

SETTLEMENT AGREEMENT AND GENERAL RELEASE

This Settlement Agreement and General Release (the "Agreement") is made and entered into by and between Salim Azzam ("Plaintiff") and U.S. Telepacific Corp. dba TPx Communication ("Defendant"). Plaintiff and Defendant shall be referred to herein individually as a "Party" and collectively as the "Parties".

RECITALS

- A. Plaintiff was formerly employed by Defendant in California.
- B. On April 6, 2020, Plaintiff filed a Complaint against Defendant in Los Angeles County Superior Court, Case No. 20STCV13325, for claims arising from his employment relationship with Defendant and the cessation of that employment ("Action").
- C. On March 4, 2020, Plaintiff transmitted a letter to the California Labor and Workforce Development Agency ("LWDA") asserting that Defendant failed to comply with various provisions of the California Labor Code. Plaintiff transmitted amended letters to the LWDA on April 1, 2020 and again on April 15, 2020. On May 8, 2020, Plaintiff a First Amended Complaint adding a cause of action for penalties pursuant to the California Private Attorneys General Act ("PAGA"). Defendant filed an Answer on June 9, 2020.
- D. On December 2, 2021, the Parties attended a full day mediation session with experienced wage and hour mediator, Judge Margaret Nagle (Ret.). After extensive arms-length negotiations, thereafter, the parties agreed to a mediator's proposal, the terms of which are incorporated into this Settlement Agreement ("Agreement").
- E. After the mediation, on May 1, 2022, Plaintiff transmitted another amended letter to the LWDA to cover all potential PAGA claims as agreed to at the December 2, 2021 mediation, and Plaintiff filed a Second Amended Complaint on May 11, 2022.
- F. The Second Amended Complaint seeking penalties under PAGA on behalf of Plaintiff and aggrieved employees for violation of waiting time penalties, failure to provide rest periods, failure to provide meal periods, payroll reporting violations, failure to pay all wages, including regular, minimum, and overtime wages, failure to provide timely and accurate wage statements, failure to timely pay all wages during employment and at termination of employment, failure to reimburse employees for necessary expenses, including, but not limited to, reimbursement for miles driven on Defendant's behalf, and violation of Labor Code sections 1102.5 and 98.6.
- G. By this Agreement, the Parties have settled, fully and finally, all claims that Plaintiff has or might have against Defendant, up to and including the date of execution hereof, including but not limited to those claims which could be asserted in any lawsuit, or any administrative, civil, or governmental proceeding and any claims that could be asserted by the Aggrieved Employees the Release.

NOW, THEREFORE, in consideration of the terms, conditions, and promises set forth herein, the Parties agree as follows:

TERMS AND SETTLEMENT

1. **No Admission of Liability.** This Agreement memorializes the compromise of disputed claims. The Parties acknowledge that the execution of this Agreement and the payment of consideration or any other obligation hereunder are not and shall not be construed in any way as an admission of wrongdoing or liability on the part of Defendant, or any other person or business entity. Defendant denies all allegations of wrongdoing arising out of the employment relationship between the Parties, including the Aggrieved Employees. The Parties intend, by this Agreement, merely to avoid the expense, delay, uncertainty, and burden of continued litigation.

2. **The Settlement Aggrieved Employees** are defined as follows: all current and former non-exempt employees of Defendant within the State of California at any time during the PAGA Period. The PAGA Period shall be March 4, 2019 through July 25, 2021. Settlement Aggrieved Employees include:

- a. Total number of aggrieved employees from March 4, 2019 to Jul 25, 2021: 377
- b. Total number of aggrieved employees who were terminated during from March 4, 2019 to July 25, 2021: 206
- c. Total number of pay periods worked by aggrieved employees from March 4, 2019 to July 25, 2021: 16,639

3. **Consideration by Defendant.** In exchange for a full and complete settlement and in release and discharge of any and all claims, and causes of action, including those contained in the Action and the Second Amended Complaint with respect to Plaintiff and the Aggrieved Employees, or those that could have been contained in the Action, including claims for attorney's fees and costs, that Plaintiff may have, or has ever had, against Defendant, Defendant will pay the gross amount of Three Hundred Fifty Thousand Dollars and Zero Cents (\$350,000.00) (the "Gross Settlement Amount"). The Gross Settlement Amount will be allocated as follows:

3.1 To Salim Azzam, Ten Thousand Dollars (\$10,000.00). The Parties intend this amount to represent compensation for Plaintiff Azzam as the PAGA representative on behalf of the Aggrieved Employees and for any other claims he has or may have against Defendant under the general release incorporated herein. Plaintiff will provide a complete and executed IRS Form W-9 to Defendant within 14 days of the execution of this Agreement, and the Settlement Administrator will issue an IRS Form 1099 to Plaintiff for this payment.

3.2 To Plaintiff's counsel, up to 33.34% of the \$350,000.00 Gross Settlement Amount, or \$116,690 for Plaintiff's attorneys' fees and actual costs of \$1,423.02 to Freiman Legal, P.C. and \$7,450.00 to Law Offices of Todd Friedman for this Action, as submitted to the Court for approval. Any amounts not awarded by the Court shall be re-allocated to the Net Settlement Amount. The Settlement Administrator will issue an IRS form 1099 for this payment.

3.3 To the Settlement Administrator, \$5,500 for settlement administrator work related to this Action.

3.4 After the deducting the above allocations (including: Plaintiff's counsel's attorneys' fees and costs, Plaintiff's enhancement award, from the Gross Settlement Amount, the Net Settlement Amount (\$208,936.98) shall be distributed as follows:

a. Seventy Five Percent (75%) of the Net Settlement Amount, or approximately \$156,702.74 will be paid to the California Labor and Workforce Development Agency ("LWDA") which represents civil penalties payable to the LWDA under the Labor Code Private Attorneys General Act ("PAGA"), Labor code section 2698, *et seq.*

b. Twenty Five Percent (25%) of the Net Settlement Amount, or approximately \$52,234.25 will be paid to the Aggrieved Employees for disputed civil penalties that are allegedly owed under PAGA for the period from March 4, 2019 to July 25, 2021 to all alleged Aggrieved Employees described in the Action, to be distributed by a Settlement Administrator agreed upon by the Parties pursuant to the formula set forth herein ("Aggrieved Employee Amount").

3.5 No portion of the Settlement Amount will be paid by Defendant until the LWDA has been provided with a copy of this Settlement Agreement and the Superior Court of California, County of Los Angeles issues an Order approving the Settlement of the Action Pursuant to Labor Code Private Attorneys General Act of 2004 and the terms of this Agreement. Defendant will deposit the Gross Settlement Amount with the Settlement Administrator within 30 days following Court approval of the Settlement or full resolution of any objections/interveners to the settlement; whichever is later ("Effective Date").

3.6 Each Aggrieved Employee shall be allocated a proportionate share of the Aggrieved Employee Amount based on the Defendant's data regarding the number of Qualifying Pay-Periods he or she was employed as an Aggrieved Employee. To perform this function, "Qualifying Pay-Periods" are to be identified as one pay period for each pay period during which the individual was employed by Defendant as a Settlement Aggrieved Employee during the PAGA Period. After calculating the Qualifying Pay-Periods for each individual Aggrieved Employee, the Settlement Administrator shall then compute the sum total of all Qualifying Pay-Periods combined to arrive at an "aggregate total of all Qualifying Pay-Periods worked by all Aggrieved Employees." After calculating the "aggregate total of all Qualifying Pay-Periods worked by all Aggrieved Employees," the amount payable per pay period will then be calculated by dividing the Aggrieved Employee Amount by the "aggregate total of all Qualifying Pay-Periods worked by all Aggrieved Employees." The amount payable per pay-period will then be multiplied by the number of Qualifying Pay-Periods worked by the individual Aggrieved Employee. This figure will be known as the "Aggrieved Employee Settlement Award" or the amount of money allocated to each Aggrieved Employee.

3.7 For purposes of computing taxes, one-hundred percent (100%) of the Aggrieved Employee Settlement Award shall be a civil penalty and shall not be subject to withholdings, unless otherwise required by law. The Settlement Administrator shall be responsible for issuing all payments from the Gross Settlement Amount, all related tax forms, any reports required by the Internal Revenue Service or government agencies to

document all payments required under this Settlement. The Settlement Administrator shall file proof of payment with the Court and will serve the Parties upon filing with the Court.

3.8 **Escalation Clause.** If the number of Settlement Aggrieved Employee or pay periods exceeds by more than 10%, the Gross Settlement Amount, the Gross Settlement Amount shall be increased proportionately to reflect any increase above the 10% (i.e., if the Settlement Aggrieved Employees or pay periods is increased by 12%, the Gross Settlement Amount will increase by 2%).

4. **PAGA Settlement Administration.** The Settlement Administrator is Phoenix Class Action Administration Solutions. All of the Settlement Administrator's costs and fees shall be paid from the Gross Settlement Amount.

4.2 Within thirty (30) calendar days after the Effective Date, Defendant shall provide to the Settlement Administrator a spreadsheet which contains the following for each Settlement Aggrieved Employee for the entire Settlement Period: (i) each Aggrieved Employee's name, (ii) last known address, (iii) last known telephone number, (iv) social security number, and (v) the number of pay periods during the Settlement Period (the "Aggrieved Employee List"). The Aggrieved Employee List shall be held as private and confidential information, and shall not be shared with Plaintiff's counsel or any third party but the Settlement Administrator without the express written consent of Defendant's counsel of record and/or court order.

4.3 Within thirty (30) calendar days after the Effective Date, Defendant shall fund the Gross Settlement Amount to the Settlement Administrator.

4.4 Within fourteen (14) calendar days after receiving the Gross Settlement Amount, the Settlement Administrator shall distribute such funds under the allocation plan set forth herein. All Settlement checks sent to the Aggrieved Employees shall be accompanied with a Notice, attached hereto as Exhibit A, which shall provide a brief description of the Lawsuit and this Settlement.

4.5 As the Action is not a class action, the Parties agree that California Code of Civil Procedure § 384 shall not be applicable. If any settlement checks that are not cashed within One Hundred Eighty (180) calendar days of issuance, then any such uncashed amounts shall be paid to the LWDA. The Settlement Administrator shall be responsible for administration of all unclaimed funds, including any and all reporting requirements proscribed by California law.

4.6 Within Twenty (20) calendar days of distributing the Gross Settlement Amount, the Settlement Administrator shall provide to Plaintiff's counsel, for filing with the Court, a declaration verifying, under oath, that the Settlement Administrator has affected disbursement of the Gross Settlement Amount pursuant to the terms of this Agreement.

5. **Dismissal/Judgment.** At the hearing on the Motion for Approval of this Settlement, Plaintiff shall request that the Court to enter the Order Approving the Settlement, Judgment, and request a dismissal with prejudice of the entire Action. The Parties jointly request and reserve the

Court's continuing jurisdiction over the construction, interpretation, implementation, and enforcement of this Settlement in accordance with its terms, and over the administration and distribution of the settlement proceeds pursuant to California Code of Civil Procedure §664.6.

6. **Taxes.** Plaintiff understands and acknowledges that Defendant will not deduct any taxes or other withholdings from the Consideration described herein and that he is fully responsible for all taxes, if any, to the Internal Revenue Service, California Franchise Tax Board, or other taxing authorities, pertaining to any payments received under this Agreement. Plaintiff will receive an IRS Form 1099 for said sums. Plaintiff and each Aggrieved Employee bear full responsibility for the payment of any taxes or withholdings arising from the Aggrieved Employee Settlement Awards or enhancement payments paid to them. Neither Plaintiff's Counsel nor counsel for Defendant intend anything contained herein to constitute legal advice regarding the taxability of any amount paid hereunder, nor shall it be relied upon as such. The tax issues for each Aggrieved Employee are unique, and each Aggrieved Employee is advised to obtain tax advice from his or her own advisor with respect to any payments resulting from this Settlement.

7. **Release by Aggrieved Employees.** Upon the Effective Date, Plaintiff and each Settlement Aggrieved Employee shall release Defendant and any parent, subsidiary, affiliate, predecessor or successor, and all agents, employees (current and former), officers, directors, insurers and attorneys ("Released Parties") thereof, from all claims for penalties under the Private Attorneys General Act sections 2698, *et seq.*, alleged in or arising from claims asserted or facts alleged in the Action and/or PAGA Notice letter, including claims for failure to provide meal periods, failure to provide rest periods, failure to pay all wages, including regular, minimum and overtime wages, failure to timely pay all wages during employment and at termination of employment, failure to reimburse business expenses, violation of Labor Code sections 98.6 and 1102.5, failure to provide accurate wage statements, for Plaintiff and each of the Settlement Aggrieved Employees, on behalf of themselves and each of their heirs, representatives, successors, assigns and attorneys, which shall be fully, finally and forever released, relinquished and discharged.

8. **General Release by Plaintiff as an Individual.**

8.1 In exchange for the consideration set forth in this Agreement and upon full payment of the Gross Settlement Fund, Plaintiff along with his heirs, spouses, administrators, executors, attorneys, successors in interest, and/or assigns, covenants shall not assert or file any claims with any court, or governmental, or administrative agency, and hereby forever releases and discharges Defendant, and its predecessors, successors, owners, divisions, parents, subsidiaries, affiliated and/or related entities, and each of its and their directors, officers, partners, members, managers, shareholders, supervisors, consultants, independent contractors, professional employer organizations, employees, volunteers, representatives, insurers, attorneys, and agents (each, a "Releasee") from any and all causes of action, obligations, costs, expenses, damages, claims, liabilities, and benefits (including attorneys' fees and costs), of whatever character, in law or in equity, known or unknown, suspected or unsuspected, matured or otherwise, of any kind whatsoever, now existing or arising in the future, based on any act, omission, event, occurrence, or nonoccurrence from the beginning of time to the Effective Date, including but not limited to any claims or causes of action which were, or could have been asserted

in the Action and/or arising out of their employment with the Releasees and/or any relationship with Defendant (the "Released Claims").

8.2 Without limitation, the Released Claims herein include, but are not limited to, claims arising under Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1866, the Civil Rights Act of 1991, the Americans with Disabilities Act, the California Family Rights Act, the Family and Medical Leave Act, the Federal Age Discrimination in Employment Act of 1967 (ADEA), 29 U.S.C. § 621 *et seq.* and any analogous local or state law or statute, including without limitation the California Fair Employment and Housing Act, the Employees Retirement Income Security Act, the Worker Adjustment and Retraining Notification Act, the Older Worker Benefit Protection Act, any actual or potential claim that any Releasee violated any promise or agreement, either express or implied, with Plaintiff; any actual or potential claim arising from any alleged violation by any of the Releasees of any federal, state or local statutes; any actual or potential claim that the termination of Plaintiff's employment relationship with the Releasees was illegal or in violation of the public policy of California or the United States; any actual or potential claim under the California Constitution, the California *Labor Code*, the Industrial Welfare Commission Wage Orders, violations of the Private Attorneys General Act, the California *Government Code*, or the Fair Labor Standards Act; any actual or potential claim for penalties, fines, economic damages, employment discrimination, harassment of any kind or nature, breach of fiduciary duty, fraud, misrepresentation, defamation, slander, intentional and/or negligent infliction of emotional distress, intentional and/or negligent misrepresentation, wrongful termination, breach of contract, breach of the covenant of good faith and fair dealing, wages, severance pay, separation pay, reimbursement, expenses, maintenance, relocation expenses, overtime pay, meal periods, rest periods, sick leave, holiday pay, vacation pay, loss of future earnings, unemployment insurance, life insurance, health and medical insurance, failure to maintain records, any other fringe benefit, including any claim under California *Labor Code* Section 132a; and/or any actual or potential claim for attorneys' fees, costs, expert witness fees, court costs, disbursements and/or the like, any claims based on legal restrictions on Defendant's right to terminate, not to hire or promote Plaintiff, or to change Plaintiff's compensation.

9. **Plaintiff's Individual Release of Unknown Claims**. For the purpose of implementing a full and complete release and discharge, Plaintiff expressly acknowledges that the releases given in the Agreement are intended to include in their effect, without limitation, all claims that they did not know or suspect at the time of execution hereof, regardless of whether the knowledge of such claims, or the facts upon which they might be based, would materially have affected the settlement of this matter, and that the consideration given under this Agreement is also for the release of those claims and contemplates the extinguishment of any such claims. In furtherance of this Agreement, Plaintiff waives any rights provided by California *Civil Code* Section 1542, which states:

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

10. **Successors.** This Agreement shall be binding upon, and inure to the benefit of, the Parties, and their heirs, representatives, executors, administrators, successors, insurers, and assigns, and shall inure to the benefit of each and all of the Releasees, and to their heirs, representatives, executors, administrators, successors, and assignees.

12. **No Attorneys' Fees and Costs.** Except as otherwise set forth in this Agreement, the Parties agree that they shall bear their own respective costs and fees, including attorneys' fees, in connection with the negotiation and execution of this Agreement.

13. **Agreement is Voluntary.** Plaintiff understands and agrees that he:

13.1 Has had a reasonable amount of time within which to consider the settlement terms memorialized in this Agreement before agreeing to them;

13.2 Has carefully read and fully understands all of the provisions of this Agreement;

13.3 Is, through this Agreement, releasing any and all claims he may have against any Releasees;

13.4 Knowingly and voluntarily agree to all of the terms set forth in this Agreement;

13.5 Knowingly and voluntarily intend to be legally bound by the same; and

13.6 Was represented by and consulted an attorney prior to agreeing to the terms of this Agreement.

14. **No Representations.** The Parties acknowledge that, except as expressly set forth herein, no representation of any kind or character has been made to induce the execution of this Agreement.

15. **Ownership of Claims.** The Parties represent that they have not transferred or assigned, or purported to transfer or assign, to any person or entity, any claim described in this Agreement. The Parties further agree to indemnify and hold harmless one another, and all of their present partners, officers, directors, employees against any and all claims based upon, arising out of, or in any way connected with any such actual or purported transfer or assignment.

16. **Severability.** Should any provision in this Agreement be declared or determined to be illegal or invalid, the validity of the remaining parts, terms, or provisions shall not be affected thereby, and the illegal or invalid part, term, or provision shall be deemed not to be part of this Agreement, and all remaining provisions shall remain valid and enforceable.

17. **Integration.** This Agreement sets forth the entire agreement between the Parties and fully supersedes any and all prior agreements and understandings between the Parties pertaining to the subject matter of this Agreement. Any modifications in this Agreement must be in writing and signed by the Parties.

18. **Counterparts**. This Agreement may be executed in one or more counterparts, such as electronically, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Furthermore, signatures signed via DocuSign and/or delivered via facsimile or electronic transmission shall have the same force, validity and effect as the originals thereof. Electronic signatures must be authenticated in compliance with California regulations.

19. **Interpretation**. This Agreement, and any ambiguities or uncertainties herein, shall be equally and fairly interpreted, and construed, without reference to the identity of the Party drafting this document, upon the express understanding and agreement that the Parties participated equally in the negotiation and preparation of this Agreement, or have had equal opportunity to do so. Accordingly, the Parties, and each of them, expressly waive the benefits of California Civil Code Section 1654, and any successor or amended statute.

20. **Governing Law and Venue**. This Agreement shall in all respects be interpreted, enforced and governed by and under the laws of the State of California, regardless of the conflicts of laws rules of any individual state. In addition, any action brought to enforce the provisions of this Agreement shall be commenced, prosecuted, and defended exclusively in the Superior Court of the State of California, County of Los Angeles.

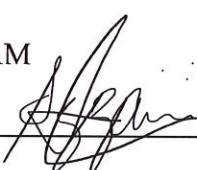
21. **Captions And Headings**. The section headings, captions, and titles used in this Agreement are intended solely for convenience of reference and shall not in any manner amplify, limit, modify or otherwise be used in the interpretation of any of the provisions hereof.

The below signatures have read and understood the terms of this Agreement. They knowingly and voluntarily enter into this Agreement and all terms herein.

Dated: 7/12/22

SALIM AZZAM

Salim Azzam
Plaintiff



Dated:

7/14/22

U.S. TELEPACIFIC CORP.
DBA TPX COMMUNICATION

Aditi Dravid
General Counsel & Corp. Secretary



EXHIBIT A

NOTICE OF PRIVATE ATTORNEYS GENERAL ACT SETTLEMENT AWARD

Notice is hereby given that a Private Attorneys General Act ("PAGA") settlement award, pursuant to California Labor Code §§ 2698 *et seq.*, has been approved by the Court, in connection with your employment with Defendant U.S. TELEPACIFIC CORP. DBA TPX COMMUNICATION ("Defendant"), in the lawsuit filed by Plaintiff Salim Azzam ("Plaintiff") in the Los Angeles County Superior Court, entitled *Salim Azzam. v. U.S., Telepacific Corp. dba TPx Communication*, Case No. 20STCV13325 (the "Lawsuit").

A. PURPOSE OF THIS NOTICE

This Notice is being sent to you because you have been identified as a current or former non-exempt employee employed by Defendant at any time between March 4, 2019 to July 25, 2021 ("Aggrieved Employee") who is entitled to your portion of this PAGA settlement award. Receipt of this Notice means that you are entitled to your share in the proceeds from the PAGA settlement award. Your share of the PAGA award proceeds is enclosed herewith.

B. DESCRIPTION OF THE LAWSUIT AND SETTLEMENT

On April 6, 2020, Plaintiff filed a Complaint against Defendant in Los Angeles County Superior Court, Case No. 20STCV13325, for claims arising from his employment relationship with Defendant and the cessation of that employment. On May 8, 2020, Plaintiff a First Amended Complaint adding a cause of action for penalties pursuant to the California Private Attorneys General Act ("PAGA"). Defendant filed an Answer on June 9, 2020. On May 11, 2022, Plaintiff filed a Second Amended Complaint. Plaintiff's Second Amended Complaint seeks penalties under PAGA on behalf of Plaintiff and aggrieved employees for violation of waiting time penalties, failure to provide rest periods, failure to provide meal periods, payroll reporting violations, failure to pay all wages, including regular, minimum, and overtime wages, failure to provide timely and accurate wage statements, failure to timely pay all wages during employment and at termination of employment, failure to reimburse employees for necessary expenses, including, but not limited to, reimbursement for miles driven on Defendant's behalf, and violation of Labor Code sections 1102.5 and 98.6.

On December 2, 2021, the Parties participated in mediation to resolve the claims in the Lawsuit. The Parties agreed to a settlement to avoid further dispute and costs of litigation. Specifically, the Parties agreed to a settlement of \$350,000.00 in order to resolve the PAGA claims, of which \$10,000.00 will be paid to Plaintiff to represent compensation for Plaintiff as the PAGA representative and for any other claims Plaintiff has or may have against Defendant, \$116,690 for Plaintiff's attorneys' fees and up to \$8,873.02 in actual costs will be paid to Plaintiff's attorneys, and \$5,500.00 will be paid for the costs of settlement administration. After deduction of Plaintiff's payments, attorneys' fees/costs, and administrator costs, from the remaining amount (\$208,936.98), the State of California will receive 75% (\$156,702.74), and the Aggrieved Employees will receive other 25% (\$52,234.25), all of which are being paid as civil penalties.

For purposes of distributing the civil penalties amount allocated to Aggrieved Employees, each Aggrieved Employee's individual share of the civil penalties shall be based upon the Aggrieved Employee's number of pay-periods he/she was employed by Defendant between March 4, 2019 to July 25, 2021.

Through this Settlement, you shall fully release and forever discharge the Defendant from any and all claims, rights, demands, liabilities for violation of PAGA (Labor Code § 2699 *et seq.*) that arose during the Settlement Period as it relates to Labor Code section 2698, *et seq.* for alleged violations of Labor Code §§201-204, 226, 226.7, 510, 512, 98.6, 218.5, 1102.5, 1198, 2802. *This release will be binding upon you whether you cash the settlement check or not.*

If you have any questions regarding this award or this case, please contact the settlement administrator: Phoenix Class Action Administration Solutions, (800) _____.

PLEASE DO NOT CALL OR WRITE THE COURT ABOUT THIS NOTICE