from the Settlement you will not receive a Class Settlement Payment, but if eligible, you will still be bound by the Released PAGA Claims and receive a PAGA Penalties Payment. See Sections 9 for more information.
OBJECT	If you wish to object to the Settlement, you must send an objection letter (“Notice of Objection”) to the Settlement Administrator that is postmarked or fax-stamped no later than [Response Deadline] . See Section 12 for more information.

- These rights and options, and how to exercise them, are explained in more detail in this Notice.
- The Court handling this case still has to decide whether to grant final approval of the Settlement. Class Settlement Payments and PAGA Penalties Payments will only be issued if the Court grants final approval of the Settlement.
- Additional information regarding the Settlement is available through the Settlement Administrator or Class Counsel, whose contact information is provided in this notice.

BASIC INFORMATION

1. Why did I get this notice?

For purposes of this Settlement, “Class Members” or “Class” means all current and former hourly or non-exempt employees of Defendants and individuals misclassified as independent contractors by Defendants and performed work for Defendants in California at any time during the period April 30, 2016 through May 31, 2022 (the “Class Period”). Also, “PAGA Members” means all current and former hourly or non-exempt employees of Defendants who performed work for Defendant in California at any time during the period March 13, 2019, through May 31, 2022 (the “PAGA Period”).

Defendants’ records show that you are a member of the Class defined above.

2. What is the Action about?

Plaintiff is a former hourly and/or non-exempt employee of Defendant. On April 30, 2020, Plaintiff Jorge Avalos commenced the Lawsuit by filing the Class Action Complaint for Damages.

Plaintiff alleges that Defendants violated the California Labor Code, the UCL, PAGA and the IWC Wage Orders. Plaintiff alleges that he and the Class Members are entitled to unpaid wages, meal and rest period premiums, unpaid reimbursements, interest, statutory and civil penalties, attorneys’ fees, and costs.

Defendants deny engaging in any wrongful conduct as alleged in the Lawsuit and continue to deny the claims and charges of wrongdoing and liability.

Both Plaintiff and Defendants believe that the Settlement is fair, adequate, and reasonable, and that it is in the best interest of the Class Members and PAGA Members.

3. Why is this lawsuit a class and representative action?

In a class action, one or more people called the “Plaintiff” sues on behalf of people who may have similar alleged claims, called the “class” or “class members.” The Court has made no determination that the case should be certified as a “class action,” except for purposes of this Settlement. Similarly, in a representative PAGA action, the “Plaintiff” sues on behalf of the State of California to recover PAGA civil penalties for alleged California Labor Code violations experienced by other “aggrieved” employees. On [Preliminary Approval Date] the Honorable Maren Nelson issued an order certifying the Class for purposes of settlement only.

THE SETTLEMENT BENEFITS—WHAT YOU GET

4. What does the settlement provide?

The parties reached a Settlement in which Defendant’s total maximum payment amount will not exceed \$200,000.00 (“Maximum Settlement Amount”) plus the employer’s share of payroll taxes which will be paid by Defendant separately and in addition to the Maximum Settlement Amount.

The “Net Settlement Amount” is the portion of the Maximum Settlement Amount eligible for distribution to Settlement Class Members minus the payments listed below, which are subject to approval by the Court:

- Class Counsel Award: an amount not to exceed \$66,667.00 (One-third of the Maximum Settlement Amount) to Class Counsel for attorney’s fees. Class Counsel has not been paid to date.
- Class Counsel Costs: an amount not to exceed \$17,000.00 to Class Counsel for reimbursement of actual litigation costs and expenses. Class Counsel will not receive any fees or costs other than those provided by the Settlement and approved by the Court.
- Enhancement Award: an amount not to exceed \$10,000.00 to Plaintiff as payment for his service in pursuing the Lawsuit as the Class Representative.
- PAGA Payment: an amount of \$10,000.00 allocated towards penalties under PAGA and the release of Released PAGA Claims of which 75% (i.e., \$7,500.00) will be paid to the State of California Labor and Workforce Development Agency (“LWDA”) and the remaining 25% (i.e., \$2,500.00) will be paid to PAGA Members.
- Settlement Administration Costs: an amount not to exceed \$5,000.00 to the Settlement Administrator, Phoenix Class Action Administration Services, for the costs of administering the Settlement.

You may be eligible to receive two payments under the Settlement, as follows: (i) all Class Members who do not opt-out of the Settlement (i.e., Settlement Class Members) will receive a Class Settlement Payment; and (ii) all PAGA Members will receive a PAGA Penalties Payment. The Class Settlement Payment and PAGA Penalties Payment will be calculated, as follows:

Class Settlement Payments

Your estimated gross Class Settlement Payment is \$[] and you have been allocated [] Compensable Weeks (comprising of [] Defendants’ Employees’ Weeks).
--

The Net Settlement Amount will be distributed to Settlement Class Members, according to the following formula:

- Total Workweeks = (1 x all Unvarnished, Inc. Employee Classified as “Independent Contractor” Weeks) + (0.7 x all other Unvarnished, Inc. Non-Exempt Employee Weeks)
- Workweek Value = Net Settlement Amount ÷ Total Workweeks
- Individual Class Settlement Payment = [(1 x individual Unvarnished Inc. Individuals Classified as “Independent Contractor” Employee Weeks) + (0.7 x Non-Exempt Employees of Unvarnished, Inc. Employee Weeks)] x Workweek Value

“Defendant’s Employees Weeks” means all weeks in which a Class Member worked for Defendants as Defendants’ direct employee in California during the Class Period.

For tax purposes, Class Settlement Payments will be allocated as follows: 33.33% wages (to be reported on an IRS Form W-2) and 66.67% interest/penalties/non-wage damages (to be reported on an IRS Form 1099). Settlement Class Members will be issued their Class Settlement Payments after reduction of required employee-side taxes and withholdings with respect to the wages portion of the Class Settlement Payments. Defendant will pay employer-side taxes with respect to the wages portion of the Class Settlement Payments separately and in addition to the Maximum Settlement Amount.

PAGA Penalties Payments

Your estimated PAGA Penalties Payment is \$[] and you have been allocated [] Compensable Pay Periods.

The PAGA Payment of \$10,000.00 will be distributed as follows: 75% (i.e., \$7,500.00) to the State of California and the LWDA pursuant to California Labor Code section 2698, *et seq.* and the remaining 25% (i.e., \$2,500.00), the “PAGA Settlement Amount”) will be distributed to PAGA Members according to the following formula:

- Individual PAGA Member’s PAGA Penalties Payment = individual Class Member’s Compensable Pay Periods x Pay Period Value
- Pay Period Value = PAGA Settlement Amount ÷ total Compensable Pay Periods

“Compensable Pay Periods” means all pay periods in which a PAGA Member performed worked for Defendants in California during the PAGA Period as an hourly or non-exempt employee of Defendants.

For tax purposes, PAGA Penalties Payments will be entirely allocated as penalties (to be reported on an IRS Form 1099).

The Parties are not providing tax or legal advice or making representations regarding tax obligations or consequences, if any, related to any settlement amounts paid to Class and PAGA Members. Each Class and PAGA Member will assume any tax obligations or consequences that may arise from any amount paid to him or her under the Settlement and should consult with a tax expert if he or she has questions.

5. What am I giving up in exchange for the settlement benefits?

As of the date on which Defendants funds the Settlement, Plaintiff and each Class Member who does not submit a timely and valid Request for Exclusion (i.e., Settlement Class Members) shall release the Released Parties from the Released Class Claims.

All PAGA Members (including those who opt out of the Settlement) release the Released Parties from the Released PAGA Claims.

“Released Parties” means Defendants (i.e., Unvarnished, Inc., 600 Spring, LLC, and Scott Gillen) and all of Unvarnished, Inc and 600 Spring, LLC’s current and former parents, subsidiaries, predecessors and successors, and affiliated entities, and each of their respective owners, officers, directors, employees, partners, shareholders, and agents, and any other successors, assigns, or legal representatives.

“Released Class Claims” means any and all California state and federal law wage-and-hour claims, rights, demands, liabilities, and/or causes of action of every nature and description, arising from or related to any and all claims during the Class Period that were asserted or could have been asserted based on the facts alleged in the Complaint, including, without limitation, statutory, constitutional, contractual, and/or common law claims for wages, reimbursements, damages, unpaid costs, penalties, liquidated damages, punitive damages, interest, attorneys’ fees, litigation costs, restitution, or equitable relief.

“Released PAGA Claims” means any and all individual and representative claims during the PAGA Period under California Labor Code section 2698, *et seq.* that were or could have been asserted based on the facts alleged in the LWDA Letters and the Complaint, including any and all claims for civil penalties based on alleged violations of California Labor Code sections 201, 202, 203, 204, 510, 558, 226, 226.7, 226.3, 226.8, 510, 512, 1174, 1198.5, 2750.3, any applicable IWC Wage Order, and any resulting claim for attorneys’ fees and costs under PAGA.

HOW TO GET A SETTLEMENT PAYMENT

6. How do I receive my Class Settlement Payment and PAGA Penalties Payment?

If the Court grants final approval of the Settlement, thereafter, you will automatically be issued your (i) Class Settlement Share as described in Section 4, if you do not opt out of the Settlement, and (ii) PAGA Penalties Payment (if eligible). You will be mailed your Class Settlement Share and PAGA Penalties Payment by check at the last address that Defendants have on file for you (unless you timely provide an updated address to the Settlement Administrator). If your address changes after you receive this notice, you can contact the Settlement Administrator at [ADMINISTRATOR'S PHONE NUMBER] and provide your updated address.

7. When will I get my payment(s)?

Payments will be distributed only after the Court grants final approval and the Settlement is effective pursuant to the terms of the Settlement Agreement and the Court's orders. The timing of distribution of payments will depend on the date of entry of an order by the Court granting final approval of the Settlement and entry of judgment based thereon. For more information about the estimated timing of payments, you can check with the Settlement Administrator.

Payments will remain valid for one hundred eighty (180) calendar days after the date it is mailed to you, thereafter it will be voided. The funds associated with such voided checks will be transmitted to the Unclaimed Property Fund maintained by the State Controller's Office in the names of the Settlement Class Members whose checks are voided.

8. How do I dispute the Compensable Weeks and/or Compensable Pay Periods?

If you disagree with the Compensable Weeks and/or Compensable Pay Periods that are credited to you based on Defendants' records, which are stated in Section 4 of this Notice, and you wish to dispute this information, you must do so by submitting a written letter to the Settlement Administrator ("Dispute"). A complete and timely Dispute must: (1) contain the name, address, telephone number, last four digits of the Social Security number, and signature of the Class Member; (2) contain the case name and number of the Lawsuit (in this Lawsuit: *Jorge Avalos v. Unvarnished, Inc, et al., Case No. 20STCV16951*); (3) clearly state that the Class and/or PAGA Member seeks to dispute his or her Compensable Weeks and/or Compensable Pay Periods; (4) include documentation and/or an explanation to show contrary Compensable Weeks and/or Compensable Pay Periods; and (5) be postmarked or fax-stamped by [the Response Deadline] and returned to the Settlement Administrator at the following address or fax telephone number:

[insert Settlement Administrator's information]

EXCLUDING YOURSELF FROM THE SETTLEMENT

9. How do I ask the Court to exclude me from the settlement of the Released Class Claims?

If you do not wish to participate in the release of the class action portion of the Settlement and release of Released Class Claims, you can request exclusion from the Settlement (i.e., Opt Out) by submitting a written request for exclusion ("Request for Exclusion"). A complete and timely Request for Exclusion must: (1) contain the name, address, telephone number, last four digits of the Social Security number, and signature of the Class Member; (2) contain the case name and number of the Lawsuit (in this Lawsuit: *Jorge Avalos v. Unvarnished, Inc, et al., Case No. 20STCV16951*); (3) clearly indicate that the Class Member seeks to exclude him or herself from the Settlement; and (4) be postmarked or fax-stamped on or before [the Response Deadline] and returned to the Settlement Administrator at the specified address or fax telephone number that is listed above in Section 8.

Class Members who fail to submit a valid and timely Request for Exclusion on or before the above-specified deadline shall be bound by all terms of the Settlement and any judgment entered in the Action if the Settlement is approved by the Court. Class Members who submit a Request for Exclusion will still be subject to the release of the Released PAGA Claims and, if eligible, will receive a PAGA Penalties Payment.

10. If I exclude myself, can I get anything from the settlement?

If you exclude yourself from the Settlement you will not receive a Class Settlement Payment and you will not release the Released Class Claims. But, even if you exclude yourself from the Settlement, you may still receive a PAGA Penalties Payment (see Section 4 for eligibility) and you will release the Released PAGA Claims.

11. If I don't exclude myself, can I sue later?

No. If you do not exclude yourself, you give up the right to sue Defendants and the Released Parties for the Released Class Claims and the Released PAGA Claims described above. You must exclude yourself from the Settlement to start or continue your own lawsuit to pursue any of the Released Class Claims and the Released PAGA Claims.

OBJECTING TO THE SETTLEMENT

12. How do I object to the Settlement?

Any Settlement Class Member may object to the Settlement by submitting a written objection ("Notice of Objection") to the Settlement Administrator. A complete and timely Notice of Objection must: (1) contain the name, address, telephone number, last four digits of the Social Security number, and signature of the Class Member; (2) contain the case name and number of the Lawsuit (in this Lawsuit: *Jorge Avalos v. Unvarnished, Inc., et al., Case No. 20STCV16951*); (3) clearly state that the Class Member seeks to object to the Settlement; (4) state the legal and factual basis for the objection; (5) state whether the Settlement Class Member intends to appear at the Final Approval Hearing; and (6) be postmarked or fax-stamped on or before **[the Response Deadline]** and returned to the Settlement Administrator at the specified address or tax telephone number that is listed above in Section 8.

If a Settlement Class Member wishes to appear at the Final Approval Hearing and orally present his or his objection to the Court, they may do so even if they have not submitted a Notice of Objection. Settlement Class Members who submit a Notice of Objection will still be subject to the release of Released Class Claims and Released PAGA Claims and will receive monetary compensation from the Settlement. Class Members who submit Requests for Exclusion may not object to the Settlement.

13. What's the difference between objecting and asking to be excluded?

Objecting is telling the Court you do not like something about the Settlement. Excluding yourself is telling the Court that you do not want to be part of the Settlement.

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

The Court will hold a hearing to decide whether to grant final approval of the Settlement ("Final Approval Hearing"). You are not required to attend this hearing. The Final Approval Hearing will be held on **[insert time/date]** in Department 17 at the Superior Court of California for the County of Los Angeles, located at **312 North Spring Street, Los Angeles, California 90012**. The Final Approval Hearing may be moved to a different date and/or time without additional notice. For more information and/or updates regarding the date and/or time of the Final Approval Hearing visit <http://www.lacourt.org/online/civil> and search for case number 20STCV16951.

At the Final Approval Hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. If the Court approves the settlement and enters judgment, notice of final judgment will be posted on the Settlement Administrator's website: www.atticusadmin.com.

15. Do I have to come to the Final Approval Hearing?

No. Class Counsel will answer any questions the judge may have. But you are welcome to come. If you submit a Notice of Objection in conformity with the requirements set forth herein, you do not have to come to the Final Approval Hearing to talk about it, and the Court will consider your objection. **The Court will hear from any Class Member who attends the Final Approval Hearing and asks to speak. Thus, regardless of whether you have submitted a Notice of Objection, you may attend the Final Approval Hearing and request to be heard.** You may also pay another lawyer to attend on your behalf, but it is not required and you will be independently responsible for the costs of your attorney and any costs associated therewith. If you wish to appear at the Final Approval Hearing, you may do so remotely by making a reservation using the LA Court Connect system. Instructions can be found here: www.lacourt.org/lacc/.

If you choose to attend the hearing (or otherwise come to the Court to review files), you must comply with the Court's social distancing procedures. Specifically, all persons are required to wear face coverings over their mouth and nose and must maintain at least six feet of distance from all other persons while in the courthouse. For more information regarding the Court's social distancing procedures visit www.LACourt.org.

IF YOU DO NOTHING

16. What happens if I do nothing at all?

If you do nothing, you will automatically receive a Class Settlement Payment from this Settlement and if eligible, a PAGA Penalties Payment as described above and you will be bound by the Settlement (including and not limited to the release of Released Class Claims against Released Parties and Released PAGA Claims) and the judgment entered based thereon.

THE LAWYERS REPRESENTING YOU

17. Do I have a lawyer in this case?

The Court has appointed the following lawyers, who represent Plaintiff, to serve as counsel for the Class ("Class Counsel"):

LAW OFFICES OF BUCHSBAUM & HAAG, LLP
BRENT S. BUCHSBAUM, ESQ.
brent@buchsbaumhaag.com
LAUREL N. HAAG, ESQ.
laurel@buchsbaumhaag.com
100 Oceangate, Suite 1200
Long Beach, CA 90802
Phone: (562) 733-2498
Fax: (562) 733-2498

GATEWAY PACIFIC LAW GROUP, PC
ROGER E. HAAG, CSBN: 225791
roger.haag@gpaclaw.com
111 W. Ocean Blvd., Suite 472,
Long Beach, California 90802
Telephone: 562-485-6151
Fax: 562-489-9240

GETTING MORE INFORMATION

18. How do I get more information?

This notice summarizes the Settlement. More details are in the Stipulation of Class Action and PAGA Settlement and Release ("Settlement" or "Settlement Agreement"). You may contact Class Counsel or the Settlement Administrator for more information. The Settlement Administrator may be contacted at the previously-mentioned mailing address and fax

telephone number, as well as at the following toll-free telephone number: [Settlement Administrator's toll-free telephone number]. You may also view the Settlement Agreement and documents filed in the actions by visiting the Office of the Clerk of the Los Angeles Superior Court at the Stanley Mosk Courthouse located at 111 North Hill Street, Los Angeles, California 90012 ("Office of the Clerk"). In light of COVID-19, you must call the Office of the Clerk at (213) 830-0800, between 8:30 a.m. and 4:30 p.m. Monday through Friday, to make a reservation to view the records.

PLEASE DO NOT CONTACT THE CLERK OF THE COURT OR THE JUDGE WITH QUESTIONS ABOUT THE SETTLEMENT.