

STIPULATION OF SETTLEMENT

This Stipulation of Settlement (“Settlement Agreement”) is reached by and between Plaintiff Juan Melendrez (“Plaintiff” or “Class Representative”), as an individual and on behalf of all members of the Settlement Class (defined below), on one hand, and Defendant S. Stamoules, 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, and Matthew K. Moen of Haines Law Group, APC (collectively, “Class Counsel”). Defendant is represented by Michael S. Helsley and Giulio A. Sanchez of Wanger Jones Helsley PC.

On July 20, 2020, Plaintiff filed a class action complaint against Defendant in Fresno County Superior Court, titled *Juan Melendrez v. S. Stamoules, Inc.*, Case No. 20CECG02103 (the “Action”), alleging that Defendant failed to issue accurate itemized wage statements. On September 25, 2020, Plaintiff filed the operative First Amended Complaint, adding an allegation for civil penalties under the Private Attorneys General Act, Labor Code § 2968 *et seq.* (“PAGA”).

As a material term of this settlement, the Parties agree to submit the Action to the jurisdiction of an arbitrator for purposes of seeking preliminary and final settlement approval and overseeing the notice process. The Parties hereby agree to engage the Hon. Peter D. Lichtman (Ret.) (“Arbitrator”), to serve in this capacity. All costs for the services of the Arbitrator shall be paid for by Defendant separate and apart from, and in addition to, the Maximum Settlement Amount (defined below). The Parties further agree to file a petition to confirm the arbitrator’s award in Fresno County Superior Court pursuant to Code of Civil Procedure § 1285 following the Arbitrator’s issuance of a Decision granting final approval of the Settlement Agreement.

Given the uncertainty of litigation, Plaintiff and Defendant wish to settle both individually and on behalf of the Settlement Class. Accordingly, the Parties 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 employees of Defendant S. Stamoules, Inc. in the state of California who received a wage statement during the time period from April 1, 2019 to August 7, 2020 (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.**

A. Plaintiff and every member of the Settlement Class (except those who opt out) will fully release and discharge Defendant from any and all claims that were pled in the

Action, or which could have been pled based on the factual allegations in the Action, that arose during the Class Period (“Released Claims”).

- B. In light of Plaintiff’s Class Representative Enhancement Payment, Plaintiff agrees 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.

- C. 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.
- D. The Settlement shall become effective on the date upon which the Court issues an order pursuant to Code of Civil Procedure section 1285 confirming the Arbitrator’s Decision granting final approval of the Settlement Agreement (“Effective Date”).

3. **Maximum Settlement Amount.** As consideration, Defendant agrees to pay a non-reversionary “Maximum Settlement Amount” of \$2,327,000.00 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 will be paid by Defendant to the Settlement Administrator no later than 30 calendar 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 members;
 - (2) All costs of the Settlement Administrator which are anticipated to be no greater than \$19,950.00;
 - (3) Up to \$10,000.00 for Plaintiff’s Class Representative Enhancement Payment in recognition for Plaintiff’s contributions to the Action and service to the Settlement Class. In the event that the requested Class

Representative Enhancement Payment is reduced or not approved, 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 of the Maximum Settlement Amount in Class Counsel's attorneys' fees (currently estimated at \$775,666.67), 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 \$20,000.00. In the event that the requested Class Counsel attorneys' fees or costs are reduced or not approved, Class Counsel shall not have the right to revoke the Settlement Agreement based on that reason, and the Settlement will remain binding; and
- (5) \$40,000.00 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 \$30,000.00, will be payable to the California Labor & Workforce Development Agency ("LWDA"), and the remaining 25%, or \$10,000.00, will be payable to the Settlement Class members as the "PAGA Amount," as described below.

- D. Defendants will not oppose the reasonableness of these requests. Any reduction of these requests will revert to the Net Settlement Amount for distribution to the Settlement Class members who do not opt-out.
- E. Plaintiff's Right to Rescind. Defendant represents that there were a total of 17,745 total wage statements issued during the Class Period. If the number of wage statements issued during the Class Period as reported to the Settlement Administrator following preliminary approval of the Settlement is more than 5% greater than this figure (i.e., if there are 18,633 or more wage statements), Plaintiff shall have the right to rescind this agreement. Defendant shall have the option to preempt Plaintiff's right to rescind by increasing the Maximum Settlement Amount on a proportional basis (i.e., if there was a 6% increase in the number of wage statements, Defendant may increase the Maximum Settlement Amount by 6% to void Plaintiff's right to rescind).

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 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 proportionate number of wage statements that he or she received during the Class Period, compared to the total aggregate number of wage statements issued by Defendant to all participating Settlement Class members during the Class Period.
- C. Within 10 business days after the Maximum Settlement Amount has been fully funded 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.
- D. Each Individual Settlement Payment shall be allocated as 100% penalties and interest. The Settlement Administrator will be responsible for issuing to participating Settlement Class members an IRS Form 1099.
- E. Defendant shall fully discharge its obligations to the participating 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 negotiated within 180 days of mailing to a Settlement Class member shall be transferred to California Farmworker Foundation, the Parties' agreed-upon *cy pres* designee.
- 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 one-third of the Maximum Settlement Amount, which is currently estimated to be \$775,666.67. Additionally, Class Counsel will request an award of actual costs and expenses as supported by declaration, in an amount not to exceed \$20,000.00 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 Arbitrator's and/or 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 approved fee award.

6. **Class Representative Enhancement Payment.** Defendant will not object to a request for a Class Representative Enhancement Payment in the amount of \$10,000.00 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 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 \$19,950.00 for the administration services from the Maximum Settlement Amount. The Settlement Administrator shall be responsible for depositing into an account and holding the payment 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 Arbitrator 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 Matthew K. Moen of Haines Law Group, APC as Class Counsel;
- C. Appointing Plaintiff Juan Melendrez 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 the 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 15 calendar days of the signing of an order preliminarily approving this Settlement Agreement, Defendant will provide the Settlement Administrator with the names, last known addresses, phone numbers (if available), social security numbers, and number of wage statements received during the Class Period for all Settlement Class members 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 (defined below) 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 (defined below) 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 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. Defendant’s Right to Void Agreement. The Parties agree that if 20% or more of the Settlement Class members timely opt-out from participating in the

Settlement, Defendant shall have the right at its discretion to void this agreement in its entirety. Defendant shall communicate its decision to void the Settlement Agreement in writing to the Settlement Administrator and Plaintiff's counsel within seven (7) calendar days after the date on which the Settlement Administrator communicates to the Parties that the Defendant's Right to Void Agreement Clause has been triggered. 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 from 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 Arbitrator) 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 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 Arbitrator 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 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 or their respective counsel, and subject to any necessary 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:	Michael S. Helsley of Wanger Jones PC 265 E. River Park Circle, Suite 310, Fresno, CA 93720 mhelsley@wjhattorneys.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.

[Signatures on Following Page]

IN WITNESS THEREOF, the Parties to this Settlement Agreement each acknowledge that they have read the foregoing Settlement Agreement, accept and agree to the provisions contained herein, and hereby execute it voluntarily and with full understanding of its consequences.

JUAN MELENDREZ

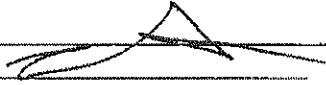
Dated: Feb 24, 2022

Juan Melendrez
Juan Melendrez (Feb 24, 2022 19:38 PST)

Juan Melendrez, Plaintiff

S. STAMOULES, INC.

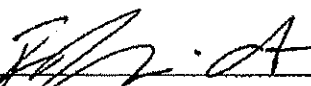
Dated: _____

By: 
Its: _____

APPROVED AS TO FORM:

Dated: 2/25/2022

HAINES LAW GROUP, APC

By: 
Paul K. Haines
Fletcher W. Schmidt
Attorneys for Plaintiff

Dated: 3/14/2022

WANGER JONES HELSLEY PC

By: 
Michael S. Helsley
Giulio A. Sanchez
Attorneys for Defendant