

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

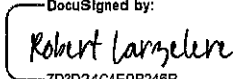
HAINES LAW GROUP, APC

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