

STIPULATION OF SETTLEMENT

This Stipulation of Settlement ("Settlement Agreement") is reached by and between Plaintiff Adrian Vides ("Plaintiff" or "Class Representative"), individually and on behalf of all members of the Settlement Class (defined below), on the one hand, and Defendant Celoseal Roofing, 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, Fletcher W. Schmidt, Andrew J. Rowbotham, and Alma V. Montenegro of Haines Law Group, APC (collectively, "Class Counsel"). Defendant is represented by Nancy Rader Whitehead of Scott & Whitehead ("Defense Counsel").

On September 28, 2020, Plaintiff filed the operative class and representative action complaint against Defendant in Orange County Superior Court titled *Adrian Vides v. Celoseal Roofing, Inc.*, Case No. 30-2020-01162478-CU-OE-CXC (the "Action"). The Action alleges that Defendant: (1) failed to pay all overtime wages (Labor Code §§ 204, 510, 558, 1194, 1198); (2) failed to pay all minimum wages (Labor Code §§ 1194, 1194.2, 1197); (3) failed to provide all meal periods (Labor Code §§ 226.7, 512, 558); (4) failed to reimburse necessary business expenses (Labor Code § 2802); (5) failed to issue accurate, itemized wage statements (Labor Code § 226 *et seq.*); (6) failed to timely pay all final wages due upon separation of employment (Labor Code §§ 201-203); (7) engaged in unfair competition (Business and Professions Code § 17200); and (8) is liable for civil penalties under the PAGA (Labor Code § 2698 *et seq.*).

Given the uncertainty of litigation, and without Defendant making any admission as to the merits of any of the claims asserted, 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 Defined.** 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 have worked for Celoseal Roofing, Inc. in California at any time between April 6, 2016 and the date of preliminary approval of the Settlement (the "Class Period"), and who have not signed a general release.

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. **PAGA Aggrieved Employees Defined.** For the purposes of this Settlement Agreement only, Plaintiff and Defendant stipulate that the PAGA Aggrieved Employees shall be defined as:

All individuals who were employed by Defendant in California at any time between April 6, 2019 and the date of preliminary approval of the Settlement (the "PAGA Period"), regardless of whether they have signed a general release.

3. **Release by Settlement Class Members, PAGA Aggrieved Employees, and Plaintiff.** Plaintiff and every member of the Settlement Class (except those who opt out of the Settlement) will release and discharge Defendant, its past and present officers, directors, shareholders, managers, employees, agents, principals, spouses, heirs, representatives, accountants, auditors, consultants, and its respective successors and predecessors in interest, subsidiaries, affiliates, parents and attorneys (collectively “Defendant’s Releasees”) as follows:

- A. All members of the Settlement Class who do not opt-out will release and discharge Defendant and Defendant’s Releasees from all claims, demands, rights, liabilities and causes of action that were pled in the operative complaint in the Action, or which could have been pled in the operative complaint in the Action based on the factual allegations therein, that arose during the Class Period (collectively the “Released Claims”). The time period covered by this release is April 6, 2016 and the date of preliminary approval of the Settlement.
- B. PAGA Aggrieved Employees, regardless of whether they opt-out of the Settlement, will release and discharge Defendant and Defendant’s Releasees from all PAGA claims that are based on the Labor Code violations pled in the operative complaint in the Action or Plaintiff’s letter to the LWDA dated July 22, 2020, or which could have been pled in the operative complaint in the Action based on the factual allegations therein, that arose during the PAGA Period (collectively the “PAGA Released Claims”).
- C. In light of Plaintiff’s Class Representative Enhancement Payment, Plaintiff also agrees to release, as an individual and in addition to the released claims described in Paragraph 3.A. and 3.B., above, all claims, whether known or unknown, under federal law or state law against Defendant and Defendant’s Releasees. 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.
- D. The Settlement along with all associated releases will become effective on the date of the Court’s signing an order granting final approval of the Settlement (“Effective Date”).

4. **Maximum Settlement Amount.** As consideration, Defendant agrees to pay a “Maximum Settlement Amount” of \$265,000.00 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 Maximum Settlement Amount shall be paid by Defendant no later than 30 days after the Effective Date.
- C. This is a non-reversionary settlement. The Maximum Settlement Amount includes:
 - (1) All payments (including interest) to the Settlement Class;
 - (2) All costs of the Settlement Administrator associated with the administration of the Settlement, which are anticipated to be no greater than \$7,500.00;
 - (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;
 - (4) Up to one-third (33.33%) of the Maximum Settlement Amount in Class Counsel’s attorneys’ fees (currently estimated at \$88,333.33), 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 \$15,000.00; 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 Labor & Workforce Development Agency (“LWDA”), and the remaining 25%, or \$12,500.00, will be payable to the PAGA Employees as the “PAGA Amount,” as described below.
- D. 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. **Escalator Clause.** Defendant represents that there are an estimated 4,703 workweeks worked by the PAGA Aggrieved Employees during the PAGA Period and an estimated 1,560 total workweeks worked by the Settlement Class members during the Class Period, for a combined total of 6,263 covered workweeks. If the combined number of total covered workweeks is more than 10% greater than this figure (i.e., if there are 6,890 or more total covered workweeks), Defendant may elect to either: (1) increase the Maximum Settlement Amount on a proportional basis (i.e., if there was 15% increase in covered workweeks, Defendant would increase the Maximum Settlement Amount by 15%) or (2) cut off the Class Period and PAGA Period as of the date that there are 6,889 combined workweeks worked.
- F. **Employer Payroll Taxes.** The Maximum Settlement Amount does not include the employer’s share of payroll taxes on any amounts designated as wages, which shall

be paid by Defendant separate and apart from, and in addition to, the Maximum Settlement Amount.

5. **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 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 between April 6, 2019 and the date of preliminary approval, shall receive a portion of the Wage Statement Amount proportionate to the number of workweeks that he or she worked during the aforementioned time period.
 - ii. PAGA Amount: The \$12,500.00 payable to PAGA Employees as PAGA civil penalties shall be designated as the "PAGA Amount." Each individual who was employed by Defendant at any time between April 6, 2019 and the date of preliminary approval, shall receive a portion of the PAGA Amount proportionate to the number of workweeks that he or she worked during the aforementioned time period.
 - iii. Waiting Time Amount: Twenty-five percent (25%) of the Net Settlement Amount shall be designated as the "Waiting Time Amount." The Waiting Time Amount shall be distributed in equal shares to each participating Settlement Class member who separated their employment with Defendant on or after April 6, 2017.
 - iv. 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 the funding of the Maximum Settlement Amount with the Settlement Administrator, the Settlement Administrator will calculate each Settlement Class member's Individual Settlement Payment, and will prepare and mail Individual Settlement Payments to Settlement Class Members.
- D. Each Settlement Payment shall be allocated as 20% wages and 80% penalties and interest. Amounts paid to PAGA Aggrieved Employees for the PAGA Payment (described in Paragraph 5.B.ii) will be allocated as 100% penalties. 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). Settlement Class Members will be responsible for all employee-side taxes due on Individual Settlement Payments.
- E. Defendant shall fully discharge its obligations to those Settlement Class Members to whom Defendant will pay a Settlement Amount through the mailing of a settlement check, regardless of whether such checks are actually received and/or negotiated by Settlement Class Members. Any check that is not negotiated within 180 days of mailing to a Settlement Class member shall be distributed by the Settlement Administrator to the cy pres, Community Legal Aid SoCal, a 501(c)(3) organization dedicated to providing legal services to the indigent population of Orange and Southeast Los Angeles Counties.
- F. Neither Plaintiff nor Defendant shall bear any liability for lost, stolen, undelivered or misdelivered 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.

6. **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 Maximum Settlement Amount, which is currently estimated to be \$88,333.33. Additionally, Class Counsel will request an award of actual costs and expenses as supported by declaration, in an amount not to exceed \$15,000.00 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 when the Settlement Administrator pays the fee award approved by the Court.

7. **Class Representative Enhancement Payment.** Defendant will not object to a request for Class Representative Enhancement Payment of \$5,000.00 for Plaintiff's time and risk 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.

8. **Settlement Administrator.** Defendant will not object to the appointment of Phoenix Settlement Administrator as Settlement Administrator. Defendant will not object to Plaintiff

seeking approval to pay up to \$7,500.00 for the administration services from the Maximum Settlement Amount. The Settlement Administrator shall be responsible for sending notices to the Settlement Class Members, (including obtaining updated class member addresses, performing a National Change of Address search, and/or skip-tracing), for calculating Individual Settlement Payments, , including the amount of all payroll tax deductions to be withheld or backup withholdings, deducting appropriate tax withholdings and paying them to the appropriate government entity, and for preparing all checks and mailings providing Class Counsel and Counsel for Defendant with weekly updates on the status of Settlement administration (including numbers and percentages of mailed Notices, returned Notices, re-mailed Notices, undeliverable Notices, opt-outs, and objections), providing declarations and/or reports as required for court filings, and for any other tasks that the Parties may mutually agree or the Court orders the Settlement Administrator to perform. . The Settlement Administrator shall be authorized to pay itself from the Maximum Settlement Amount only after Individual Settlement Payments have been mailed to all Settlement Class Members. If the actual Settlement Administrator fees are less than the Parties' estimation, the difference between the actual and estimated Settlement Administrator fees will flow through to the Net Settlement Amount.

9. **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, Andrew J. Rowbotham, and Alma V. Montenegro of Haines Law Group, APC as Class Counsel;
- C. Appointing Plaintiff Adrian Vides as Class Representative for the Settlement Class;
- D. Approving Phoenix Settlement Administrator 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 Settlement Payment), and which counsel for all Parties shall mutually agree upon before submitting to the Court, and directing the mailing of same; and
- G. Scheduling a Final Approval hearing.

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

- A. Within 10 business days after the Court signs an order preliminarily approving this Agreement, Defendant will provide the Settlement Administrator with the names, addresses, phone numbers, social security numbers, dates of employment, and relevant workweek information for each Settlement Class Member during the Class Period and each PAGA Aggrieved Employee during the PAGA 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 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 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 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. PAGA Aggrieved Employees may not opt-out of the release of PAGA claims (as described in Paragraph 3.B.) and will thus receive payment for their share of the PAGA Amount even if they request exclusion from the class and do not receive a class portion of their Individual Settlement Payment.
 - iii. 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. Any such written objections must contain the Settlement Class Member's name, address, and last four digits of his or her social security number and must state the legal and factual bases for objection. The objection must also be signed by the Settlement Class member. 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. Settlement Class Members need not submit written objections to be heard by the Court 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 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 Payment 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.

11. **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.

12. **Right to Terminate Settlement.** If ten (10%) percent or more members of the Settlement Class members exercise their rights to exclude themselves and opt out of the Settlement, Defendant may, in its sole discretion, unilaterally withdraw from and terminate the Settlement no later than ten (10) business days after the Response Deadline. In the event of Defendant's withdrawal, no party may use the fact that the Parties agreed to the Resolution for any reason. In the event that Defendant elects to terminate this Settlement, Defendant shall pay all of the Administrative Costs incurred by the Settlement Administrator up to that point.

13. **Non-Approval of Settlement.** The Parties will work in good faith to obtain preliminary and final settlement approval. In the event that the Court denies final approval with prejudice, this Agreement shall be deemed void *ab initio* and the Parties shall be returned to their respective positions as though this Agreement was never executed, including with respect to any releases of claims.

14. **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 the Effective Date does not occur or Defendant fails to fully fund the Settlement pursuant to Paragraph 4.B. above, the Parties agree that this Settlement Agreement is void, but remains protected by California Evidence Code section 1152.

15. **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.

16. **Confidentiality.** The Parties and their counsel will keep the Settlement, the Settlement-related documents, and their Settlement negotiations confidential, and will not disclose that information to any third party through the date of preliminary approval. Thereafter, the Parties agree to make no comments to the media or otherwise publicize the terms of the Settlement.

17. **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 90265
fschmidt@haineslawgroup.com

if to Defendant: Nancy Rader Whitehead of Scott & Whitehead
4675 MacArthur Court, Suite 1240, Newport Beach, CA 92660
nwhitehead@employerlaw.com

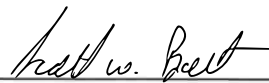
18. **Entire Agreement.** This Settlement Agreement contains the entire agreement between the Parties with respect to the transactions contemplated hereby, and supersedes all negotiations, presentations, warranties, commitments, offers, contracts, and writings prior to the date hereof relating to the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

19. **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.

20. **Enforcement Action.** In the event that one more of the Parties institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement Agreement or to declare rights and/or obligations under this Settlement Agreement, the successful Party or Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

21. **Continuing Jurisdiction.** The Parties stipulate that, pursuant to California Code of Civil Procedure section 664.6, the Orange County Superior Court will retain jurisdiction over the Parties to enforce this Settlement Agreement until full performance of the terms of the settlement has been completed.

DATED: CELOSEAL ROOFING, INC.

By: 
Name: Scott W. Bolt
Title: President

DATED: May 20, 2021

PLAINTIFF ADRIAN VIDES

By: 
Plaintiff and Settlement Class Representative

APPROVED AS TO FORM:

DATED: 5/24/21

SCOTT & WHITEHEAD

By: Nancy Rader Whitehead
Nancy Rader Whitehead
Attorneys for Defendant

DATED:

HAINES LAW GROUP, APC

By: _____
Fletcher W. Schmidt
Attorneys for Plaintiff

APPROVED AS TO FORM:

DATED:

SCOTT & WHITEHEAD

By: _____
Nancy Rader Whitehead
Attorneys for Defendant

DATED:

HAINES LAW GROUP, APC

By:  _____
Fletcher W. Schmidt
Attorneys for Plaintiff