

STIPULATION OF SETTLEMENT

This Stipulation of Settlement ("Settlement Agreement") is reached by and between Plaintiff Maria Ceballos ("Plaintiff"), individually and on behalf of all members of the Settlement Class (defined below), on one hand, and Defendant Flair Cleaners, Inc. ("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, Sean M. Blakely, and Neil M. Larsen of Haines Law Group, APC ("Class Counsel"). Defendant is represented by Jennifer N. Lutz and Rachel E. Albert of Pettit Kohn Ingrassia Lutz & Dolin PC.

On July 23, 2020, Plaintiff filed a Class Action Complaint ("Complaint") against Defendant in Los Angeles Superior Court in the matter entitled *Maria Ceballos v. Flair Cleaners, Inc.*, Los Angeles County Superior Court Case No. 20STCV28196 alleging the following causes of action: (1) minimum wage violations; (2) failure to pay all overtime wages; (3) meal period violations; (4) rest period violations; (5) wage statement violations; (6) waiting time penalties; and (7) unfair competition. On September 28, 2020, Plaintiff filed a First Amended Class and Representative Action Complaint ("FAC") to add a cause of action for civil penalties under the Private Attorneys General Action ("PAGA"). The Complaint and the FAC are referred to hereinafter collectively as the "Action."

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 are or were employed by Defendant Flair Cleaners, Inc. in the State of California at any time between April 6, 2016 and December 23, 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.** As of the Final Effective Date (as defined below), and upon Defendant's complete funding of the Gross Settlement Amount, Plaintiff and every member of the Settlement Class (except those who opt out) will fully release and discharge Defendant and any of its former or present parents, subsidiaries, affiliates, investors, partners, owners, related organizations, predecessors or successors, and all agents, employees, officers, directors, members, managers, holding companies, insurers, and attorneys thereof, (collectively, the "Released Parties"), as follows:

A. **Release by Settlement Class.** Settlement Class members will release all claims, causes of action, and legal theories alleged or which could have been alleged or

otherwise raised based on the facts in the Action, including: (a) failure to pay all overtime wages, including claims relating to a bonus or commission program; (b) failure to pay all minimum wages; (c) failure to provide all meal periods, or premium pay for non-compliant meal periods; (d) failure to authorize and permit all rest periods, or premium pay for non-compliant rest periods; (e) failure to furnish accurate and compliant itemized wage statements; (f) failure to timely pay all wages due or final wages due; and (g) all claims for unfair business practices that could have been premised on the facts, claims, causes of action or legal theories of relief pled in the Action (“Class Member Released Claims”). In addition, all Settlement Class members (regardless of whether they opt out) who worked for Defendant at any time from July 23, 2019 through December 23, 2021 (the “PAGA Period”) shall release Defendant from all claims for civil penalties under PAGA based on the above-mentioned violations, arising from their employment with Defendant during the PAGA Period (the “PAGA Released Claims”).

- B. **Release by Plaintiff.** In light of Plaintiff’s Class Representative Enhancement Award, and upon Defendant’s complete funding of the Gross Settlement Amount, Plaintiff has agreed to release, individually and in addition to the Released Claims described above, all claims, whether known or unknown, under federal law or state law against the Released Parties. The Parties understand and agree that Plaintiff is not, by way of this release, releasing any workers’ compensation claims nor any other claims which cannot be released as a matter of law. Notwithstanding the foregoing, 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.

Specifically excluded from Plaintiff’s Released Claims are any claims that cannot be released as a matter of law, such as claims for workers’ compensation benefits or unemployment benefits. No workers’ compensation claims are being resolved under this Settlement.

3. **Gross Settlement Amount.** As consideration, Defendant agrees to pay a non-reversionary Gross Settlement Amount (“Gross Settlement Amount”) of Five Hundred Forty Thousand Dollars and Zero Cents (\$540,000.00) 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. The term “Final” and “Final Effective Date” means: (i) that the Settlement Agreement has received Final Approval by the Court and there were no timely

objections or intervener requests filed, or that any timely objections and/or interveners have been withdrawn; or, (ii) in the event that one or more timely objections or interventions has/have been filed and not withdrawn, then upon the passage of the applicable date for an objector or intervener to seek appellate review of the Court's order of Final Approval, without a timely appeal having been filed; or, (iii) in the event that a timely appeal of the Court's order of Final Approval has been filed, then the Settlement Agreement shall be final when the applicable appellate court has rendered a final decision or opinion affirming the Court's Final Approval without material modification, and the applicable date for seeking further appellate review has passed, or the date that any such appeal has been either dismissed or withdrawn by the appellant.

C. Defendant shall deposit the Gross Settlement Amount with the Settlement Administrator within fifteen (15) business days of the Final Effective Date.

D. This is a non-reversionary settlement. The Gross Settlement Amount includes:

- (1) All payments (including interest) to the Settlement Class;
- (2) All costs of the Settlement Administrator which are anticipated to be no greater than Fifteen Thousand Dollars and Zero Cents (\$15,000.00);
- (3) Up to Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00) for Plaintiff's Class Representative Enhancement Award in recognition of her contributions to the Action and service to the Settlement Class.
- (4) Up to one-third of the Gross Settlement Amount in Class Counsel's attorneys' fees, 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 Twenty-Five Thousand Dollars and Zero Cents (\$25,000.00).
- (5) Thirty Thousand Dollars and Zero Cents (\$30,000.00) of the Gross Settlement Amount has been set aside by the Parties as PAGA civil penalties. Per Labor Code § 2699(i), 75% of such penalties, or Twenty-Two Thousand Five Hundred Dollars and Zero Cents (\$22,500.00), will be payable to the Labor & Workforce Development Agency ("LWDA"), and the remaining 25%, or Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00), will be payable to the Settlement Class members as the "PAGA Amount," as described below.

Defendant will not oppose the reasonableness of these requests. Any reduction by the Court of these requests will revert to the Settlement Class members who do not opt out.

E. **Employer Payroll Taxes.** The Gross Settlement Amount does not include Employer Payroll Taxes, which shall be paid by Defendant separate, and in addition to, the Gross Settlement Amount.

- F. **Escalator Clause.** Defendant represents that the Settlement Class worked approximately 33,000 workweeks during the Class Period. If, at the time of preliminary approval, the number of workweeks has increased by 10% or more (i.e., if there are 36,300 or more Workweeks), then Defendant agrees to increase the Gross Settlement Amount on a proportional basis (i.e., if the actual number of workweeks were 20% greater than 33,000, Defendant would agree to increase the Gross Settlement Amount by 20%).

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

- A. The Settlement Administrator shall first deduct from the Gross Settlement Amount the amounts approved by the Court for Class Counsel's attorneys' fees, Class Counsel's costs and expenses, the Class Representative Enhancement Award, the Settlement Administrator's fees and expenses for administration, and the amount designated as PAGA civil penalties. The remaining amount shall be known as the "Net Settlement Amount" or "NSA".

- B. From the Net Settlement Amount, the Settlement Administrator will calculate each Settlement Class member's Settlement Award based on the following formula:

- i. Payments to all participating Settlement Class members: Seventy-five percent (75%) of the Net Settlement Amount will be distributed to all participating Settlement Class members based on each participating Settlement Class member's proportionate workweeks worked during the Class Period, and which shall be calculated by multiplying 75% of the Net Settlement Amount by a fraction, the numerator of which is the participating Settlement Class member's number of workweeks worked during the Class Period, and the denominator of which is the total Workweeks worked by all participating Settlement Class members during the Class Period.
- ii. Waiting Time Amount: Fifteen Percent (15%) of the Net Settlement Amount shall be designated as the "Waiting Time Amount." Each participating Settlement Class member whose employment with Defendant ended at any time from April 6, 2017 through December 23, 2021 shall receive an equal, pro-rata share of the Waiting Time Amount.
- iii. Wage Statement Amount: Ten percent (10%) of the Net Settlement Amount shall be designated as the "Wage Statement Amount." Each participating Settlement Class member who was employed by Defendant at any time from April 6, 2019 through December 23, 2021 shall receive a portion of the Wage Statement Amount proportionate to the number of workweeks that he or she worked for Defendant during the period from April 6, 2019 to December 23, 2021 ("Wage Statement Period"), and which shall be calculated by multiplying 10% of the Net Settlement Amount by a fraction, the numerator of which is the participating Settlement Class member's

number of workweeks worked during the Wage Statement Period, and the denominator of which is the total workweeks worked by all participating Settlement Class members during the Wage Statement Period.

- iv. **PAGA Amount:** In addition to the Net Settlement Amount, each Settlement Class member (regardless of whether they opt-out) who was employed by Defendant at any time from July 23, 2019 through December 23, 2021 (“PAGA Period”) shall receive a portion of the Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00) of the Gross Settlement Amount that has been designated as the “PAGA Amount,” proportionate to the number of workweeks that he or she worked during the PAGA Period, and which shall be calculated by multiplying the PAGA Amount by a fraction, the numerator of which is the Settlement Class member’s number of workweeks worked during the PAGA Period, and the denominator of which is the total workweeks worked by all Settlement Class members during the PAGA Period. Settlement Class members whose Settlement Award includes payments from both the Net Settlement Amount and the PAGA Amount will have both amounts aggregated in one check.

- C. **Calculation of Settlement Awards.** Within five (5) Court days of the Final Effective Date, the Settlement Administrator will calculate individual Settlement Awards, as well as the amount of the employer’s share of payroll taxes due on the wage portion of the individual Settlement Awards, and provide the same to counsel for review and approval.
- D. **Payment of Settlement Awards.** Within five (5) Court days of (i) the Final Effective Date occurring and (ii) Defendant’s deposit of the Gross Settlement Amount and employer-side taxes, and after approval by counsel of the Settlement Award calculations, the Settlement Administrator will prepare and mail Settlement Awards, less applicable taxes and withholdings, to Settlement Class members. The Settlement Administrator shall simultaneously pay the withholdings to the applicable authorities with the necessary reports, submitting copies to Defendant’s counsel. The Settlement Administrator shall pay the amounts approved by the Court for Class Counsel’s attorneys’ fees and costs, Plaintiff’s Class Representative Enhancement Award, and PAGA payment to the LWDA at the same time it mails Settlement Awards to Settlement Class members.
- E. For tax purposes, each individual Settlement Award shall be allocated as follows: any payment made from the PAGA Amount shall be treated as 100% penalties. Any payment made from the Net Settlement Amount shall be allocated as one-third (33.33%) wages and two-thirds (66.67%) as 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). Notwithstanding the treatment of the payments to each Settlement Class member above, none of the payments called for by this Settlement Agreement, including the wage portion, are to be treated as

earnings, wages, pay or compensation for any purpose of any applicable benefit or retirement plan, unless required by such plans.

- F. Each member of the Settlement Class who receives a Settlement Award must cash that check within 180 days from the date the Settlement Administrator mails it. Any funds payable to Settlement Class members whose checks are not cashed within 180 days after mailing shall be placed in a *cypres* fund and awarded to Baby2Baby in Los Angeles, California.
- G. 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 one-third of the Gross Settlement Amount, which is currently estimated to be One Hundred Eighty Thousand Dollars and Zero Cents (\$180,000.00). Additionally, Class Counsel will request an award of actual costs and expenses as supported by declaration, in an amount not to exceed Twenty-Five Thousand Dollars and Zero Cents (\$25,000.00) from the Gross 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 when the Settlement Administrator pays the fee award approved by the Court.

6. **Class Representative Enhancement Award.** Defendant will not object to a request for a Class Representative Enhancement Award of Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00) to Plaintiff for her time and risk in prosecuting this case and Plaintiff's services to the Settlement Class. This payment will be in addition to Plaintiff's respective Settlement Award as a Settlement Class member, and shall be reported on an IRS Form 1099 issued by the Settlement Administrator. Even in the event that the Court reduces or does not approve the requested Enhancement Payment, Plaintiff shall not have the right to revoke this Settlement, and it will remain binding.

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 Fifteen Thousand Dollars and Zero Cents (\$15,000.00) for its services from the Gross Settlement Amount. The Settlement Administrator shall be responsible for depositing into an account and holding the various payments from Defendant comprising the Gross Settlement Amount, sending Notice Packets to the Settlement Class members, calculating Settlement Awards 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 Gross Settlement Amount only after Settlement Awards have been mailed to all participating Settlement Class members. The Settlement Administrator shall also give notice of final judgment by posting the final judgment to its website.

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, Sean M. Blakely, and Neil M. Larsen of Haines Law Group, APC as Class Counsel;
- C. Appointing Plaintiff Maria Ceballos 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 Estimated Settlement Award), and directing the mailing of same in both English and Spanish; 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 ten (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 ("Class Data") for each Settlement Class member during the Class Period.
- B. Within ten (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 Awards for each Settlement Class member, and receive approval from counsel of those calculations; 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. 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 sixty (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 Settlement Class member's telephone number and/or last four digits of the Social Security number will 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 (except for any amount due to him or her from the PAGA Amount, if applicable) and will not be bound by the terms of the Settlement (except for the PAGA release, if applicable) 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.
- iii. If fifteen percent (15%) or more of the Settlement Class exercise their rights to exclude themselves from the Settlement, Defendant may, in its sole discretion, unilaterally withdraw from and terminate this Settlement Agreement. Should Defendant elect to withdraw and terminate this Settlement Agreement, no Party may use the fact that the Parties agreed to the Settlement Agreement for any reason. If Defendant exercises its right to withdraw and terminate this Settlement Agreement under this provision, then Defendant will be responsible for paying the Settlement Administrator any costs the Settlement Administrator incurred in connection with this Settlement through the date that Defendant notifies Class Counsel of its intent to exercise its right to withdraw.

- D. 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, unless the objections are filed within ten (10) days of the Motion for Final Approval filing deadline, in which case Defendant's counsel and Class Counsel shall have ten (10) days to file a response to the objections. To be valid, any objection should: (1) contain the objecting Settlement Class member's full name and current address, as well as contact information for any attorney

representing the objecting Settlement Class member for purposes of the objection; (2) include all objections and the factual and legal bases for same; (3) include any and all supporting papers, briefs, written evidence, declarations, and/or other evidence; and (4) be postmarked no later than the Response Deadline. Settlement Class members may also appear at the final approval hearing to orally object, even if they have not submitted a written objection.

- F. Notice of Estimated Settlement Award / Disputes. Each Notice Packet mailed to a Settlement Class member shall disclose the amount of the Settlement Class member's estimated individual Settlement Award, as well as all of the information that was used to calculate the Settlement Award. Settlement Class members will have the opportunity, should they disagree with Defendant's records regarding the information stated in the Notice of Estimated Settlement Award, 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 Settlement Awards under the terms of this Agreement. The Settlement Administrator's determination of the eligibility for and amount of any Settlement Award shall be binding upon the Settlement Class member and the Parties.
- G. 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 five (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 five (5) business days of obtaining the updated address. Settlement Class members to whom Notice Packets are re-sent after having been returned as undeliverable to the Settlement Administrator shall have fourteen (14) calendar days from the date of re-mailing, or until the Response Deadline has expired, whichever is later, to mail a Request for Exclusion or Objection or dispute. Notice Packets that are re-sent shall inform the recipient of this adjusted deadline. If a Settlement Class member's Notice Packet is returned to the Settlement Administrator more than once as non-deliverable, then an additional Notice Packet shall not be mailed. Nothing else shall be required of, or done by, the Parties, Class Counsel, or Defendant's Counsel to provide notice of the proposed settlement.

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 Award, 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. Said judgment shall be posted on the website of the Settlement Administrator.

11. **Non-Admission of Liability.** Nothing in this Settlement Agreement shall operate or be construed as an admission of any liability or wrongdoing 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: Paul K. Haines of Haines Law Group, APC
2155 Campus Drive, Suite 180, El Segundo, CA 90245
phaines@haineslawgroup.com

if to Defendant: Jennifer N. Lutz of Pettit Kohn Ingrassia Lutz & Dolin PC
5901 W. Century Blvd., Suite 1100, Los Angeles, CA 90045
jlutz@pettitkohn.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. **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.

16. **Enforcement and Continuing Jurisdiction of the Court.** To the extent consistent with class action procedure, this Settlement Agreement shall be enforceable by the Court pursuant to

California Code of Civil Procedure section 664.6. The Court shall retain continuing jurisdiction over this Lawsuit and over all Parties and Settlement Class members, to the fullest extent to enforce and effectuate the terms and intent of this Settlement Agreement, and to adjudicate any claimed breaches of this Settlement Agreement. The Court may award reasonable attorneys' fees and costs to the prevailing party in any motion or action taken and based on an alleged violation of any material term of the Settlement Agreement.

DATED: 10/18/21

FLAIR CLEANERS, INC.

By: Gary P. Futterman
Name: Gary P. Futterman
Title: President

DATED: 10-12-21

PLAINTIFF MARIA CEBALLOS

By: Maria Ceballos
Plaintiff and Settlement Class Representative

MC

APPROVED AS TO FORM:

DATED: 10/19/21

PETTIT KOHN INGRASSIA LUTZ & DOLIN PC

By: 
Jennifer N. Lutz
Rachel E. Albert
Attorneys for Defendant

DATED: 10/15/21

HAINES LAW GROUP, APC

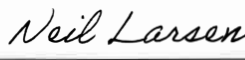
By: 
Sean M. Blakely
Paul K. Haines
Neil Larsen
Attorneys for Plaintiff

Exhibit 1

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

MARIA CEBALLOS, as an individual and on behalf
of all others similarly situated,

Plaintiff,

vs.

FLAIR CLEANERS, INC., a California corporation;
and DOES 1 through 100,

Defendants.

Case No. 20STCV28196

**NOTICE OF PENDENCY OF CLASS
ACTION AND PROPOSED SETTLEMENT**

To: All current and former non-exempt employees who are or were employed by Defendant Flair Cleaners, Inc. ("Flair Cleaners") in the State of California at any time between April 6, 2016 and December 23, 2021. These employees will be referred to as the "Settlement Class" or "Settlement Class members."

**PLEASE READ CAREFULLY
THIS NOTICE IS BEING PROVIDED TO YOU IN BOTH ENGLISH AND SPANISH
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 settlement (the "Settlement") in the matter of *Maria Ceballos v. Flair Cleaners, Inc.*, Los Angeles County Superior Court Case No. 20STCV28196 (the "Lawsuit"). Because your rights may be affected by the Settlement, it is important that you read this Notice carefully.

You may be entitled to money from this Settlement. Flair Cleaners' records show that you were employed by Flair Cleaners as a non-exempt employee in the State of California between April 6, 2016 and December 23, 2021 (the "Class Period"), and therefore are part of the proposed "Settlement Class." 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 to the terms of the Settlement and any final judgment. If final judgment is entered in this case, it will be posted to the Settlement Administrator's website, www.phoenixclassaction.com.

What is this case about?

On July 23, 2020, Plaintiff Maria Ceballos ("Plaintiff") filed a Complaint on a class action basis on behalf of all current and former non-exempt employees of Flair Cleaners who worked in California during the Class Period. On September 28, 2020, Plaintiff filed the operative First Amended Class and Representative Action Complaint ("FAC"), which alleges the following causes of action: (1) minimum wage violations; (2) failure to pay all overtime wages; (3) meal period violations; (4) rest period violations; (5) wage statement violations; (6) waiting time penalties; (7) unfair competition; and (8) civil penalties under the Private Attorneys General Act ("PAGA").

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."

Flair Cleaners denies that it has done anything wrong. Flair Cleaners also denies that it owes Settlement Class members any wages, restitution, penalties, damages, or other amounts. Accordingly, the Settlement constitutes a compromise of disputed claims and should not be construed as an admission of liability on the part of Flair Cleaners, by whom all liability is expressly denied.

The Court has not ruled on the merits of Plaintiff's claims. However, to avoid additional expense, inconvenience, and interference with its business operations, Flair Cleaners has concluded that it is in its best interest to settle the Lawsuit on the terms summarized in this Notice. The Settlement was reached after a mediation and 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 Flair Cleaners, the risk of denial of class certification, the inherent risk of trial on the merits, and the delays and uncertainties associated with ongoing litigation.

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

Who are the Attorneys?

Attorneys for Plaintiff/Settlement Class: HAINES LAW GROUP, APC Paul K. Haines phaines@haineslawgroup.com Sean M. Blakely sblakely@haineslawgroup.com Neil M. Larsen nlarsen@haineslawgroup.com 2155 Campus Drive, Suite 180 El Segundo, California 90245 Tel: (424) 292-2350 Fax: (424) 292-2355 www.haineslawgroup.com	Attorneys for Flair Cleaners: PETTIT KOHN INGRASSIA LUTZ & DOLIN PC Jennifer N. Lutz jlutz@pettitkohn.com Rachel E. Albert ralbert@pettitkohn.com 5901 W. Century Blvd., Suite 1100 Los Angeles, California 90045 Tel: (310) 649-5772 Fax: (310) 649-5777
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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 have worked for Flair Cleaners in California at any time from April 6, 2016 through December 23, 2021. Settlement Class members who do not opt out of the Settlement pursuant to the procedures set forth in this Notice will be bound by the Settlement and will release their claims against Flair Cleaners as described below.

Flair Cleaners has agreed to pay \$540,000.00 (the "Gross Settlement Amount") to fully resolve all claims in the Lawsuit, including payments to Settlement Class members, Class Counsel's attorneys' fees and expenses, Settlement administration costs, PAGA civil penalties, and the Class Representative's enhancement award.

The following deductions from the Gross Settlement Amount will be requested by the parties:

Attorneys' Fees and Expenses. Class Counsel have been prosecuting the Lawsuit on behalf of 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 Gross Settlement Amount. Settlement Class members are not personally responsible for any of Class Counsel's attorneys' fees or expenses. Class Counsel will ask for up to one-third of the Gross Settlement Amount, which is currently estimated at \$180,000.00, as reasonable compensation for the work Class Counsel performed and will continue to perform in the Lawsuit through Settlement finalization. Class Counsel also will ask for reimbursement of up to \$25,000.00 in verified costs incurred in connection with the Lawsuit.

Settlement Administration Costs. The Court has approved Phoenix Settlement Administrators to act as the "Settlement Administrator," who is sending this Notice to you and will perform many other duties relating to the Settlement. The Court has approved setting aside up to \$8,750.00 from the Gross Settlement Amount to pay the settlement administration costs.

Class Representative's Enhancement Award. Class Counsel will ask the Court to award a Class Representative enhancement award in the amount of \$7,500.00 to the Class Representative. This award is to compensate the Class Representative for her services and extra work provided on behalf of the Settlement Class members.

PAGA Civil Penalties. The Parties have agreed to allocate \$30,000.00 of the Gross Settlement Amount towards the Settlement of the PAGA claims alleged in the Lawsuit. Pursuant to the requirements of the PAGA, 75% of that amount, or \$22,500.00, will be paid to the State of California Labor and Workforce Development Agency ("LWDA"). The remaining \$7,500.00 has been designated as the "PAGA Amount" and will be allocated to Settlement Class members as described below.

Calculation of Settlement Class Members' individual Settlement Awards. After deducting the Court-approved amounts above, the balance of the Gross Settlement Amount will form the Net Settlement Amount ("NSA"), which will be distributed to all Settlement Class members who do not submit a valid and timely Request for Exclusion from the Settlement. The Net Settlement Amount is estimated to be approximately \$288,750.00. Together with the \$7,500.00 PAGA Amount, the total amount to be distributed to Settlement Class members is estimated to be \$296,250. The NSA will be distributed to Settlement Class members as follows:

- (i) 75% of the NSA has been designated for all Settlement Class members, and will be allocated proportionately based on each participating Settlement Class member's total workweeks worked for Flair Cleaners in California during the Class Period.
- (ii) 10% of the NSA has been designated as the "Wage Statement Amount," and will be allocated to each participating Settlement Class member who was employed by Flair Cleaners at any time between April 6, 2019 to December 23, 2021, in proportion to the number of workweeks that each participating Settlement Class member worked for Flair Cleaners during that time period.
- (iii) 15% of the NSA has been designated as the "Waiting Time Amount," and each participating Settlement Class member whose employment with Flair Cleaners ended at any time between April 6, 2017 and December 23, 2021, will receive an equal, pro-rata share of the Waiting Time Amount.
- (iv) In addition to the NSA, \$7,500.00 of the Gross Settlement Amount has been designated as the "PAGA Amount" as described above, and will be allocated to all Settlement Class members (including those who exclude themselves from the class action settlement) who were employed by Flair Cleaners in California at any time between July 23, 2019 to December 23, 2021 (the "PAGA Period"), in proportion to the number of workweeks that each Settlement Class member worked for Flair Cleaners during that time period.

Payments to Settlement Class Members. If the Court grants final approval of the Settlement, individual Settlement Awards will be mailed to all Settlement Class members who did not submit a valid and timely Request for Exclusion from the Settlement.

Allocation and Taxes. For tax purposes, each Settlement Award shall be treated as follows: all amounts from the PAGA Amount will be treated as 100% penalties, and all amounts from the NSA will be treated one-third (33.33%) as “wages,” and two-thirds (66.67%) as penalties and interest. The Settlement Administrator will issue IRS forms W-2 for all amounts designated as “wages,” and will issue IRS forms 1099 for all amounts designated as penalties and interest. Settlement Class members are responsible for the proper income tax treatment of the individual settlement payments. The Settlement Administrator, Flair Cleaners 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 who has not submitted a timely and valid Request for Exclusion from the Settlement, will fully release and discharge Flair Cleaners and any of its former or present parents, subsidiaries, affiliates, investors, partners, owners, related organizations, predecessors or successors, and all agents, employees, officers, directors, members, managers, holding companies, insurers, and attorneys thereof, (collectively, the “Released Parties”), from all claims, causes of action, and legal theories alleged or which could have been alleged or otherwise raised based on the facts in the Action, including: (a) failure to pay all overtime wages; (b) failure to pay all minimum wages; (c) failure to provide all meal periods, or premium pay for non-compliant meal periods; (d) failure to authorize and permit all rest periods, or premium pay for non-compliant rest periods; (e) failure to furnish accurate and compliant itemized wage statements; (f) failure to timely pay all wages due or final wages due; and (g) all claims for unfair business practices that could have been premised on the facts, claims, causes of action or legal theories of relief pled in the Action (“Class Member Released Claims”). In addition, all Settlement Class members (regardless of whether they opt out) who worked for Flair Cleaners at any time from July 23, 2019 through December 23, 2021 (the “PAGA Period”) shall release Flair Cleaners from all claims for civil penalties under PAGA based on the above-mentioned violations, arising from their employment with Flair Cleaners during the PAGA Period (the “PAGA Released Claims”).

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, and the entry of a Judgment.

How can I claim money from the Settlement?

Do Nothing. You do not need to do anything if you want to receive payment from and participate in the Settlement. If you do nothing, you will be entitled to your Individual Settlement based on the proportionate number of workweeks you worked during the Class Period, and whether your employment with Flair Cleaners ended since April 6, 2017. Your estimated individual Settlement Award is included in the accompanying Notice of Estimated Settlement Award. You also will be bound by the Settlement, including the release of claims stated above.

Check Cashing Deadline and Uncashed Checks. If you are issued a Settlement Award, you will have one hundred and eighty (180) calendar days after your check is mailed by the Settlement Administrator to cash it. If you do not cash your check within 180 days after mailing, the check will become void, and the funds associated with such voided check will be distributed to Baby2Baby in Los Angeles, California, a *cy pres* recipient.

What other options do I have?

Dispute Information in Notice of Estimated Settlement Award. Your estimated individual Settlement Award has been calculated and is included in the enclosed Notice of Estimated Settlement Award. As stated above, your estimated individual Settlement Award is based on the proportionate number of workweeks you worked during the Class Period, and whether you have separated employment from Flair Cleaners since April 6, 2017. The information contained in Flair Cleaners’ records regarding each of these factors, along with your estimated Settlement Award, is listed on the accompanying Notice of Estimated Settlement Award. If you disagree with the information in your Notice of Estimated Settlement Award, you may submit a dispute, along with any supporting documentation, in accordance with

the procedures stated in the Notice of Estimated 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. The Settlement Administrator's decision regarding any dispute will be final.

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 no later than <<RESPONSE DEADLINE>>, with your name, address, telephone number, last four digits of your social security number, and your signature.

Send the Request for Exclusion directly to the Settlement Administrator at <<INSERT ADMINISTRATOR CONTACT INFO>>. Any person who submits a timely Request for Exclusion shall, upon receipt by the Settlement Administrator, no longer be a Settlement Class member with respect to the class claims alleged, shall be barred from participating in the class Settlement, and shall receive no benefits from the class Settlement. Any person who submits a valid and timely Request for Exclusion will also lack standing to submit any objection to the Settlement. However, all Settlement Class members who worked for Flair Cleaners during the PAGA Period, including those who opt out, will be bound by the PAGA portion of the Settlement and will receive a portion from the PAGA Amount. **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 should 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, any legal or factual support for each objection, and any and all supporting papers, briefs, written evidence, declarations, and/or other evidence. Objections should be in writing and must be postmarked on or before <<RESPONSE DEADLINE>>. Notwithstanding the foregoing, you do not need to object in writing to be heard at the Final Approval Hearing.

You may also appear at the Final Approval Hearing scheduled for <<FINAL APPROVAL HEARING DATE/TIME>> in Department SSC-1 of the Los Angeles County Superior Court, located at 312 N. Spring St., Los Angeles, California 90012. You have the right to appear either in person or through your own attorney at this hearing. All objections or other correspondence must state the name and number of the case, which is *Maria Ceballos v. Flair Cleaners, Inc.*, Los Angeles County Superior Court Case No. 20STCV28196. You need not file a written objection in order to appear at the Final Approval Hearing.

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 SSC-1 of the Los Angeles County Superior Court, located at 312 N. Spring St., Los Angeles, California 90012. At the Final Approval Hearing, the Court will be asked to rule on Class Counsel's request for attorneys' fees and reimbursement of documented costs and expenses and the enhancement award to the Class Representative. The Final Approval Hearing may be postponed without further notice to the Settlement Class. You may contact Class Counsel using the contact information provided above to confirm the address and time of the hearing. Any Settlement Class member who wishes to attend the Final Approval Hearing may do so by appearing remotely through LA CourtConnect (for a fee unless a fee waiver has been obtained). You can find more information regarding LA CourtConnect at the Court's website: www.lacourt.org. **You are not**

required to attend the Final Approval Hearing, although any Settlement Class members is welcome to attend the hearing at their own expense.

If you plan on attending the hearing or otherwise visiting the Court, please consult the Court's website, www.lacourt.org, for information regarding court operations during COVID-19 as well as face covering and social distancing requirements.

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 Office of the Clerk of the Los Angeles County Superior Court, located at 312 N. Spring St., Los Angeles, California 90012 during regular court hours. Any Settlement Class member who wishes to review the Court's files should make an appointment with the Office of the Clerk. You may also contact Class Counsel using the contact information listed above for more information.

PLEASE DO NOT CALL OR WRITE THE COURT, FLAIR CLEANERS, 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>>. These deadlines will be strictly enforced.

Exhibit 2

NOTICE OF ESTIMATED SETTLEMENT AWARD

MARIA CEBALLOS v. FLAIR CLEANERS, INC.
LOS ANGELES COUNTY SUPERIOR COURT CASE NO. 20STCV28196

Please complete 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 items 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 the records of Flair Cleaners, Inc. ("Flair Cleaners"):

- (a) you worked for Flair Cleaners in California from _____ to _____;
- (b) you worked _____ Workweeks between April 6, 2016, and December 23, 2021 for Flair Cleaners;
- (c) you worked _____ Workweeks between April 6, 2019, and December 23, 2021 for Flair Cleaners;
- (d) you worked _____ Workweeks between July 23, 2019, and December 23, 2021 for Flair Cleaners;
- (e) your employment with Flair Cleaners <<DID/DID NOT>> end between April 6, 2017, and December 23, 2021.

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

(IV) If you disagree with items (a), (b), (c), (d) and/or (e) 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 Flair Cleaners' records, Flair Cleaners' records will control unless you are able to provide documentation that establishes otherwise and that Flair Cleaners' records are mistaken. If there is a dispute about whether Flair Cleaners' 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 "Notice of Pendency of Class Action and Proposed Settlement" that accompanies this Form.

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