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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

SANDRA CORDOBA, individually, and on behalf of other members of the general public similarly situated, Plaintiff, vs. HANSON DISTRIBUTING COMPANY, INC. DBA HMC / HANSON MERRILL CORP, a California corporation; and DOES 1 through 100, inclusive, Defendants.	Case No. 19STCV02575 [Assigned for all purposes to the Honorable Yvette M. Palazuelos, Dept. 9] **CLASS ACTION** **SETTLEMENT AGREEMENT** Complaint Filed: January 29, 2019 Trial Date: None Set

This Settlement Agreement is made and entered into by and between Plaintiffs Sandra Cordoba and Joanna Vidal (collectively "Plaintiffs"), on behalf of themselves and on behalf of similarly situated putative class members, the State of California, and the aggrieved employees, and Defendants Hanson Distributing Company DBA HMC / Hanson Merrill Corp. (collectively "Defendants"). Plaintiffs and Defendants are collectively referred to herein as "the Parties."

PROCEDURAL HISTORY AND BACKGROUND FACTS

1. This Settlement Agreement globally resolves the putative class action lawsuit entitled *Cordoba v. Hanson Distributing Company*, Case No. 19STCV02575 ("*Cordoba* Class Action"), and the representative action pursuant to the California Labor Code Private Attorneys General Act of 2004 ("PAGA") entitled *Vidal v. Hanson Distributing Inc*., Case No. 20SPSCV00322 ("*Vidal* PAGA Action"). The *Cordoba* Class Action and the Vidal *PAGA* Action are collectively referred to herein as "the Actions").

2. Plaintiff Cordoba and Defendants participated in a full-day private mediation session with the Honorable John L. Wagner (Ret.) on December 5, 2019 to mediate the *Cordoba* Class Action. The *Cordoba* Class Action did not settle that day. Plaintiff Vidal then filed the *Vidal* PAGA Action on May 14, 2020. The Parties engaged in discovery in the *Cordoba* Class Action over the next several years and participated in two private mediation sessions with Steve Pearl, Esq. on August 17, 2023 and on November 29, 2023 and reached the following settlement. Retired bankruptcy Judge Mitchell Goldberg was also retained to review financial documentation as part of the settlement process.

NOW, **THEREFORE**, the Parties hereby agree to settle and resolve the Actions as follows:

PRELIMINARY TERMS AND DEFINITIONS

3. "Class Counsel" shall mean the Parris Law Firm and Lawyers *for* Justice, PC.

4. The Parties have agreed to the appointment of ILYM Group, Inc. to perform the duties of the "Third-Party Administrator."

5. "Class Period" shall mean January 29, 2015 through October 15, 2023.

6. "Class Members" shall mean all current and former hourly-paid or non-exempt

California based employees employed by Defendants within the State of California at any time during the Class Period.

7. "PAGA Period" shall mean March 10, 2019 through October 15, 2023.

8. "Aggrieved Employees" shall mean all current and former hourly-paid or non-exempt California based employees employed by Defendants within the State of California at any time during the PAGA Period.

9. "Notices" shall mean the Notices of Settlement attached hereto and approved by the Court to be mailed out by the Third-Party Administrator to the Class Members.

10. "Released Parties" means Defendants and each of their parent, predecessor, subsidiary entities, and each of their officers and directors.

TERMS OF SETTLEMENT

11. Defendants shall pay One Million and Eight Hundred Thousand Dollars ($1,800,000.00) (the "Gross Settlement Amount" or "GSA") on a non-reversionary basis inclusive of all attorneys' fees and costs, enhancement awards and third party administrator costs to resolve the Actions. Defendants shall pay all employer-side payroll taxes in addition to and separately from the GSA.

12. This Settlement Agreement is contingent upon Defendants' bank not calling Defendants' outstanding loan and bank approval to fund the GSA. Defendants have submitted the Settlement to the bank to obtain approval. Defendants' counsel shall notify Plaintiffs' counsel in writing by January 15, 2024 on whether the bank has provided approval. If the bank does not grant approval, both Actions will immediately resume to litigation and this Settlement Agreement will be void.

13. Defendants shall electronically wire the GSA to the Qualified Settlement Fund ("QSF") established by the Third-Party Administrator according to the following payment schedule. Defendants shall begin making quarterly payments on the Due Dates even if the Court has not yet granted preliminary or final approval of the Settlement Agreement.

Amount Due	Due Date
$75,000.00	3/15/2024
$75,000.00	6/15/2024

$75,000.00	9/15/2024
$75,000.00	12/15/2024
$75,000.00	3/15/2025
$75,000.00	6/15/2025
$75,000.00	9/15/2025
$75,000.00	12/15/2025
$150,000.00	3/15/2026
$150,000.00	6/15/2026
$150,000.00	9/15/2026
$150,000.00	12/15/2026
$150,000.00	3/15/2027
$150,000.00	6/15/2027
$150,000.00	9/15/2027
$150,000.00	12/15/2027

14. There will be four (4) annual disbursements of the QSF. The Third-Party Administrator shall disburse, pro rata, the total outstanding amount in the QSF no later than December 31st of each payment year.

15. Defendants will not oppose Class Counsel's request for attorneys' fees in an amount not to exceed thirty-five percent (35%) of the GSA, or $630,000.00, plus reasonable costs not to exceed $225,000.00. The payment of Class Counsel's attorneys' fees and costs shall be made from the GSA. The Third-Party Administrator shall electronically wire the annual pro rata allocation of attorneys' fees and costs to Class Counsel no later than five (5) calendar days after receipt of the December 15th payment each year. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel attorneys' fees and costs.

16. Defendants will not oppose Class Counsel's request for a Representative Service Award totaling Ten Thousand Dollars ($10,000.00) to Plaintiff Cordoba and Five Thousand Dollars ($5,000.00) to Plaintiff Vidal. The payment of the Representative Service Award shall be made from the GSA, and shall be in addition to any payment Plaintiffs may receive as a Class Member and Aggrieved Employee. The Third-Party Administrator shall issue an IRS Form 1099 to Plaintiffs in connection with the Representative Service Award. The Third-Party Administrator shall issue the annual pro rata allocation of the Representative Service Award directly to Plaintiffs no later than five (5) calendar days after receipt of the December 15th

payment each year. Plaintiffs assume full responsibility and liability for employee taxes owed on the Representative Service Award.

17. The Parties agree that after deducting Class Counsel's attorneys' fees and costs, the Representative Service Award, the PAGA Amount, and Settlement Administration Costs from the GSA, the remaining amount shall represent the "Net Settlement Amount." The Net Settlement Amount shall be distributed pro rata to Class Members who do not submit a valid and timely opt out notice based on the number of workweeks worked by each Class Member ("Class Member Payment"). The Third-Party Administrator shall issue the annual pro rata allocation of Class Member Payments directly to the Class Members no later than five (5) calendar days after receipt of the December 15th payment each year.

18. The Parties agree that Thirty-Two Thousand One Hundred and Fifty Dollars ($32,150.00) shall be paid out of the GSA to the Third-Party Administrator for all costs associated with the administration of this Settlement ("Settlement Administration Costs"). The Settlement Administration Costs shall also be paid out on an annual pro rata basis.

19. Effective the day the Court grants preliminary approval of this Settlement, Plaintiffs' deadlines to bring the *Cordoba* Class Action and the *Vidal* PAGA Action to trial shall be extended until December 31, 2028.

20. The Parties will file a stipulation to consolidate the *Cordoba* Class Action and the *Vidal* PAGA Action for purposes of approving this settlement.

SETTLEMENT PAYMENT CALCULATION

21. The Net Settlement Amount of approximately $797,850.00 shall be determined by deducting the following amounts from the GSA of $1,800,000.00: (1) Class Counsel's attorneys' fees, approved by the Court; (2) Class Counsel's costs, approved by the Court; (3) Settlement Administration Costs in the amount of $32,150.00; (4) the Representative Service Award totaling $15,000.00; and (5) One Hundred Thousand Dollars ($100,000.00) as civil penalties pursuant to the California Labor Code Private Attorneys General Act of 2004 ("PAGA Amount").

22. The Third-Party Administrator shall calculate each Class Member Payment by (a)

dividing the Net Settlement Amount by the total number of workweeks worked by all participating Class Members during the Class Period and (b) multiplying the result by each participating Class Member's workweeks worked during the Class Period.

23. Each Class Member Payment will be allocated one-half as wages, for which an IRS Form W-2 shall be issued and traditional payroll taxes and withholdings will be made, and one-half as interest and penalties, for which an IRS Form 1099 shall be issued and no withholdings will be made. Defendants shall pay the employer's share of the payroll taxes on any amounts allocated as wages separately and in addition to the GSA. Class Members shall be responsible for any personal income taxes owed on the amounts they receive. The Third-Party Administrator shall issue appropriate tax forms with each Class Member Payment.

24. The PAGA Amount of $100,000.00 shall be distributed as follows: seventy-five percent (75%) to the Labor and Workforce Development Agency ($75,000.00) ("LWDA PAGA Amount") and twenty-five percent (25%) to the Aggrieved Employees ("Aggrieved Employee PAGA Amount"). The Aggrieved Employee PAGA Amount shall be distributed pro rata to Aggrieved Employees based on the number of workweeks worked by each Aggrieved Employee during the PAGA Period ("Aggrieved Employee Payment"). The Third-Party Administrator shall calculate each Aggrieved Employee Payment by (a) dividing the amount of the Aggrieved Employee's 25% share of PAGA Penalties, $25,000.00 by the total number of workweeks worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's workweeks during the PAGA Period. One hundred percent of each Aggrieved Employee Payment will be allocated penalties for which an IRS Form 1099 shall be issued and no withholdings will be made.

25. <u>Circular 230 Disclaimer</u>. EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS

INTENDED TO BE, NOR WILL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER, OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISER'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT.

26. Each Class Member Payment paid to Class Members under this Settlement Agreement and each Aggrieved Employee Payment paid to Aggrieved Employees, as well as any other payments made pursuant to this Settlement Agreement made to Class Members and Aggrieved Employees, will not be utilized to calculate any additional benefits under any benefit plans to which any Class Member may be eligible, including, but not limited to profit-sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan.

27. Class Members and Aggrieved Employees shall have one hundred and twenty (120) days to cash their settlement checks. Any settlement checks not cashed after 120 days from the date of mailing of the checks shall be sent to the State of California Unclaimed Property

Fund in the Class Members' or Aggrieved Employees' names. The Third-Party Administrator will follow the rules of the California State Controller's Office - Unclaimed Property Fund with regard to transferring the value of the uncashed checks to the State. No later than 30 days after the check void date, the Third-Party Administrator will send the necessary paperwork to report the unclaimed funds will be sent to the California State Controller's Office – Unclaimed Property Fund, and thereafter will diligently communicate with the State Controller's Office and remit the unclaimed funds to the State Controller's Office under the applicable regulations and pursuant to the State Controllers' Office instructions.

NOTICE PROCESS

28. Within ten (10) calendar days of notice of the Court's entry of an order granting preliminary approval of this Settlement Agreement, Defendants shall provide to the Third-Party Administrator a confidential Settlement Member List which includes each Class Member and Aggrieved Employees' first and last name, last known mailing address, telephone number, social security number, dates of employment during the Class Period and PAGA Period, workweeks during the Class Period, and workweeks during the PAGA Period. To protect privacy rights of Class Members and Aggrieved Employees, all information provided to the Third-Party Administrator shall be kept confidential and shall not be disclosed, either in writing or orally, by the Third-Party Administrator, except that the Third-Party Administrator will disclose to Class Counsel within three (3) business days of receipt of the Settlement Member List that the list has been received and state the total number of Class Members, the total number of Aggrieved Employees, the total number of workweeks during the Class Period, and the total number of workweeks during the PAGA Period. The Third-Party Administrator shall maintain the Settlement Member List in confidence, use due care with respect to the storage, custody, use, and/or dissemination of the confidential information, and shall use the Settlement Member List only for purposes of this Settlement and no other purpose, and restrict access to the Settlement Member List to Third-Party Administrator employees who need access to the confidential information to effect and perform under this Agreement. Such information must be stored in a secure fashion and all persons who access the data must agree to keep it confidential.

29. Within fourteen (14) business days after receipt of the confidential Settlement Member List, the Third-Party Administrator shall send the Notices in the form attached hereto and as approved by the Court to the Class Members.

30. The Third-Party Administrator will use the United States Postal Service National Change of Address ("NCOA") List to verify the accuracy of all addresses on the Settlement Member List before the initial mailing date to ensure that the Notices are sent to all Class Members and Aggrieved Employees at the addresses most likely to result in immediate receipt of the Notice. It will be conclusively presumed that, if an envelope so mailed has not been returned within thirty (30) calendar days of the mailing, the Class Members and Aggrieved Employees received the Notice. With respect to any returned envelopes, the Third-Party Administrator will perform a routine skip trace procedure to obtain a current address and, if an updated address is located, shall then re-mail the envelope to such address within three (3) court days of the receipt of the returned envelope.

CLASS MEMBER DISPUTE, OPT OUT, AND OBJECTION PROCESS

31. Each Class Members' unique Notice will state his or her total number of workweeks during the Class Period and Class Member Payment prior to tax withholdings. Class Members will have thirty (30) calendar days from the mailing of the Notice to dispute his or her total number of workweeks and payment calculation by submitting documentary evidence to the contrary to the Third-Party Administrator. No workweek dispute documentation will be considered if postmarked after the 30 calendar-day period. Any disputes regarding a Class Member's total workweeks will be resolved and decided by the Third-Party Administrator prior to the date of mailing the Class Member Payments, and the Third-Party Administrator's decision will be final, binding, and non-appealable.

32. Class Members will have thirty (30) calendar days from the mailing of the Notice to object or opt out of the settlement by submitting a written notice of objection or opt out to the Third-Party Administrator.

33. Class Members may opt out of the settlement by following the directions in the Notice. Any such request must be postmarked not more than thirty (30) calendar days after the

date the Notice is mailed to the Class Members (or not more than ten (10) calendar days after the date the Notice is re-mailed, in the circumstance described above). Requests to opt out that do not include all required information, or that are not submitted on a timely basis, will be deemed null, void, and ineffective. Class Members who are eligible to, and do, submit valid and timely requests to opt out of the settlement will not participate in the settlement, nor will they be bound by the terms of the proposed settlement, if it is approved, or the final judgment in this Action.

34. Only Class Members may object to the class action component of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel fees and costs and/or the Class Representative Service Award. Class Member. Objections to the settlement must be submitted to the Third-Party Administrator and postmarked not more than thirty (30) calendar days after the date the Notice is mailed to the Class Members (or not more than ten (10) calendar days after the date the Notice is re-mailed, in the circumstance described above). The Third-Party Administrator shall promptly forward any objections received to counsel for the Parties. Class Counsel and Counsel for Defendants shall file any responses to objections no later than fifteen (15) court days before the date of the final fairness and approval hearing. The Class Notice shall include specific instructions to Class Members for submitting objections. A Class Member who wishes to object but who fails to comply with the instructions set forth in the Class Notice shall be deemed not to have objected.

35. The Third-Party Administrator shall immediately notify the Parties as soon as it receives 5% or more opt outs from Class Members ("5% Opt Out Notification"). If 5% or more Class Members exercise their rights to exclude themselves and opt out of the Settlement, Defendants have the right (but not the obligation) to void the Settlement Agreement no later than fourteen (14) court days of receiving a 5% Opt Out Notification from the Third-Party Administrator. In the event Defendants exercise its right to void the Settlement Agreement pursuant to this paragraph, Defendants will be responsible for paying the Third-Party Administrator's actual incurred costs, and Defendants agree that the 5-year deadline to bring this case to trial pursuant to California Code of Civil Procedure section 583.310 will be extended by the number of days between November 29, 2023 and the date of termination of the Settlement

Agreement.

RELEASE OF CLAIMS

36. **Release by Class Members and Aggrieved Employees.** Upon the Third-Party Administrator's receipt of the full Gross Settlement Amount on December 15, 2027, all Class Members who do not timely opt out of the Settlement and all Aggrieved Employees shall fully release and discharge the Released Parties of any and all past, present claims, complaints, demands, liabilities, debts, obligations, liens, costs, attorneys' fees, promises, losses or damages that were alleged in the Actions, and/or could have been alleged in the Actions based on the facts, theories, and/or claims alleged in the operative Complaints in each of the Actions, or Plaintiff Vidal's PAGA Notice, which arose during the Class Period and/or the PAGA Period. This includes, but is not limited to, a release of all claims which arose during the Class Period and/or the PAGA Period for unpaid minimum wages, meal and rest period premiums, unpaid overtime, untimely wages during employment, untimely wages at separation, wage statements, off the clock, waiting time penalties, unreimbursed business expenses, all PAGA penalties relating to the same, and unfair competition.

37. **General Release by Plaintiffs.** In consideration and upon payment of the Representative Service Award, Plaintiffs generally release under California Civil Code section 1542, the Released Parties from all claims known and unknown, arising from or related to their respective employment with Defendants during the Class Period and PAGA Period, except for any workers' compensation claims or other claims that cannot be released by law. Section 1542 of the California Civil Code, which reads:

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

NO ADMISSION

38. Nothing contained herein, nor the consummation of this Settlement Agreement, is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on

the part of Defendants, and Defendants expressly deny any such liability. The Parties hereto have entered into this Settlement Agreement with the intention of avoiding further disputes and litigation with the attendant inconvenience and expenses. This Settlement Agreement is a settlement document and shall, pursuant to California Evidence Code section 1152 and/or any other similar law, be inadmissible in evidence in any proceeding, except an action or proceeding to approve the settlement, and/or interpret or enforce this Settlement Agreement.

PARTIES' AUTHORITY

39. The signatories hereto hereby represent that they are fully authorized to enter into this stipulation and bind the Parties hereto to the terms and conditions hereof.

MUTUAL FULL COOPERATION

40. The Parties agree to jointly prepare and file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the Court's current checklist for Preliminary Approvals. Class Counsel will prepare an initial draft and deliver to Defense Counsel all documents necessary for obtaining Preliminary Approval of this Settlement, for defense counsel's input and revision, no later than ten (10) court days prior to filing with the Court. Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

41. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement.

42. The Parties agree to fully cooperate with each other to accomplish the terms of this Settlement Agreement, including, but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms of this Settlement Agreement. The Parties shall use their best efforts, including all efforts contemplated by this

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

43. If the Court fails to approve this Settlement for any reason, including enforceability of the Releases, the Parties will expeditiously work together by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns. Should the Parties ultimately fail to agree on revised terms, or should the Court ultimately decline to approve this Settlement, the Settlement shall be considered void *ab initio* and shall be of no force or effect whatsoever, and shall not be referred to or utilized for any purposes whatsoever, and the Parties hereby stipulate that the 5-year deadline to bring this case to trial pursuant to California Code of Civil Procedure section 583.310 will be extended by the number of days between November 29, 2023 and the date the Settlement is considered void *ab initio*.

MODIFICATION

44. This Settlement Agreement may not be changed, altered, amended or modified, except in writing and signed by the Parties, and approved by the Court. This Settlement Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the Parties.

ENTIRE AGREEMENT

45. This Settlement Agreement contains the entire agreement between the Parties relating to the proposed Settlement and transaction contemplated herein, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a party or such party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

BINDING ON ASSIGNS

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

COUNTERPARTS

47. This Settlement Agreement may be executed in counterparts, and when each party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one Settlement Agreement, which shall be binding upon and effective as to the Parties. For purposes of this Settlement Agreement, a facsimile signature shall be as valid and enforceable as an original.

COURT'S CONTINUING JURISDICTION

48. The parties consent to the Superior Court of the State of California, County of Los Angeles, in the above-entitled action, and to the Judge who approves the Settlement Agreement (or other Judge as may in the future be assigned the case) to retain jurisdiction over this action and this Settlement Agreement in order to enforce, construe, and interpret this Settlement Agreement and the settlement, to supervise all notices, the administration of the settlement and this Agreement and distribution of the GSA, and to hear, adjudicate, and resolve any disputes arising from or related to the settlement and/or this Agreement, pursuant to California Code of Civil Procedure section 664.6.

INTERIM STAY OF PROCEEDINGS

49. The Parties agree to hold all proceedings in the Actions, except such proceedings necessary to implement and complete the Settlement, in abeyance pending approval of this Settlement Agreement, including the deadline for Plaintiff to bring the Action to trial pursuant to California Code of Civil Procedure section 583.310.

SO STIPULATED AND AGREED

Date: 12/26/2023

DocuSigned by:
06A7FEE0064946D...
Plaintiff Sandra Cordoba

Date: 12/27/2023

DocuSigned by:
2499936E229946B...
Plaintiff Joanna Vidal

Date: ______________

Defendant Hanson Distributing Company

By:______________________________
Daniel Hanson, Sr.
President

EXHIBIT "A"

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES
Cordoba v. Hanson Distributing Company, Case No. 19STCV02575
Vidal v. Hanson Distributing Company, Case No. 20SPSCV00322

NOTICE OF SETTLEMENT

IF YOU ARE OR WERE EMPLOYED BY HANSON DISTRIBUTING COMPANY IN CALIFORNIA AS AN HOURLY-PAID OR NON-EXEMPT EMPLOYEE AT ANY TIME BETWEEN JANUARY 29, 2015 AND OCTOBER 15, 2023, YOU MAY BE ENTITLED TO MONEY FROM THIS SETTLEMENT.

A court authorized this Notice. You are not being sued. This is not a solicitation from a lawyer.

On [Preliminary Approval Date], the Court in this action granted preliminary approval of a proposed settlement as set forth in the Settlement Agreement concerning the lawsuits noted above ("the Lawsuit"). You are receiving this Notice because you worked for Defendant Hanson Distributing Company dba HMC / Hanson Merrill Corp. ("Defendant") as an hourly-paid or non-exempt employee in California at some point between January 29, 2015 and October 15, 2023 ("Class Period"), and you may be entitled to share in the funds to be made available for the proposed settlement of this case.

You are not being sued. However, your rights may be affected by the legal proceedings in the Lawsuit. If the proposed settlement of this class action is granted final approval by the Court, you may have the right to be paid a share of the proposed settlement funds.

You do **NOT** have to do anything if you want to participate in this settlement.
A check will be automatically mailed to you.

PLEASE READ THIS ENTIRE NOTICE CAREFULLY.
YOUR RIGHTS MAY BE AFFECTED
BY THE PROPOSED SETTLEMENT DESCRIBED IN THIS NOTICE.

You have received this Notice because Defendant's records indicate that you are a member of the Settlement Class. This notice is designed to inform you about your options in this Settlement, all of which are dependent on the Court's final approval of the Settlement.

1. What Is This Case About?

Plaintiffs Sandra Cordoba and Joanna Vidal ("Plaintiffs") worked for Defendant. They have filed two separate lawsuits against Defendant on behalf of all current and former hourly-paid or non-exempt employees of Defendant in the State of California during the Class Period claiming various wage-and-hour violations. Plaintiff Cordoba's lawsuit is a class action for alleged wage and hour violations. Plaintiff Vidal's lawsuit is for penalties under the California Private Attorneys General Act (Labor Code §§ 2698, et seq.) ("PAGA"). Defendant strongly denies violating any laws or failing to pay any wages and contends it complied with all applicable laws.

The parties have agreed to settle this dispute without any finding of wrongdoing by Defendant. Based on Defendant's records, you are or were an hourly-paid or non-exempt employee employed by Defendant in the State of California at any time between January 29, 2015 and October 15, 2023. Therefore, you are a "Class Member" and you may receive money from the proposed settlement.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or not act. Read this Notice carefully. You will be deemed to have carefully read and understood it.

If the Court approves the proposed settlement at the Final Approval Hearing scheduled for ___________, the proposed settlement will bind all Class Members. If the Court does not approve the proposed settlement, the Settlement Agreement will have no effect or precedential value in any subsequent proceedings in the Lawsuit or in any other litigation.

2. How Can I Receive Money From The Settlement?

You do not have to do anything to receive money from this settlement. A check will be automatically mailed to you if the Court grants final approval of the settlement.

3. Will I Be Subject To Discipline Or Retaliation If I Participate In The Settlement?

No.

4. How Much Is The Settlement?

Defendant has agreed to pay $1,800,000.00 ("Gross Settlement Amount") to settle the Released Claims defined below. After attorneys' fees, costs, Representative Service Awards, the PAGA Amount, and Settlement Administration Costs are deducted from the Gross Settlement Amount, the remaining amount ("Net Settlement Amount") will be automatically distributed to Class Members who do not opt out.

5. How Much Money Will I Receive?

The Net Settlement Amount of approximately $_________ will be paid out to Class Members who do not opt out.

Your individual share of the Net Settlement Amount before deduction for payroll taxes will be calculated based on the total number of weeks you worked for Defendant during the Class Period as reflected in Defendant's records ("Class Member Payment").

Your total number of Workweeks in the Class Period (January 29, 2015 to October 15, 2023) based on Defendant's records is _________. If you disagree with this number, you must provide the correct dates of employment during the Class Period along with supporting documentation to the Third-Party Administrator by mail no later than [30 days after mailing].

Your Class Member Payment shall be calculated by (a) dividing the Net Settlement Amount by the total number of workweeks worked by all participating Class Members during the Class Period ([insert total classwide workweeks]) and (b) multiplying the result by the workweeks you worked during the Class Period. Your estimated, pre-tax Class Member Payment is approximately $______________. This amount may change depending on final rulings from the Court. Applicable payroll deductions will be made for withholding of state and federal taxes. Your Class Member Payment will be allocated one-half as wages, subject to withholding of applicable taxes, and one-half as interest and penalties reported on an IRS Form 1099. You will have 120 days to cash your checks. If you do not cash your check within 120 days of the mailing of the check, your check will be cancelled and funds associated with your cancelled check will be sent in your name to the Unclaimed Property Fund, https://ucpi.sco.ca.gov/UCP.

6. When Will I Receive the Money?

The court has already preliminarily approved this Settlement. If the court gives final approval of this Settlement, your Class Member Payment will be mailed to you in four (4) separate checks no later than December 31, 2024, December 31, 2025, December 31, 2026, and December 31, 2027.

7. Can I Object To The Settlement?

Yes. To do so, you must mail a written statement of objection to the Third-Party Administrator at the address listed on the last page of this Notice.

Your written objection and/or notice of intent to appear must be postmarked or delivered to the Third-Party Administrator no later than [30 days after mailing].

Your written objection must: contain your full name, dates of employment as an employee of Defendant, and signature; contain the case name and number of the Lawsuit; set forth the legal and factual basis for the objection; and identify any counsel representing you in connection with the objection.

If you fail to make your objections in the manner specified above, you shall be deemed to have waived any objections and you shall be foreclosed from making any objection (whether by appeal or otherwise) to the Settlement Agreement, or any aspect of the proposed settlement, including, without limitation, the fairness, reasonableness or adequacy of the proposed settlement, the service award to the Class Representative, or any award of attorneys' fees or reimbursement of costs and expenses.

If the Court rejects your objection, you will still be bound by the terms of the Settlement Agreement and you will still receive your settlement checks.

8. Can I Opt Out of The Settlement?

Yes. To opt out, you must submit to the Third-Party Administrator a written request for exclusion that is postmarked on or before [30 days after mailing]. To be considered valid, a Class Member's request for exclusion must be in writing, signed by the Class Member, and contain the Class Member's name, address, the last four digits of the Class Member's Social Security number, and telephone number, and clearly indicate that the Class Member desires to be excluded from the settlement. If a timely and valid request for exclusion is not received by the Third-Party Administrator from a Class Member on or before the response deadline, then that Class Member will be deemed to have forever waived his or her right to seek exclusion from the Settlement and Settlement Class and shall be bound by the Settlement and Judgment. Class Members who do validly request exclusion from the Settlement by submitting a valid and timely request for exclusion shall not be bound by the terms of the Settlement, shall not be allowed to object to the Settlement, and shall not be entitled to any benefits as a result of the Settlement.

9. What Happens If I Do Nothing?

You will receive money from this settlement and you will be bound by the Release described below.

10. What Rights Am I Giving Up?

Upon the Third-Party Administrator's receipt of the full Gross Settlement Amount on December 15, 2027, all Class Members who do not timely opt out of the Settlement and all Aggrieved Employees shall fully release and discharge the Released Parties of any and all past, present claims, complaints, demands, liabilities, debts, obligations, liens, costs, attorneys' fees, promises, losses or damages that were alleged in the Actions, and/or could have been alleged in the Actions based on the facts, theories, and/or claims alleged in the operative Complaints in each of the Actions, or Plaintiff Vidal's PAGA Notice, which arose during the Class Period and/or the PAGA Period. This includes, but is not limited to, a release of all claims which arose during the Class Period and/or the PAGA Period for unpaid minimum wages, meal and rest period premiums, unpaid overtime, untimely wages during employment, untimely wages at separation, wage statements, off the clock, waiting time penalties, unreimbursed business expenses, all PAGA penalties relating to the same, and unfair competition.

11. Who Are The Class Representatives?

The Court has appointed Plaintiff Sandra Cordoba as the Class Representative and Plaintiff Joanna Vidal as the PAGA Representative to represent you in this settlement. They will ask the Court to approve a Representative Service Award in an amount not to exceed a total of $15,000 to be paid from the Gross Settlement Amount to compensate them for their efforts in filing and assisting with the prosecution of the Lawsuit and in reaching this settlement on your behalf.

12. How Will The Attorneys' Fees For The Class Be Paid?

You do not need to pay any portion of either Class Counsel's or Defendant's attorneys' fees and costs. All payment for Class Counsel's attorneys' fees and costs will be deducted from the Gross Settlement Amount. Class Counsel will ask the Court to approve an award of attorneys' fees' in the amount of 35% of the Gross Settlement Amount to Class Counsel for their work in prosecuting this Lawsuit and obtaining this Settlement on your behalf. Class Counsel will also ask the Court to approve an award of $________ to Class Counsel for reimbursement of the costs and expenses they have incurred on behalf of the Class.

13. When And Where Is The Final Approval Hearing?

The Final Approval Hearing has been scheduled on **________________** at **__:__ a.m.** before the Honorable Yvette M. Palazuelos in Department SS-9 of the Superior Court of California located at 312 North Spring Street, Los Angeles, California 90012, at which time Judge Palazuelos will determine: (1) whether the proposed settlement should be approved as fair, reasonable and adequate to the Class Members and (2) whether the proposed Final Approval Order and Judgment should be entered by the Court. The Final Approval Hearing date and time may change without further notice given to you. Please contact the Settlement Administrator at the address and telephone below to find out if there has been a change to the date and time of the Final Approval Hearing.

<u>You Are Not Required To Attend The Final Approval Hearing.</u>

14. Where Can I Get Additional Information?

This Notice provides only a summary of the matters relating to the proposed settlement. For more information or questions, you may contact the Third-Party Administrator as follows:

ILYM GROUP, INC.
P.O. Box ______
City, California Zip Code
Telephone: (888) 369-3780
Facsimile: (714) 824-8591

PLEASE DO <u>NOT</u> CALL OR CONTACT THE COURT WITH QUESTIONS ABOUT THE PROPOSED SETTLEMENT OR THE SETTLEMENT PROCESS.