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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ORANGE

EDITH GUTIERREZ, as an individual and
on behalf of all others similarly situated,

Plaintiff,

vs.

DELTRONIC CORPORATION, a
California corporation; and DOES 1 through
100,

Defendants.

Case No.: 30-2020-01139890-CU-OE-CXC

*[Case assigned for all purposes to the Hon.
Glenda Sanders, Dept. CX101]*

**DECLARATION OF FLETCHER W.
SCHMIDT IN SUPPORT OF PLAINTIFF'S
MOTION FOR PRELIMINARY
APPROVAL OF CLASS ACTION
SETTLEMENT**

Date: April 16, 2021

Time: 1:30 p.m.

Dept.: CX101

Action Filed: February 26, 2020

Trial Date: None Set

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I, Fletcher W. Schmidt, declare as follows:

1. I am a Partner at the Haines Law Group, APC, and counsel for the named Plaintiff proposed Class Representative Edith Gutierrez (“Plaintiff”) in the above-captioned matter. I am a member in good standing of the bar of the State of California and am admitted to practice law in that Court. I have personal knowledge of the facts stated in this declaration and could testify truthfully to them if called upon to do so.

2. I am a 2012 graduate of Loyola Law School, Los Angeles, where I graduated *cum laude* and was awarded membership in the Order of the Coif. Since graduating from law school, I worked as a law clerk for the law firm of Tredway, Lumsdaine & Doyle, where I was part of the litigation team for two class actions, including one wage and hour class action in Los Angeles Superior Court. From August 2013 to March 2016, I worked as an associate attorney at Osher & Luftman LLP. Since March 2016 I have worked at my current firm, Haines Law APC, where, in 2018, I became a Partner.

3. During my time with Boren, Osher & Luftman LLP and Haines Law Group, APC, my practice has been solely devoted to litigating plaintiff-side wage and hour class actions in Pennsylvania state and federal court. I am currently responsible for managing a caseload of over 30) active wage and hour class actions in which I am integrally involved in all aspects of litigation.

4. The following is a non-exhaustive list of class action settlements in which I have acted as Class Counsel, and which have been granted final approval:

- *Julio v. Anthony, Inc.*, Case No. CV14-03172 AB (SHx), United States District Court, Central District of California, Honorable Judge Andre Birotte, Jr. presiding (approving an hourly rate of \$350 for work performed in 2014 and 2015);
- *Litt v. Western Stone & Metal Corp.*, Case No. 3:14-cv-02804-PJH, United States District Court, Northern District of California, Honorable Judge Phyllis J. Hamilton presiding (approving an hourly rate of \$350 for work performed in 2014 and 2015);

- *Rubalcava v. United Towing and Transport Burbank, et al.*, Case No. BC518468, California Superior Court, County of Los Angeles, Honorable Judge Kenneth Freeman presiding (approving an hourly rate of \$350 for work performed in 2013, 2014 and 2015);
- *Rivera Regalado v. Jaguar Farm Labor Contracting*, Case No. CV 130569, California Superior Court, County of San Luis Obispo, Honorable Martin J. Tangeman presiding (approving an hourly rate of \$350 for work performed in 2014 and 2015);
- *Sanchez v. Res-Care, Inc.*, Case No. BC526175, California Superior Court, County of Los Angeles, Honorable John S. Wiley presiding (approving an hourly rate of \$350 for work performed in 2013, 2014 and 2015);
- *Rodas v. Gateways Hospital and Mental Health Center*, Case No. BC503179, California Superior Court, County of Los Angeles, Honorable Judge Amy D. Hogue presiding (approving an hourly rate of \$350 for work performed in 2014 and 2015);
- *Prado v. Warehouse Demo Services, Inc.*, Case No. CV14-3170 JFW (Ex), United States District Court, Central District of California, Honorable Judge John F. Walter presiding (approving an hourly rate of \$350 for work performed in 2014 and 2015);
- *Shaw v. Conant Auto Retail, San Diego*, Case No. 37-2014-00044052-CU-OE-CTL, California Superior Court, County of San Diego, Honorable Judge Joan M. Lewis presiding (approving an hourly rate of \$375 for work performed in 2014, 2015, and 2016);
- *Tirado v. Ricon Corp.*, Case No BC537042, California Superior Court, County of Los Angeles, Honorable Judge John Shepard Wiley, Jr. presiding (approving an hourly rate of \$375 for work performed in 2014, 2015, and 2016);
- *Tesla Motors Wage and Hour Litigation*, JCCP 4792, California Superior Court, County of Santa Clara, Honorable Peter H. Kirwan presiding (approving an hourly rate of \$375 for work performed in 2013, 2014, 2015, and 2016);
- *Lopez v. RM HQ LLC, et al.*, Case No. BC525592, California Superior Court, County of Los Angeles, Honorable Elihu M. Berle presiding (approving an hourly rate of \$375

for work performed in 2013, 2014, 2015, and 2016);

- *Horta v. Searles Valley Minerals, Inc.*, Case No. CIVDS 1507615, California Superior Court, County of San Bernardino, Honorable Donald Alvarez presiding (approving an hourly rate of \$375 for work performed in 2015 and 2016);
- *Mansilla v. Haeco Americas Line Services, LLC, et al*, Case No. BC615310, Superior Court of California, County of Los Angeles, Honorable Judge Elihu M. Berle presiding (approved at an hourly rate of \$425 for work performed in 2016 and 2017);
- *Khosravi v. Enterprise Rent-A-Car Company of Los Angeles, LLC, et al.*, Case No. 30-2016-00829923-CU-OE-CXC, Superior Court of California, County of Orange, Honorable Judge Thierry Patrick Colaw presiding (approved at an hourly rate of \$425 for work performed in 2016 and 2017);
- *Nieves v. Ta Chen International, Inc.*, Case No. BC609005, Superior Court of California, County of Los Angeles, Honorable Judge Kenneth R. Freeman presiding (approved at an hourly rate of \$425 for work performed in 2016 and 2017);
- *Berkel v. Pride Bakeries, LLC*, Case No. 30-2017-00923148-CU-OE-CXC, Superior Court of California, County of Orange, Honorable Judge William Claster presiding (approved at an hourly rate of \$425 for work performed in 2017 and 2018);
- *Ruvalcaba Quiroz v. Circle M Contractors, Inc.*, Case No. 30-2016-00885065-CU-OE-CXC, Superior Court of California, County of Orange, Honorable William D. Claster presiding (approving an hourly rate of \$425 for work performed in 2016, 2017 and 2018);
- *Armenta, et al., v. California Friends Homes d/b/a Quaker Gardens*, Case No. 30-2016-00883282-CU-OE-CXC, Superior Court of California, County of Orange, Honorable Randall J. Sherman presiding (approving an hourly rate of \$425 for work performed in 2016, 2017 and 2018);
- *Sandra Zinnerman v. Tumbleweed Educational Enterprises, Inc.*, Case No. BC673708, Superior Court of California, County of Los Angeles, Honorable Maren

1 E. Nelson presiding (approving an hourly rate of \$425 for work performed in 2016,
2 2017, and 2018);

- 3 • *Tina Arellano v. Williams Sonoma Stores, Inc.*, Case No. BC693760, Los Angeles
4 County Superior Court, Honorable Daniel J. Buckley, presiding;
- 5 • *William Cuellar v. UMA Enterprises, Inc.*, Case No. BC657146, Los Angeles County
6 Superior Court, Honorable Maren E. Nelson, presiding (approving an hourly rate of
7 \$475 for work performed in 2017, 2018 and 2019);
- 8 • *Maria C. Garcia, et al. v. Simplified Labor Staffing Solutions, Inc.*, Case No.
9 BC696898, Los Angeles County Superior Court, Honorable Elihu M. Berle, presiding
10 (approving an hourly rate of \$475 for work performed in 2018 and 2019);
- 11 • *Arturo Delgado v. Spears Manufacturing Co.*, Case No. BC709665, Los Angeles
12 County Superior Court, Honorable Maren E. Nelson, presiding (approving an hourly
13 rate of \$595 for work performed in 2018, 2019 and 2020); and
- 14 • *Soto v. L I Metal Systems*, Case No. 37-2017-00009607-CU-OE-CTL, San Diego
15 County Superior Court, Honorable Timothy Taylor, presiding (approving an hourly
16 rate of \$595 for work performed in 2017-2020).

17 5. I have also moved to certify and have received an order certifying a class action
18 and/or conditionally certifying a collective action as Class Counsel in the following cases:

- 19 • *Medeiros v. Vortex Financial Management Inc.*, Case No. 30-2013-00644741-CU-
20 OE-CXC, California Superior Court, County of Orange, Honorable Judge Gail A.
21 Andler presiding (certifying a class of employees who were misclassified as
22 independent contractors);
- 23 • *Javine v. San Luis Ambulance Service, Inc.*, Case No. CV13-07480 BRO (SSx),
24 United States District Court, Central District of California, Honorable Judge Beverly
25 Reid O’Connell presiding (conditionally certifying an unpaid FLSA overtime wage
26 class);
- 27 • *Prado v. Warehouse Demo Services, Inc.*, Case No. CV14-3170 JFW (Ex), United
28 States District Court, Central District of California, Honorable Judge John F. Walter

1 presiding (certifying a rest period violation class and conditionally certifying a FLSA
2 unpaid overtime wage class);

- 3 • *Bower v. Cycle Gear, Inc.*, Case No. CV14-2712 HSG, United States District Court,
4 Northern District of California, Honorable Judge Haywood S. Gilliam, Jr. presiding
5 (conditionally certifying an unpaid FLSA overtime wage class);
- 6 • *Vega v. Weatherford U.S., Limited Partnership*, Case No. CV14-1790-JLT, United
7 States District Court, Eastern District of California, Honorable Judge Jennifer L.
8 Thurston presiding (conditionally certifying an unpaid FLSA overtime wage class);
- 9 • *Galvan v. AMVAC Chemical Corporation*, Case No. 30-2014-00716103-CU-OE-
10 CXC, California Superior Court, County of Orange, Honorable Judge William Claster
11 presiding (certifying unpaid overtime wage class and waiting time penalty class);
- 12 • *Camacho v. Residential Fire Systems, Inc.*, Case No. 30-2015-00775372-CU-OE-
13 CXC, California Superior Court, County of Orange, Honorable Judge Glenda Sanders
14 presiding (certifying five separate classes for claims for unpaid wages, unreimbursed
15 expenses, failure to authorize and permit rest periods, and derivative claims);
- 16 • *Ontiveros v. Safelite Fulfillment, Inc., et al*, Case No. CV 15-7118-DMG (RAOx),
17 United States District Court, Central District of California, Honorable Dolly M. Gee
18 presiding (certifying six classes of employees for rest period violations, wage
19 statement violations, meal period violations, and overtime and double-time
20 violations); and
- 21 • *Staublein v. Wells Fargo Bank, National Association*, Case No. CIVDS1712267, San
22 Bernardino Superior Court, Honorable David Cohn presiding (certifying a wage
23 statement class).

24 6. In 2018, 2019, and 2020, Thomson Reuters and Los Angeles Magazine recognized
25 me as a Top Young Attorney in Southern California in the annual Rising Star Edition of Super
26 Lawyers. This is an honor awarded to no more than two-and-a-half percent (2.5%) of attorneys
27 under the age of forty in Southern California each year.

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1 7. As counsel for Plaintiff, I have been intimately involved in all aspects of this
2 litigation from its inception and believe that the proposed Settlement is an excellent result for the
3 Class Members.

4 8. Deltronic operates a manufacturing business that designs and manufactures
5 measuring instruments for the aerospace, aviation, and medical industries, among others. Plaintiff
6 worked for Defendants as a non-exempt “Machine Operator,” or similarly titled position, from
7 approximately May 18, 2003 to May 10, 2019.

8 9. Plaintiff alleges that Deltronic failed to provide employees with full, uninterrupted
9 30-minute meal periods before the end of the fifth hour of work and failed to provide second meal
10 periods when employees worked in excess of 10.0 hours. Additionally, unless an employee leaves
11 the premises, Deltronic does not require employees to clock out for meal periods and instead
12 relies on an automatic deduction of 30-minutes from hours worked to account for purported meal
13 periods. Plaintiff alleges that this practice is unlawful as it deducts time worked in instances when
14 employees are not provided with a full, uninterrupted 30-minute meal period. Plaintiff’s expert,
15 looking solely at shifts with a recorded meal period (ie. shifts where employees left the premises),
16 determined that approximately 73% of those shifts reflected a first meal period violation (due to
17 a short or untimely first meal period). Applying the 73% violation rate across all auto-deducted
18 shifts, Plaintiff estimated that employees experienced 100,923 first meal period violations during
19 the relevant time period. Additionally, Plaintiff’s expert determined that at least 18,391 shifts in
20 excess of 10.0 hours were not provided with a second meal period at all. Plaintiff therefore
21 estimated the potential damages on this claim at \$2,041,463 (calculated as follows: 100,923 first
22 meal violations + 18,391 second meal violations x \$17.11 average meal premium). Plaintiff
23 discounted Deltronic’s maximum exposure by 40% for the risk of non-certification and 65% for
24 the risk of being unsuccessful on the merits or obtaining reduced damages, to arrive at an
25 estimated exposure of \$428,707.

26 10. In response, Deltronic contends that it has always provided employees with
27 legally-compliant first and second meal periods and that any meal periods that did not meet that
28 standard were solely the result of employee choice (not Deltronic’s policy/practice). Deltronic

1 further argues that under *Brinker* it is only required to “provide” the opportunity to take meal
2 periods, not “ensure” meal periods are taken, which Deltronic contends it has always done.
3 Deltronic maintains that employees voluntarily waived their second meal period when they
4 worked shifts in excess of 10.0 hours (but less than 12.0 hours). Finally, Deltronic contends that
5 Plaintiff’s meal period claim is not suited for class certification as individual inquiries would be
6 required to assess which employees received non-compliant meal periods or missed second meal
7 periods, how many meal periods were non-compliant or missed, and the reasons why a particular
8 individual recorded a non-compliant meal period or missed a meal period on a particular shift.
9 Additionally, the fact that Deltronic did not record meal periods for a majority of this time period
10 posed further manageability obstacles.

11 11. Plaintiff alleges that Deltronic failed to authorize and permit rest periods for every
12 four hours worked, or major fraction thereof, as a result of a policy that only authorized a single
13 20-minute rest period per shift, regardless of shift length. In response, Deltronic argues that its
14 rest period policies are legally-compliant and meet the standard set in *Rodriguez v. E.M.E., Inc.*
15 Specifically, Deltronic maintains that the combined rest period practice was implemented due to
16 employee preference and it operates to alleviate the burden of shutting down Deltronic’s
17 production multiple times in the day for multiple rest periods. Based on the records provided by
18 Deltronic, Plaintiff’s expert determined that there were approximately 138,250 shifts in excess of
19 6.0 hours worked during the relevant time period. Plaintiff therefore calculated Deltronic’s
20 maximum exposure for rest period violations at \$2,365,458 (calculated as follows: 138,250 shifts
21 in excess of 6.0 hours x \$17.11 average rest premium). However, given Defendant’s defenses,
22 Plaintiff discounted Deltronic’s maximum exposure by 40% for risk of non-certification and 65%
23 for risk of being unsuccessful on the merits, to arrive at an estimated exposure of \$496,746.

24 12. As a result of these alleged substantive violations, Plaintiff contends that Deltronic
25 faces waiting time liability for its failure to pay employees all final wages upon their separation
26 of employment as well as derivative wage statement liability for its failure to issue accurate wage
27 statements and civil penalties under PAGA based on the Labor Code violations described above.
28 Additionally, Plaintiff alleges that Deltronic issued facially deficient wage statements that failed

1 to include the rates of pay for overtime compensation and combined regular and overtime wages
2 into a single lump sum.

3 13. According to the data produced by Deltronic, there were only 8 putative class
4 members who separated their employment with Deltronic during the relevant time period.
5 Plaintiff therefore calculated Deltronic's maximum waiting time penalty exposure at \$32,851 (8
6 former employees x \$17.11 average hourly rate x 8 hours per day x 30 days). Deltronic maintains
7 that waiting time penalties are not appropriate to the extent they are derivative of meal and rest
8 period claims as these claims cannot support such penalties. Deltronic also argues it attempted to
9 pay its employees all final wages owed in good faith upon their separation, therefore precluding
10 a finding of wilfulness which is necessary to obtain waiting time penalties under 8 Cal. Code
11 Regs. section 13520. Furthermore, given that there were only 8 individuals with waiting time
12 standing, there was a risk of non-certification due to lack of numerosity. Given Deltronic's strong
13 defenses as well as the limited number of former employees, Plaintiff attributed only nominal
14 value to this claim.

15 14. According to the data produced by Deltronic, there were 8,549 wage statements
16 issued to approximately 103 putative class members during the relevant time period. As Labor
17 Code § 226(e)(1) sets a ceiling on wage statement exposure at \$4,000 per employee, Plaintiff
18 calculated Deltronic's maximum wage statement exposure at \$412,000 (103 employees x \$4,000
19 wage statement penalty cap). Plaintiff discounted the value of this claim by 30% for the risk of
20 non-certification of the underlying claims and discounted 50% for a risk of being unsuccessful on
21 the merits, for an estimated exposure of \$144,200.

22 15. The success of Plaintiff's PAGA claim is wholly dependent upon the success of
23 his underlying claims occurring within the one-year statute of limitations applicable to the PAGA.
24 Assuming that Plaintiff could prove at least one underlying Labor Code violation in each pay
25 period within the PAGA period, Plaintiff estimates Deltronic's maximum PAGA exposure at
26 \$854,900 (calculated from 8,549 pay periods at \$100 per violation). Plaintiff also recognizes that
27 the Court has discretion to reduce any award of PAGA penalties where it views them as
28 duplicative. Plaintiff therefore discounted the maximum figure by 50% for the risk of being

1 unable to proceed on a representative basis and an additional 75% to account for the likelihood
2 of this Court reducing penalties, to arrive at an estimated exposure of \$106,863.

3 16. In response, Deltronic argues that the alleged wage statement violations were not
4 “knowing and intentional,” and that Plaintiff could not show she “suffer[ed] injury,” as required
5 by Labor Code section 226(e) for imposition of penalties. Deltronic also contends that it possesses
6 strong, good faith defense to Plaintiff’s underlying claims, thus precluding recovery of waiting
7 time penalties. Deltronic maintains that not all former employees (if any) experienced an
8 underpayment of wages, thus Plaintiff’s exposure analysis is overstated. Deltronic also contends
9 that Plaintiff cannot meet the numerosity requirement for any waiting time penalty claim as only
10 14 employees separated their employment during the Class Period. Deltronic also contends that
11 Plaintiff’s meal and rest period claims cannot support a claim for waiting time penalties.
12 Additionally, since Plaintiff’s PAGA claim is derivative of the underlying wage claims, Deltronic
13 asserts that the PAGA claim will fail with those claims. Deltronic also maintains that given its
14 good faith defenses, this Court would exercise its discretion to substantially reduce any PAGA
15 penalties if it were to find Deltronic liable for any of Plaintiff’s claims.

16 17. Using these estimated figures for each of the claims described above, Plaintiff
17 predicts that a possible recovery for the Settlement Class would be approximately \$1,176,516.
18 The proposed recovery to the Settlement Class of \$900,000 represents approximately 76.5% of
19 Plaintiff’s projected potential recovery, while avoiding the further expense and serious risk of
20 proceeding towards class certification and trial, including the risk that Deltronic would engage in
21 a *Pick-up-Stix* campaign to significantly reduce the size of the putative class for a fraction of what
22 Class Members are receiving through this Settlement. According to Deltronic’s data,
23 approximately 88% of the putative Class Members are still employed by Deltronic. Therefore,
24 absent the Settlement, there was a serious risk that Plaintiff would be unable to move forward on
25 a class-wide basis, or that a significantly smaller class would exist than that which is currently
26 before this Court for approval.

27 18. In connection with mediation, Deltronic informally produced timekeeping and
28 payroll data for the entire putative class. Deltronic also provided relevant policies and procedures

1 in effect during the Class Period along with other relevant data necessary to perform a class-wide
2 exposure analysis. Plaintiff, with the help of her retained expert, conducted an analysis of this
3 data and created a comprehensive damages model to calculate the likely exposure that Deltronic
4 faced on each claim. Deltronic also produced multiple years-worth of financial records, which
5 revealed, *inter alia*, a dramatic drop in revenue as a result of COVID-19.

6 19. On November 13, 2020, the Parties participated in a mediation with Steve G.
7 Mehta, Esq., a highly respected wage and hour class action mediator. During mediation, the
8 Parties exchanged divergent views on Deltronic's liability and exposure valuations, their legal
9 positions, and the likelihood of certification of Plaintiff's claims. With the help of Mr. Mehta, the
10 Parties reached a class-wide resolution at the conclusion of the mediation. With the help of Mr.
11 Mehta, the Parties reached a class-wide resolution at the conclusion of the mediation. A true and
12 correct copy of the Stipulation of Settlement ("Settlement Agreement") is attached hereto as
13 **Exhibit 1**. A true and correct copy of the proposed Notice Packet (which is comprised of the
14 Notice of Class Action Settlement ("Class Notice") and Notice of Settlement Award ("Dispute
15 Form")) is attached hereto as **Exhibit 2**.

16 20. Deltronic's records indicate that there are approximately 117 total Settlement
17 Class members who worked a combined 21,636 workweeks during the Class Period. Based on
18 the allocations of the Net Settlement Amount, participating employees will receive, on average,
19 a payment of approximately \$4,465.81.

20 21. As part of the Settlement, Plaintiff will apply for an enhancement payment at the
21 time of seeking final approval of the Settlement in the total amount of \$5,000.00 for her service
22 to the Settlement Class and her general release of all claims (known or unknown) against
23 Deltronic. Plaintiff's requested enhancement payment is intended to recognize the significant
24 benefits conferred upon the Settlement Class due to the time and effort that Plaintiff expended on
25 behalf of the Settlement Class, including providing factual information and documents to her
26 attorneys, identifying potential witnesses, and participating in in-person and telephonic meetings
27 with her attorneys to discuss the claims and theories at issue in the litigation, as well as the
28 significant risks Plaintiff undertook by agreeing to serve as the named plaintiff in this case, as

1 well as the fact that Plaintiff agreed to a general release of all claims subject to a waiver of
2 California Civil Code section 1542.

3 22. My firm will also apply for an attorneys' fee award of \$300,000.00 (one-third of
4 the MSA), and up to \$25,000.00 in verified costs. Plaintiff submits that the requested fee is fair
5 compensation for undertaking complex, risky, expensive, and time-consuming litigation on a
6 purely contingent fee basis. Class Counsel incurred substantial attorneys' fees conducting pre-
7 filing investigation, analyzing Plaintiff's claims, conducting legal research and analysis,
8 reviewing documents and data produced by Deltronic, building a comprehensive damages model,
9 preparing for and attending mediation, negotiating and preparing the long-form Settlement
10 Agreement, preparing this motion for preliminary approval, and otherwise litigating the case. My
11 firm will also expend future attorney time in attending the hearing on this Motion, overseeing the
12 Notice process, drafting the Final Approval Motion and supporting documents, and attending the
13 Final Approval hearing, among other tasks, such as fielding questions from Settlement Class
14 members.

15 23. Concurrently with the filing of this motion, Plaintiff provided notice of the
16 proposed Settlement to the LWDA. Attached hereto as **Exhibit 3** are true and correct copies of
17 Plaintiff's Settlement submission and the LWDA's confirmation of receipt.

18 I declare under penalty of perjury under the laws of California and the United States that
19 the foregoing is true and correct. Executed on March 16, 2021, at El Segundo, California.

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22 Fletcher W. Schmidt
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Exhibit 1

STIPULATION OF SETTLEMENT

This Stipulation of Settlement (“Settlement Agreement”) is reached by and between Plaintiff Edith Gutierrez (“Plaintiff” or “Class Representative”), individually and on behalf of all members of the Settlement Class (defined below), on one hand, and Defendant Deltronic Corporation (“Defendant”), on the other hand. Plaintiff and Defendant are referred to herein collectively as the “Parties.” Plaintiff and the Settlement Class are represented by Paul K. Haines, Fletcher W. Schmidt, and Alexandra R. McIntosh of Haines Law Group, APC (collectively, “Class Counsel”). Defendant is represented by Mandeep S. Rupal and Christian H. Na of Law Office of Mandeep S. Rupal.

On April 1, 2020, Plaintiff filed a class action complaint against Defendant in Orange County Superior Court titled *Edith Gutierrez v. Deltronic Corporation*, Case No. 30-2020-011398390-CU-OE-CXC. On June 8, 2020, Plaintiff filed the operative First Amended Complaint (the “Action”). The Action alleges that Defendant: (i) failed to provide all meal periods; (ii) failed to authorize and permit rest periods; (iii) failed to issue accurate, itemized wage statements; (iv) failed to pay all final wages at termination; (v) engaged in unfair unlawful business practices; and (vi) is liable for civil penalties under the Private Attorneys General Act (Labor Code § 2698 *et seq.*) (“PAGA”).

Given the uncertainty of litigation, Plaintiff and Defendant wish to settle both individually and on behalf of the Settlement Class. Accordingly, Plaintiff and Defendant agree as follows:

1. **Settlement Class.** For the purposes of this Settlement Agreement only, Plaintiff and Defendant stipulate to the certification of the following Settlement Class:

All current and former non-exempt employees who performed work for Defendant in California from April 1, 2016 to February 15, 2021 (the “Class Period”).

The Parties agree that certification for purposes of settlement is not an admission that class certification is proper under Section 382 of the Code of Civil Procedure. If for any reason this Settlement Agreement is not approved or is terminated, in whole or in part, this conditional agreement to class certification will be inadmissible and will have no effect in this matter or in any claims brought on the same or similar allegations, and the Parties shall revert to the respective positions they held prior to entering into the Settlement Agreement.

2. **Release by Settlement Class Members and Plaintiff.** Plaintiff and every member of the Settlement Class (except those who opt out) will release and discharge Defendant, as follows:

- A. All Settlement Class members who do not opt-out will release and discharge Defendant from any and all claims that were pled in the Action, or which could have been pled in the Action based on the factual allegations in the Action, that arose during the Class Period (“Released Claims”). This release shall run from April 1, 2016 to February 15, 2021.
- B. In light of Plaintiff’s Class Representative Enhancement Payment, Plaintiff has agreed to release, as an individual and in addition to the Released Claims described

above, all claims, whether known or unknown, under federal law or state law against Defendant. Plaintiff understands that this release includes unknown claims and that Plaintiff is, as a result, waiving all rights and benefits afforded by Section 1542 of the California Civil Code, which provides:

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.

Nothing contained herein shall constitute a release of any rights or claims that cannot be waived as a matter of law (including but not limited to claims arising under workers' compensation laws). Nor shall anything contained herein be construed to exclude the filing of an administrative charge or complaint with the Equal Employment Opportunity Commission or National Labor Relations Board, or participation in an administrative investigation or proceeding.

The Settlement shall become effective upon entry of an Order granting Court approval to the settlement (the "Effective Date").

3. **Maximum Settlement Amount.** As consideration, Defendant agrees to pay a non-reversionary "Maximum Settlement Amount" of \$900,000.00 in full and complete settlement of the Action, as follows:
 - A. The Parties have agreed to engage Phoenix Settlement Administrators as the "Settlement Administrator" to administer this Settlement.
 - B. Defendant will fund the Maximum Settlement Amount within 30 calendar days after the Court signs an order granting final approval of the Settlement.
 - C. This is a non-reversionary settlement. The Maximum Settlement Amount includes:
 - (1) All payments (including interest) to the Settlement Class members;
 - (2) All costs of the Settlement Administrator which are anticipated to be no greater than \$10,000.00;
 - (3) Up to \$5,000.00 for Plaintiff's Class Representative Enhancement Payment in recognition for Plaintiff's contributions to the Action and Plaintiff's service to the Settlement Class. In the event that the Court reduces or does not approve the requested Class Representative Enhancement Payment, Plaintiff shall not have the right to revoke the Settlement Agreement for that reason, and the Settlement will remain binding;
 - (4) Up to one-third (33.33%) of the Maximum Settlement Amount in Class Counsel's attorneys' fees (currently estimated at \$300,000.00), plus actual costs and expenses incurred by Class Counsel related to the Action as

supported by declaration, which are currently estimated to be no greater than \$25,000.00. In the event that the Court reduces or does not approve the requested Class Counsel attorneys' fees or costs, Class Counsel shall not have the right to revoke the Settlement Agreement based on that reason, and the Settlement will remain binding; and

- (5) \$50,000.00 of the Maximum Settlement Amount has been set aside by the Parties as PAGA civil penalties. Per Labor Code § 2699(i), 75% of such penalties, or \$37,500.00, will be payable to the California Labor & Workforce Development Agency ("LWDA"), and the remaining 25%, or \$12,500.00, will be payable to the Settlement Class members as the "PAGA Amount," as described below.

- D. Any reduction by the Court of these requests will revert to the Net Settlement Amount for distribution to the Settlement Class members who do not opt-out.
- E. **Escalator Clause.** Defendant represents that there are an estimated 21,636 total aggregate workweeks worked by the Settlement Class members during the Class Period. If the number of workweeks, as reported to the Settlement Administrator, following the Effective Date is more than 10% greater than 21,636 (i.e., if there are 23,800 or more workweeks worked during the Class Period), Defendant shall increase the Maximum Settlement Amount on a proportional basis (i.e., if there was a 12% increase in the number of workweeks, Defendant shall increase the Maximum Settlement Amount by 12%).
- F. **Employer Payroll Taxes.** The Maximum Settlement Amount does not include Employer Payroll Taxes, which shall be paid by Defendant separate and apart from, and in addition to, the Maximum Settlement Amount.

4. **Payments to the Settlement Class.** Settlement Class members are not required to submit a claim form to receive a payment ("Individual Settlement Payment") from the Settlement. Individual Settlement Payments will be determined and paid as follows:

- A. The Settlement Administrator shall first deduct from the Maximum Settlement Amount the amounts approved by the Court for Class Counsel's attorneys' fees, Class Counsel's costs and expenses, the Class Representative Enhancement Payment, the Settlement Administrator's fees and expenses for administration, and the amount of PAGA civil penalties designated as payable to the LWDA. The remaining amount shall be known as the "Net Settlement Amount."
- B. From the Net Settlement Amount, the Settlement Administrator will calculate each Settlement Class member's Individual Settlement Payment based on the following formula:
 - i. Wage Statement/PAGA Amount: 10% of the Net Settlement Amount plus the \$12,500.00 payable to the Settlement Class members as the PAGA Amount shall be designated as the "Wage Statement/PAGA Amount." Each participating Settlement Class member who was employed by Defendant at

any time between April 1, 2019 to the end of the Class Period, shall receive a portion of the Wage Statement/PAGA Amount proportionate to the number of workweeks that he or she worked during the aforementioned time period.

- ii. Waiting Time Amount: 5% of the Net Settlement Amount shall be designated as the “Waiting Time Amount.” The Waiting Time Amount shall be distributed in equal, pro-rata shares to each participating Settlement Class member who separated their employment from Defendant at any time after April 1, 2017.
 - iii. The remainder of the Net Settlement Amount will be distributed to each participating Settlement Class member based on their proportionate number of workweeks worked during the Class Period, by multiplying the remaining Net Settlement Amount by a fraction, the numerator of which is the Settlement Class member’s total workweeks worked during the Class Period, and the denominator of which is the total number of workweeks worked by all participating Settlement Class members during the Class Period.
- C. Within 10 business days following Defendant’s deposit of the Maximum Settlement Amount with the Settlement Administrator, the Settlement Administrator will calculate each participating Settlement Class member’s Individual Settlement Payment, and will prepare and mail Individual Settlement Payments to the participating Settlement Class members, less applicable taxes and withholdings.
- D. Each Individual Settlement Payment shall be allocated as 20% wages and 80% penalties and interest. The Settlement Administrator will be responsible for issuing to participating Settlement Class members an IRS Form W-2 (for amounts paid as wages) and an IRS Form 1099 (for amounts paid as penalties and interest). The Settlement Administrator shall be responsible for calculating and withholding all employee-share employment taxes and other legally required withholdings from each Individual Settlement Payment.
- E. Defendant shall fully discharge its obligations to the Settlement Class members through the mailing of an Individual Settlement Payment, regardless of whether such checks are actually received and/or negotiated by the recipients. Each member of the Settlement Class who receives an Individual Settlement Payment must cash that check within 180 days from the date the Settlement Administrator mails it. Any check that is not cashed within 180 days of mailing to a Settlement Class member shall be made payable to Kind, Inc., which is a 501(c)(3) organization dedicated to promoting the well-being of children. The Parties agree to avoid any potential interest obligation under California Civil Procedure sections 382-384, *et seq.*
- F. Neither Plaintiff nor Defendant shall bear any liability for lost or stolen checks, forged signatures on checks, or unauthorized negotiation of checks. Unless

responsible by its own acts of omission or commission, the same is true for the Settlement Administrator.

5. **Attorneys' Fees and Costs.** Defendant will not object to Class Counsel's request for a total award of attorneys' fees of up to 1/3 of the Maximum Settlement Amount, which is currently estimated to be \$300,000.00. Additionally, Class Counsel will request an award of actual costs and expenses as supported by declaration, in an amount not to exceed \$25,000.00 from the Maximum Settlement Amount. These amounts will cover any and all work performed and any and all costs incurred in connection with this litigation, including without limitation: all work performed and all costs incurred to date; and all work to be performed and costs to be incurred in connection with obtaining the Court's approval of this Settlement Agreement, including any objections raised and any appeals necessitated by those objections. Class Counsel will be issued an IRS Form 1099 by the Settlement Administrator for the fee award approved by the Court.

6. **Class Representative Enhancement Payment.** Defendant will not object to a request for Class Representative Enhancement Payment of \$5,000.00 for Plaintiff's time in prosecuting this case and Plaintiff's service to the Settlement Class. This award will be in addition to Plaintiff's Individual Settlement Payment as a Settlement Class member, and shall be reported on an IRS Form 1099 issued by the Settlement Administrator.

7. **Settlement Administrator.** Defendant will not object to the appointment of Phoenix Settlement Administrators as Settlement Administrator. Defendant will not object to Plaintiff seeking approval to pay up to \$10,000.00 for the administration services from the Maximum Settlement Amount. The Settlement Administrator shall be responsible for depositing into an account and holding the various payments from Defendant comprising the Maximum Settlement Amount, sending Notice Packets in English and Spanish to the Settlement Class members, calculating Individual Settlement Payments and preparing all checks and mailings, and other duties as described in this Settlement Agreement. The Settlement Administrator shall be authorized to pay itself from the Maximum Settlement Amount only after Individual Settlement Payments have been mailed to all participating Settlement Class members.

8. **Preliminary Approval.** Within a reasonable time after execution of this Settlement Agreement by the Parties, Plaintiff shall apply to the Court for the entry of an Order:

- A. Conditionally certifying the Settlement Class for settlement purposes only;
- B. Appointing Paul K. Haines, Fletcher W. Schmidt, and Alexandra McIntosh of Haines Law Group, APC as Class Counsel;
- C. Appointing Plaintiff Edith Gutierrez as Class Representative for the Settlement Class;
- D. Approving Phoenix Settlement Administrators as Settlement Administrator;
- E. Preliminarily approving this Settlement Agreement and its terms as fair, reasonable, and adequate;

- F. Approving the form and content of the Notice Packet (which is comprised of the Class Notice and Notice of Individual Settlement Payment), and directing the mailing of same; and
- G. Scheduling a Final Approval hearing.

9. **Notice to Settlement Class.** Following preliminary approval, the Settlement Class shall be notified as follows:

- A. Within 10 business days after entry of an order preliminarily approving this Agreement, Defendant will provide the Settlement Administrator with the names, last known addresses, phone numbers, social security numbers, dates of employment, and workweek data for the Settlement Administrator to use to determine the number of workweeks worked by each Settlement Class member during the Class Period.
- B. Within 10 business days from receipt of this information, the Settlement Administrator shall (i) run the names of all Settlement Class members through the National Change of Address (“NCOA”) database to determine any updated addresses for Settlement Class members; (ii) update the address of any Settlement Class member for whom an updated address was found through the NCOA search; (iii) calculate the estimated Individual Settlement Payment for each Settlement Class member; and (iv) mail a Notice Packet to each Settlement Class member at his or her last known address or at the updated address found through the NCOA search, and retain proof of mailing.
- C. Any Notice Packets returned to the Settlement Administrator as non-delivered on or before the Response Deadline shall be re-mailed to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator shall make reasonable efforts, including utilizing a “skip trace,” to obtain an updated mailing address within 5 business days of receiving the returned Notice Packet. If an updated mailing address is identified, the Settlement Administrator shall resend the Notice Packet to the Settlement Class member immediately, and in any event within 5 business days of obtaining the updated address. The address identified by the Settlement Administrator as the current mailing address shall be presumed to be the best mailing address for each Settlement Class member. Settlement Class members to whom Notice Packets are re-mailed after having been returned as undeliverable to the Settlement Administrator shall have an additional 14 calendar days after the Response Deadline to opt-out, object, or dispute their Individual Settlement Payment. Notice Packets that are re-mailed shall inform the recipient of this adjusted deadline.
- D. Requests for Exclusion. Any Settlement Class member who wishes to opt-out of the Settlement must complete and mail a Request for Exclusion (defined below) to the Settlement Administrator within 60 calendar days of the date of the initial mailing of the Notice Packets (the “Response Deadline”).

- i. The Notice Packet shall state that Settlement Class members who wish to exclude themselves from the Settlement must submit a Request for Exclusion by the Response Deadline. The Request for Exclusion must: (1) contain the name, address, telephone number and the last four digits of the Social Security number of the Settlement Class member; (2) contain a statement that the Settlement Class member wishes to be excluded from the Settlement; (3) be signed by the Settlement Class member; and (4) be postmarked by the Response Deadline and mailed to the Settlement Administrator at the address specified in the Class Notice. If the Request for Exclusion does not contain the information listed in (1)-(3), it will not be deemed valid for exclusion from the Settlement, except a Request for Exclusion not containing a Class Member's telephone number and/or last four digits of the Social Security number will still be deemed valid. The date of the postmark on the Request for Exclusion shall be the exclusive means used to determine whether a Request for Exclusion has been timely submitted. Any Settlement Class member who requests to be excluded from the Settlement Class will not be entitled to any recovery under this Settlement Agreement and will not be bound by the terms of the Settlement or have any right to object, appeal or comment thereon.
 - ii. At no time will the Parties or their counsel seek to solicit or otherwise encourage any Settlement Class member to object to the Settlement or opt-out of the Settlement Class, or encourage any Settlement Class member to appeal from the final judgment.
- E. Objections. Members of the Settlement Class who do not opt-out may object to this Settlement Agreement as explained in the Class Notice by filing a written objection with the Settlement Administrator (who shall serve all objections as received on Class Counsel and Defendant's counsel, as well as file all such objections with the Court) within the Response Deadline. Defendant's counsel and Class Counsel shall file any responses to objections no later than the deadline to file the Motion for Final Approval. To be valid, any objection must be postmarked no later than the Response Deadline. Any Settlement Class member who wishes to may appear in person or through their own counsel and raise an objection at the Final Approval Hearing.
- F. Notice of Individual Settlement Payment / Disputes. Each Notice Packet mailed to a Settlement Class member shall disclose the amount of the Settlement Class member's estimated Individual Settlement Payment as well as all of the information that was used to calculate the Individual Settlement Payment. Settlement Class members will have the opportunity, should they disagree with Defendant's records regarding the information stated in the Notice of Individual Settlement Payment, to provide documentation and/or an explanation to show contrary information. Any such dispute, including any supporting documentation, must be mailed to the Settlement Administrator and postmarked by the Response Deadline. If there is a dispute, the Settlement Administrator will consult with the Parties to determine whether an adjustment is warranted. The Settlement Administrator shall determine the eligibility for, and the amounts of, any Individual Settlement Payments under

the terms of this Settlement Agreement. However, if the Settlement Administrator and the Parties cannot agree on a resolution, the Parties will submit the dispute to the Court for a final determination.

- G. Defendant understands its legal obligation not to retaliate against the Settlement Class members for their participation and/or election to participate in the benefits to be afforded any of them by the Settlement and/or the Action.

10. **Final Approval.** Following preliminary approval and the close of the period for filing requests for exclusion, objections, or disputes under this Settlement Agreement, Plaintiff shall apply to the Court for entry of an Order:

- A. Granting final approval to the Settlement Agreement and adjudging its terms to be fair, reasonable, and adequate;
- B. Approving Plaintiff's and Class Counsel's application for attorneys' fees and costs, Class Representative Enhancement Payment, settlement administration costs, and payment to the LWDA for its share of civil penalties under PAGA; and
- C. Entering judgment pursuant to California Rule of Court 3.769.

11. **Non-Admission of Liability.** Nothing in this Settlement Agreement shall operate or be construed as an admission of any liability or that class certification is appropriate in any context other than this Settlement. Each of the Parties has entered into this Settlement Agreement to avoid the burden and expense of further litigation. Pursuant to California Evidence Code Section 1152, this Settlement Agreement is inadmissible in any proceeding, except a proceeding to approve, interpret, or enforce this Settlement Agreement. If Final Approval does not occur, the Parties agree that this Settlement Agreement is void, but remains protected by California Evidence Code Section 1152.

12. **Waiver and Amendment.** The Parties may not waive, amend, or modify any provision of this Settlement Agreement except by a written agreement signed by all of the Parties, and subject to any necessary Court approval. A waiver or amendment of any provision of this Settlement Agreement will not constitute a waiver of any other provision.

13. **Notices.** All notices, demands, and other communications to be provided concerning this Settlement Agreement shall be in writing and delivered by receipted delivery and by e-mail at the addresses set forth below, or such other addresses as either Party may designate in writing from time to time:

if to Plaintiff: Fletcher W. Schmidt of Haines Law Group, APC
2155 Campus Drive, Suite 180, El Segundo, CA 90245
fschmidt@haineslawgroup.com

if to Defendant: Mandeep Singh Rupal of Law Office of Mandeep S. Rupal
4740 Green River Rd, Suite 207, Corona, CA 92878
mrupal@rupallaw.com
cc: christian@rupallaw.com; kiersten@rupallaw.com

14. **Entire Agreement.** This Settlement Agreement contains the entire agreement between the Parties with respect to the transactions contemplated hereby, and supersedes all negotiations, presentations, warranties, commitments, offers, contracts, and writings prior to the date hereof relating to the subject matters hereof.

15. **Construction.** The Parties hereto agree that the terms and conditions of this Stipulation are the result of lengthy, intensive, arms-length non-collusive negotiations between the Parties and that this Stipulation is not to be construed in favor of or against any party by reason of the extent to which any party or its counsel participated in the drafting of this Stipulation. If any of the dates in the Stipulation fall on a weekend, bank or court holiday, the time to act shall be extended to the next business day.

16. **Counterparts.** This Settlement Agreement may be executed by one or more of the Parties on any number of separate counterparts and delivered electronically, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

17. **Confidentiality.** Plaintiffs, Defendant and Class Counsel will keep the settlement confidential through preliminary approval and will not make any public disclosures of the settlement, except as required to obtain preliminary approval from the Court. Class Counsel will take all steps necessary to ensure Plaintiff is aware of, and will encourage him to adhere to, the restrictions against any public disclosure of the settlement until after the settlement is preliminarily approved by the Court. Thereafter, the Parties will agree not to have any communications with the media, make any comments to the media or otherwise publicize the terms of the settlement. Class Counsel will take all steps necessary to ensure Plaintiff is aware of, and will encourage him to adhere to, the restriction against any media comment on the settlement and its terms.

18. **Mutual Full Cooperation.** The Parties agree to cooperate fully with one another to accomplish and implement the terms of this Stipulation. Such cooperation shall include, but not be limited to, execution of such other documents and the taking of such other actions as may reasonably be necessary to fulfill the terms of this Class Settlement. The Parties shall use their best efforts, including all efforts contemplated by this Stipulation and any other efforts that may become necessary by court order or otherwise, to effectuate this Stipulation and the terms set forth herein. As soon as practicable after execution of this Stipulation, Class Counsel, with the cooperation of Defendant and Defense Counsel, shall take all necessary and reasonable steps to secure the Court's final approval of this Stipulation and will work together to make any nonmaterial modifications of the Settlement requested by the Court to obtain approval of the Parties' Proposed Settlement.

19. **Defendants' Option to Terminate Settlement.** In the event that more than 5% of the Class Members submit elections to opt-out of the Settlement, Defendant will have the right to rescind and terminate the Settlement without prejudice to its pre-settlement positions and defenses in the litigation. Should the threshold for opt-outs be exceeded, the Settlement Administrator shall notify lead counsel for all parties via email immediately.

20. **Either Party's Option to Terminate the Settlement.** Subject to the obligation(s) of mutual full cooperation, either Party may terminate this Settlement if the Court: (1) enters an order denying Preliminary Approval with prejudice (without the possibility of submitting a new Motion for Preliminary Approval) and/or addressing any concerns raised by the Court; (2) enters an order

denying Final Approval with prejudice; or (3) declines to enter the final judgment in substantially the same form submitted by the Parties. At all times relevant hereto, the Parties will use their best efforts to finalize the settlement, and to use any other efforts that may become necessary by the order of the court, the LWDA, or otherwise, to effectuate the settlement. The terminating Party shall give to the other Party (through its counsel) written notice of its decision to terminate no later than 10 business days after receiving notice that one of the enumerated events has occurred. In the event the Settlement is terminated, Defendants shall have no obligation to make any payments to any party, class member or attorney, except that the terminating Party shall pay the Claims Administrator for services rendered up to the date the Claims Administrator is notified that the settlement has been terminated.

DATED:

DEFENDANT DELTRONIC CORPORATION

By: _____
Name: _____
Title: _____

DATED: Mar 10, 2021

PLAINTIFF EDITH GUTIERREZ

Edith Gutierrez
By: Edith Gutierrez (Mar 10, 2021 13:38 PST)
Plaintiff and Settlement Class Representative

APPROVED AS TO FORM:

DATED:

LAW OFFICE OF MANDEEP S. RUPAL

By: _____
Mandeep Singh Rupal
Attorneys for Defendant

DATED: March 10, 2021

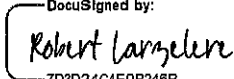
HAINES LAW GROUP, APC

By: *Fletcher W. Schmidt*
Fletcher W. Schmidt
Attorneys for Plaintiff

denying Final Approval with prejudice; or (3) declines to enter the final judgment in substantially the same form submitted by the Parties. At all times relevant hereto, the Parties will use their best efforts to finalize the settlement, and to use any other efforts that may become necessary by the order of the court, the LWDA, or otherwise, to effectuate the settlement. The terminating Party shall give to the other Party (through its counsel) written notice of its decision to terminate no later than 10 business days after receiving notice that one of the enumerated events has occurred. In the event the Settlement is terminated, Defendants shall have no obligation to make any payments to any party, class member or attorney, except that the terminating Party shall pay the Claims Administrator for services rendered up to the date the Claims Administrator is notified that the settlement has been terminated.

DATED: 3/10/2021

DEFENDANT DELTRONIC CORPORATION

By: 
Name: Robert Larzelere
Title: President

DATED:

PLAINTIFF EDITH GUTIERREZ

By: _____
Plaintiff and Settlement Class Representative

APPROVED AS TO FORM:

DATED: 3/16/2021

LAW OFFICE OF MANDEEP S. RUPAL

By: 
Mandeep Singh Rupal
Attorneys for Defendant

DATED:

HAINES LAW GROUP, APC

By: _____
Fletcher W. Schmidt
Attorneys for Plaintiff

Exhibit 2

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ORANGE

EDITH GUTIERREZ, as an individual and on behalf
of all others similarly situated,

Plaintiff,

vs.

DELTRONIC CORPORATION, a California Limited
Liability Company; and DOES 1 through 100,

Defendants.

Case No. 30-2020-011398390-CU-0E-CXC

NOTICE OF CLASS ACTION SETTLEMENT

To: All current and former non-exempt employees who performed work for Defendant Deltronic Corporation (“Deltronic”) in California between April 1, 2016 to February 15, 2021 (the “Class Period”). Collectively, these employees will be referred to as “Settlement Class Members.”

**PLEASE READ THIS NOTICE CAREFULLY
YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR NOT**

Why should you read this notice?

The Court has granted preliminary approval of a proposed class action settlement (the “Settlement”) in *Edith Gutierrez v. Deltronic Corporation*, Orange County Superior Court, Case No. 30-2020-011398390-CU-CXC (the “Lawsuit”). Your rights may be affected by the Settlement, and it is important that you read this notice carefully.

You may be entitled to money from this Settlement. Deltronic’s records show that you were employed by Deltronic as a non-exempt employee in California between April 1, 2016 and February 15, 2021 (the “Class Period”). The Court ordered that this Notice be sent to you because you may be entitled to money under the Settlement and because the Settlement affects your legal rights.

The purpose of this notice is to provide you with a brief description of the Lawsuit, to inform you of the terms of the Settlement, to describe your rights in connection with the Settlement, and to explain what steps you may take to participate in, object to, or exclude yourself from the Settlement. If you do not exclude yourself from the Settlement and the Court finally approves the Settlement, you will be bound by the terms of the Settlement and any final judgment.

What is this case about?

Plaintiff Edith Gutierrez (“Plaintiff”) brought this lawsuit against Deltronic, asserting claims on behalf of all Settlement Class Members. Plaintiff is known as the “Class Representative,” and her attorneys, who also represent the interests of all Settlement Class Members, are known as “Class Counsel.”

In the Lawsuit, Plaintiff alleges that Deltronic: (1) failed to provide all lawful meal periods; (2) failed to authorize and permit all lawful rest periods; (3) failed to maintain accurate records and issue accurate, itemized wage statements; (4) failed to timely pay all final wages at separation; (5) engaged in unfair/unlawful business practices; and (6) is liable for civil penalties under the Private Attorneys General Act (“PAGA”).

Deltronic denies that it has done anything wrong. Deltronic denies that it owes Settlement Class Members any wages, restitution, penalties, or other damages. Accordingly, the Settlement constitutes a compromise of disputed claims and should not be construed as an admission of liability on the part of Deltronic, which expressly denies all liability.

The Court has not ruled on the merits of Plaintiff’s claims. However, to avoid additional expense, inconvenience, and interference with business operations, the parties concluded that it is in Deltronic’s best interests and the interests of Settlement Class Members to settle the Lawsuit on the terms summarized in this Notice. After Deltronic provided

relevant information to Class Counsel, the Settlement was reached after mediation and arms'-length negotiations between the parties.

The Class Representative and Class Counsel support the Settlement. Among the reasons for support are the defenses to liability potentially available to Deltronic, the risk of denial of class certification, the inherent risks of trial on the merits, and the delays and uncertainties associated with ongoing litigation.

If you are still employed by Deltronic, your decision about whether to participate in the Settlement will not affect your employment. California law and Deltronic's policy strictly prohibit unlawful retaliation. Deltronic will not take any adverse employment action against or otherwise target, retaliate, or discriminate against any Settlement Class Member because of his or her decision to either participate or not participate in the Settlement.

Who are the Attorneys?

Attorneys for Plaintiff / Settlement Class Members:	Attorneys for Deltronic:
HAINES LAW GROUP, APC Paul K. Haines (SBN 248226) phaines@haineslawgroup.com Fletcher W. Schmidt (SBN 286462) fschmidt@haineslawgroup.com Alexandra R. McIntosh (SBN 320904) amcintosh@haineslawgroup.com 2155 Campus Drive, Suite 180 El Segundo, California 90245 Tel: (424) 292-2350 Fax: (424) 292-2355 haineslawgroup.com	LAW OFFICES OF MANDEEP S. RUPAL Mandeep Singh Rupal (SBN 279664) mrupal@rupallaw.com Christian H. Na (SBN 283758) christian@rupallaw.com 4740 Green River Road, Suite 207 Corona, CA 92880 Tel: (951) 460-0830 Fax: (951) 963-9920

What are the terms of the Settlement?

On <<PRELIM APPROVAL DATE>>, the Court preliminarily certified a class – for settlement purposes only – of all current and former non-exempt employees who worked for Deltronic in California during the Class Period. Settlement Class Members who do not submit a valid and timely Request for Exclusion from the Settlement pursuant to the procedures set forth in this Notice will be bound by the Settlement and will release their claims against Deltronic, as described below in the “Release” section.

Deltronic agreed to pay \$900,000.00 (the “Maximum Settlement Amount”) to fully resolve all claims in the Lawsuit, including payments to Settlement Class Members, attorneys’ fees and expenses, settlement administration costs, payment to the California Labor and Workforce Development Agency (“LWDA”) for its share of PAGA civil penalties, and the Class Representative Enhancement Payment. The following deductions from the Maximum Settlement Amount will be requested by the parties:

Settlement Administration Costs. The Court has approved Phoenix Settlement Administrators to act as the “Settlement Administrator,” who is sending this Notice to you and who will perform many other duties relating to the Settlement. The Court has approved setting aside up to \$10,000.00 from the Maximum Settlement Amount to pay the Settlement administration costs.

Attorneys’ Fees and Expenses. Class Counsel have been prosecuting the Lawsuit on behalf of the Settlement Class Members on a contingency fee basis (that is, without being paid any money to date) and have been paying all litigation costs and expenses. The Court will determine the actual amount awarded to Class Counsel as attorneys’ fees, which will be paid from the Maximum Settlement Amount. Settlement Class Members are not personally responsible for any of Class Counsel’s attorneys’ fees or expenses. Class Counsel will ask for fees of up to one-third of the Maximum Settlement Fund (which is currently estimated to be \$300,000.00) as reasonable compensation for the work Class Counsel performed and will continue to perform in this Lawsuit through

Settlement finalization. Class Counsel also will ask for reimbursement of up to \$25,000.00 for verified costs which were incurred by Class Counsel in connection with the Lawsuit.

Class Representative Enhancement Payment. Class Counsel will ask the Court to award \$5,000.00 to Plaintiff as a Class Representative Enhancement Payment. This is meant to compensate Plaintiff for his service and extra work provided on behalf of the Settlement Class Members.

PAGA Payment to the State of California. The parties have agreed to allocate \$50,000.00 of the Maximum Settlement Amount as PAGA civil penalties. Per Labor Code Section 2699(i), 75% of such penalties (\$37,500.00) will be payable to the LWDA for its share of PAGA penalties, and the remaining 25% (\$12,500.00) will be payable to the Settlement Class as part of the Net Settlement Amount.

Calculation of Settlement Class Members' Settlement Awards. After deducting the Court-approved amounts above, the balance of the Gross Settlement Amount will form the Net Settlement Amount, which will be distributed to all Settlement Class Members who do not submit a valid and timely Request for Exclusion (described below). The Net Settlement Amount will be divided as follows:

- (i) Wage Statement/PAGA Amount: Ten percent (10%) of the Net Settlement Amount plus the \$12,500.00 payable to the Settlement Class Members as PAGA civil penalties shall be designated as the "Wage Statement/PAGA Amount." Each participating Settlement Class Member who was employed by Deltronic at any time between April 1, 2019 to February 15, 2021 shall receive a portion of the Wage Statement/PAGA Amount proportionate to the number of workweeks that he or she worked during the aforementioned time period.
- (ii) Waiting Time Amount: Five percent (5%) of the Net Settlement Amount shall be designated as the "Waiting Time Amount." The Waiting Time Amount shall be distributed in equal, pro-rata shares to each participating Settlement Class Member who separated their employment from Deltronic at any time between April 1, 2017 and February 15, 2021.
- (iii) The remainder of the Net Settlement Amount will be distributed to each participating Settlement Class Member based on their proportionate number of workweeks worked during the Class Period, by multiplying the remaining Net Settlement Amount by a fraction, the numerator of which is the Settlement Class Member's total workweeks worked during the Class Period, and the denominator of which is the total number of workweeks worked by all participating Settlement Class Members during the Class Period.

Settlement Awards to Settlement Class Members. If the Court grants final approval of the Settlement, Settlement Awards will be mailed to Settlement Class Members who did not submit a valid and timely Request for Exclusion. Each participating Settlement Class Member who receives a Settlement Award must cash that check within 180 calendar days from the date the Settlement Administrator mails it. Any funds payable to participating Settlement Class Members whose checks are not cashed within 180 calendar days after mailing will be distributed by the Settlement Administrator to Kind, Inc., a 501(c)(3) charitable organization dedicated to promoting the well-being of children.

Allocation and Taxes. For tax purposes, each Settlement Award will be allocated as 80% penalties and interest issued pursuant to an IRS Form 1099; and 20% as wages issued pursuant to an IRS Form W-2. Settlement Class Members are responsible for the proper income tax treatment of the Settlement Awards. The Settlement Administrator, Deltronic and its counsel, and Class Counsel cannot provide tax advice. Accordingly, Settlement Class Members should consult with their tax advisors concerning the tax consequences and treatment of payments they receive under the Settlement.

Release. If the Court approves the Settlement, each Settlement Class Member A. All Settlement Class members who do not opt-out will release and discharge Defendant from any and all claims that were pled in the Action, or which could have been pled in the Action based on the factual allegations in the Action, that arose during the Class Period.

Conditions of Settlement. The Settlement is conditioned upon the Court entering an order at or following the Final Approval Hearing finally approving the Settlement as fair, reasonable, adequate and in the best interests of the Settlement Class Members, and the entry of Judgment.

How can I claim money from the Settlement?

Do Nothing. If you do nothing, you will be entitled to your Settlement Award which has been calculated for you based on the formula set forth above, as stated in the accompanying Notice of Settlement Award. You also will be bound by the Settlement, including the release of claims stated above.

What other options do I have?

Dispute Information in Notice of Settlement Award. Your award is based on the proportionate number of workweeks that you worked during the relevant time periods and whether your employment separated during the relevant time period. The information contained in Deltronic's records regarding this information, along with your estimated Settlement Award, is listed on the accompanying Notice of Settlement Award. If you disagree with the information in your Notice of Settlement Award, you may submit a dispute, along with any supporting documentation, in accordance with the procedures stated in the Notice of Settlement Award. Any disputes, along with supporting documentation, must be postmarked no later than <<RESPONSE DEADLINE>>. **DO NOT SEND ORIGINALS; DOCUMENTATION SENT TO THE SETTLEMENT ADMINISTRATOR WILL NOT BE RETURNED OR PRESERVED.**

The Parties and the Settlement Administrator will evaluate the evidence submitted and discuss in good faith how to resolve any disputes submitted by Settlement Class Members. Should a consensus not be reached, any outstanding disputes will be submitted to the Court for a final determination.

Exclude Yourself from the Settlement. If you **do not** wish to take part in the Settlement, you may exclude yourself by sending to the Settlement Administrator a written "Request for Exclusion from the Class Action Settlement" letter or card postmarked no later than <<RESPONSE DEADLINE>>, with your name, address, telephone number, last four digits of your social security number, and your signature. The Request for Exclusion must state:

"I WISH TO BE EXCLUDED FROM THE SETTLEMENT CLASS IN THE *EDITH GUTIERREZ v. DELTRONIC CORPORATION* LAWSUIT FILED IN ORANGE COUNTY SUPERIOR COURT, CASE NO. 30-2020-011398390. I UNDERSTAND THAT IF I ASK TO BE EXCLUDED FROM THE SETTLEMENT CLASS, I WILL NOT RECEIVE ANY MONEY FROM THE SETTLEMENT OF THIS LAWSUIT."

Send the Request for Exclusion directly to the Settlement Administrator at <<ADMINISTRATOR CONTACT INFO>>. Any person who submits a timely Request for Exclusion from the Settlement shall, upon receipt by the Settlement Administrator, no longer be a Settlement Class Member, shall be barred from participating in any portion of the Settlement, and shall receive no benefits from the Settlement. **Do not submit both a Dispute and a Request for Exclusion.** If you do, the Request for Exclusion will be invalid, you will be included in the Settlement Class, and you will be bound by the terms of the Settlement.

Objecting to the Settlement. You also have the right to object to the terms of the Settlement. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement. If you wish to object to the Settlement, or any portion of it, you may mail a written objection to the Settlement Administrator. Your written objection should include your name, address, as well as contact information for any attorney representing you regarding your objection, the case name and number, each specific reason in support of your objection, and any legal or factual support for each objection together with any evidence in support of your objection. All objections or other correspondence must state the name and number of the case, which is *Edith Gutierrez v. Deltronic Corporation*, Orange County Superior Court, Case No. 30-2020-011398390. Objections in writing must be postmarked on or before <<RESPONSE DEADLINE>>.

You may also appear at the Final Approval Hearing scheduled for <<FINAL APPROVAL HEARING DATE/TIME>> in Department CX101 of the Orange County Superior Court, located at 751 W Santa Ana Blvd, Santa Ana, California 92701. The location, date, and time of the Final Approval Hearing may be moved without further notice to you. You may contact Class Counsel using the contact information provided above to confirm the address and time of the hearing, if you wish to appear in person. You have the right to appear either in person or through your own attorney at this hearing, whether or not you submit a written objection. If you object to the Settlement, you will remain a member of the Settlement Class, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Settlement Class Members who do not object.

What is the next step?

The Court will hold a Final Approval Hearing on the adequacy, reasonableness, and fairness of the Settlement on <<FINAL APPROVAL HEARING DATE/TIME>>, in Department CX101 of the Orange County Superior Court, located at 751 W Santa Ana Blvd., Santa Ana, California 92701. The location, date, and time of the Final Approval Hearing may be moved without further notice to you. You may contact Class Counsel using the contact information provided above to confirm the address and time of the hearing. The Court also will be asked to rule on Class Counsel's request for attorneys' fees and reimbursement of documented costs and expenses, the Enhancement Payment to the Class Representative, the Settlement Administrator's costs, and the amount related to the PAGA civil penalties. **You are not required to attend the Final Approval Hearing.**

How can I get additional information?

This Notice is only a summary of the Lawsuit and the Settlement. For more information, you may inspect the Court's files and the Settlement Agreement at the Clerk's Office at the San Bernardino Courthouse, located at 751 W Santa Ana Blvd., Santa Ana, California 92701, during regular business hours. You may also contact Class Counsel using the contact information listed above for more information.

**PLEASE DO NOT CALL OR WRITE THE COURT, DELTRONIC, OR ITS ATTORNEYS FOR INFORMATION
ABOUT THIS SETTLEMENT OR THE SETTLEMENT PROCESS**

REMINDER AS TO TIME LIMITS

The deadline for submitting any Disputes, Requests for Exclusion, or Objections is <<RESPONSE DEADLINE>>.

NOTICE OF SETTLEMENT AWARD

EDITH GUTIERREZ v. DELTRONIC CORPORATION
ORANGE COUNTY SUPERIOR COURT, CASE NO. 30-2020-01139890-CU-OE-CXC

Please complete, sign, date and return this Form to <<ADMINISTRATOR CONTACT INFO>> **ONLY IF** (1) your personal contact information has changed, and/or (2) you wish to dispute any of the information listed in Section (III), below. It is your responsibility to keep a current address on file with the Settlement Administrator.

(I) Please type or print your name:

(First, Middle, Last)

(II) Please type or print the following identifying information if your contact information has changed:

Former Names (if any)

New Street Address

City

State

Zip Code

(III) Information Used to Calculate Your Settlement Award:

According to Deltronic's records:

- (a) You worked _____ workweeks from April 1, 2016 and February 15, 2021 (the Class Period);
- (b) You worked _____ workweeks from April 1, 2019 and February 15, 2021 (the Wage Statement/PAGA Period); and
- (c) Your employment with Deltronic <<DID/DID NOT>> end between April 1, 2017 and February 15, 2021 (the Waiting Time Period).

Based on the above, your Settlement Award is estimated to be \$_____.

(IV) If you disagree with items (a) - (c) in Section (III) above, please explain why in the space provided below and include copies of any supporting evidence or documentation with this form:

If you dispute the above information from Deltronic's records, those records will control unless you are able to provide documentation that establishes that Deltronic's records are mistaken. If there is a dispute about whether Deltronic's information or yours is accurate, and the dispute cannot be resolved informally, the dispute will be resolved by the Parties and the Settlement Administrator as described in the Class Notice that accompanies this Form. Any unresolved disputes will be submitted to the Court for a final determination.

**ANY DISPUTES, ALONG WITH ANY SUPPORTING DOCUMENTATION, MUST BE POSTMARKED
NO LATER THAN <<RESPONSE DEADLINE>>.**

Signature: _____

Date: _____

EXHIBIT 3