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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO

VICENTE VILLA, individually, and on behalf
 of all others similarly situated,

Plaintiffs,

vs.

AMERICAN RECYCLING
 INTERNATIONAL, INC., a California
 corporation; and DOES 1 through 10,
 inclusive,

Defendants.

RAUL MORALES, an individual, on behalf of
 himself, all aggrieved employees, and the State
 of California as a Private Attorneys General,

Plaintiffs,

v.

LKQ CORPORATION, an Illinois
 corporation, AMERICAN RECYCLING
 INTERNATIONAL, INC., a California
 corporation, and DOES 1-50, inclusive,

Defendants.

CASE NO.: CIVDS2015919

Assigned for All Purposes to the
 Honorable David S. Cohn, Dept S26

JOINT STIPULATION OF CLASS AND PAGA
 ACTION SETTLEMENT

Complaint filed: July 17, 2020
 FAC filed: Oct. 21, 2020
 Trial date: None

CASE NO.: CIVDS2019436

Consolidated to CIVDS2015919 on June 2, 2021

Assigned for All Purposes to the
 Honorable David S. Cohn, Dept S26

Complaint Filed: September 3, 2020

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19 American Recycling International, Inc. and LKQ Corporation

THE PARTIES STIPULATE AND AGREE as follows:

6. For purposes of this Settlement, the “**Administrative Exhaustion Letters**” refers to: (1) the administrative exhaustion letter sent by Villa’s counsel to the Labor & Workforce Development Agency (“LWDA”) on Villa’s behalf asserting ARI violated various Labor Code sections including the following express sections: 201, 202, 203, 204, 210, 226, 226.3, 226.7, 510, 512, 558, 1174, 1174.5, 1194, 1197, 1197.1, 1198, 2699(f)(2), 2802; (2) the administrative exhaustion letter sent by Morales’s counsel to the LWDA on Morales’s behalf asserting ARI and LKQ Corporation (“LKQ”) violated various Labor Code sections including the following express sections: 201, 202, 203, 204, 218, 226, 226.7, 510, 512, 558, 1174,

1 1194, 1197, 1197.1, 1198, 1199, 2698, 2699, 2699.3, et seq.

2 7. For purposes of this Settlement, the “**Class Period**” is from July 17, 2016 through the later of
3 December 2, 2021 or the date the Court grants preliminary approval.

4 8. For purposes of this Settlement, the “**Class Release Period**” is from July 17, 2016 through the
5 later of December 2, 2021 or the date the Court grants preliminary approval.

6 9. For purposes of this Settlement, the “**Class**” or “**Class Members**” consist of: All non-exempt
7 employees of ARI who worked for ARI in California during the Class Release Period. “**Settlement Class**
8 **Members**” are those Class Members who do not submit timely exclusion requests to the Settlement
9 Administrator. The Parties’ best estimate is that the Class included approximately 701 individuals as of
10 October 14, 2021.

11 10. For purposes of this Settlement, “**Class Counsel**” means MOON & YANG, APC, KOUL LAW
12 FIRM, and LAW OFFICES OF SAHAG MAJARIAN II.

13 11. For purposes of this Settlement, “**Covered Workweeks**” means the number of weeks a Class
14 Member worked at ARI’s locations in California during the Class Period.

15 12. For purposes of this Settlement, “**Response Deadline**” means the date sixty (60) days after the
16 Settlement Administrator initially mails the Notice of Settlement to the Class Members (“**Notice**”) and the
17 last date on which Settlement Class Members may submit a request for exclusion or written objection to the
18 non-PAGA portion of the Class Settlement. In the case of a re-mailed Notice, the Response Deadline will
19 be the later of 60 calendar days after initial mailing or 14 calendar days from re-mailing. The Response
20 Deadline may be extended only as expressly described herein.

21 13. For purposes of the Settlement, “**Defendant’s Counsel**” means FISHER & PHILLIPS, LLP.

22 14. For purposes of this Settlement, “**PAGA**” means the Labor Code Private Attorneys General Act
23 of 2004 (Cal. Lab. Code §§ 2698, *et seq.*).

24 15. For purposes of this Settlement, “**PAGA Allocation**” means the portion of the Gross Settlement
25 Amount that the Parties have agreed to allocate to resolution of the Released PAGA Claims. The Parties
26 have agreed that the PAGA Allocation will be \$50,000 from the Gross Settlement Amount. Pursuant to
27 PAGA, Seventy Five Percent (75%), or \$37,500, of the PAGA Allocation will be paid to the LWDA
28 (“**PAGA Penalty Payment**”), and Twenty Five Percent (25%), or \$12,500, of the PAGA Allocation will

be included in the Net Settlement Amount for PAGA Members (“**PAGA Settlement Payment**”).

16. For purposes of this Settlement, “**PAGA Period**” means the period between July 17, 2019 through the later of December 2, 2021 or the date the Court grants preliminary approval.

17. For purposes of this Settlement, “**PAGA Members**” means all Class Members that worked for ARI during the PAGA Period. It is stipulated by the Parties that, for purposes of this Settlement only, all PAGA Members are “aggrieved employees” as defined pursuant to PAGA.

18. For purposes of this Settlement, “**PAGA Pay Periods**” means the number of pay periods each PAGA Member worked during the PAGA Period.

19. For purposes of this Settlement, “**PAGA Representatives**” means Plaintiffs.

20. For purposes of this Settlement, “**Released PAGA Claims**” means all claims for penalties and any other available relief pursuant to PAGA asserted in the Consolidated Actions and/or the Administrative Exhaustion Letters submitted to the LWDA arising during the PAGA Period, including for violations of California Labor Code sections 201, 202, 203, 204, 210, 218, 218.5, 218.6, 226, 226.3, 226.7, 510, 512, 558, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 2802, 2698, 2699, 2699.3.

21. For purposes of this Settlement, all settlement payments to the Class Members shall be referred to as “**Settlement Class Payments.**” All settlement payments made to PAGA Members shall be referred to as “**PAGA Settlement Payments.**”

22. For purposes of this Settlement, the “**Released PAGA Period**” for the Released PAGA Claims is from July 17, 2019 through the later of December 2, 2021 or the date the Court grants preliminary approval (“**Released PAGA Period**”).

23. For purposes of this Settlement, “**Settlement Payments**” means all of the Settlement Class Payments to the Settlement Class Members and all of the PAGA Settlement Payments.

STIPULATED BACKGROUND

24. In the **Villa Action**, on July 16, 2020, Plaintiff Villa filed a putative Class Action against ARI. In the Complaint, Plaintiff Villa sought to represent all persons that worked for Defendant ARI in California as an hourly-paid, non-exempt employee at any time during the period beginning four years before the filing of the initial complaint and ending when Notice to the Class is sent.

25. Plaintiff Villa satisfied the administrative exhaustion requirement that is a prerequisite to filing

1 a claim for Civil Penalties under PAGA [Lab. Code § 2699, et seq.] (“PAGA”).

2 26. On October 21, 2020, Plaintiff Villa filed a First Amended Complaint adding a cause of action
3 for civil penalties under PAGA [Cal. Lab. Code § 2699, et seq.]. The First Amended Complaint alleges the
4 following labelled causes of action: (1) Failure to Pay Minimum Wage and Straight Time Wages [Cal. Lab.
5 Code §§ 204, 1194, 1194.2, and 1197]; (2) Failure to Pay Overtime Compensation [Cal. Lab. Code §§ 1194
6 and 1198]; (3) Failure to Provide Meal Periods [Cal. Lab. Code §§ 226.7, 512]; (4) Failure to Authorize and
7 Permit Rest Breaks [Cal. Lab. Code §§ 226.7]; (5) Failure to Indemnify Necessary Business Expenses [Cal.
8 Lab. Code § 2802]; (6) Failure to Timely Pay Final Wages at Termination [Cal. Lab. Code §§ 201-203]; (7)
9 Failure to Provide Accurate Itemized Wage Statements [Cal. Lab. Code § 226]; (8) Unfair Business Practices
10 [Cal. Bus. & Prof. Code §§ 17200, *et seq.*] and (9) Civil Penalties Under PAGA [Cal. Lab. Code § 2699, et
11 seq.].

12 27. In the **Morales Action**, on September 3, 2020, Plaintiff Morales filed a complaint against ARI
13 and LKQ alleging a single cause of action seeking penalties under PAGA, for alleged: failure to provide
14 timely, uninterrupted meal periods [Cal. Lab. Code §§ 226, 226.7, 512, 558, 2699, et seq.]; failure to provide
15 rest breaks [Cal. Lab. Code §§ 226, 226.7, 512, 558, 1198, 2698, et seq.]; failure to pay for all hours worked
16 including minimum wage and overtime purportedly arising from pre and post shift work, work performed
17 during breaks and rounding [Cal Lab. Code §§ 218, 226.7, 510, 512, 1194, 1197, 1197.1, 1198, 1199, 2698,
18 2699, et seq.]; failure to timely pay all wages owed [Cal. Lab. Code §§ 201-204, 558, 2698, et seq.]; and
19 failure to provide accurate, itemized wage statements [Cal. Lab. Code §§ 226, 226.3, 1174, 2699, et seq.].
20 Morales contends LKQ and ARI are joint employers of Morales and the PAGA Members and therefore
21 jointly and/or severally liable.

22 28. On or about June 2, 2021, the Court entered an order on the Parties’ stipulation consolidating the
23 Villa Action and Morales Action, into the earlier filed Villa Action (“**Consolidated Actions.**”).

24 29. Solely for purposes of this settlement only, the Parties and their respective counsel stipulate and
25 agree that this class will be certified for settlement purposes only, and consummates settlement of all claims
26 that have been or could have been reasonably asserted based upon the facts alleged in the Consolidated
27 Actions, which means that defendants have, but will not raise, their defenses to any class action certification
28 to oppose this settlement. If any for any reason, the Court does not grant final approval of the Settlement,

1 this Agreement of class certification shall be void ab initio. ARI and LKQ expressly reserve their respective
2 right to oppose class certification should the Settlement not become final for any reason.

3 30. Should, for whatever reason, the Settlement not become effective, the fact that the Parties were
4 willing to stipulate to certification as part of the Settlement shall have no bearing on, and shall not be
5 admissible in connection with, the issue of whether the Class Members and/or the Class Claims should be
6 certified in a non-Settlement context in the Consolidated Actions or in any other lawsuit. ARI and LKQ
7 expressly reserve their respective right to oppose class certification in this or any other action should this
8 Settlement not become effective.

9 31. Defendants ARI and LKQ have denied and continue to deny each and all of the allegations,
10 claims and contentions asserted by Plaintiffs in the Consolidated Actions. They further deny that, for any
11 purpose other than settling this lawsuit, the Consolidated Actions are appropriate for class or representative
12 treatment. With respect to Plaintiffs' claims, Defendants contend, among other things, that Plaintiffs, the
13 PAGA Members and the Class Members have been paid all wages due, have been provided meal periods,
14 have been provided rest periods, did not incur any necessary business expenses for which they were not
15 compensated, have been paid timely wages including upon separation of employment, and have been
16 provided with accurate itemized wage statements. Defendants contend, among other things, that they have
17 complied with the California Labor Code and the applicable Wage Orders of the Industrial Welfare
18 Commission, to the extent applicable, during the applicable time period alleged in the Consolidated Actions.
19 ARI admits it was Plaintiffs employer and the employer of the PAGA Members and Class Members as
20 defined in this Settlement. Defendants therefore contend LKQ is not an appropriate party in the
21 Consolidated Actions. ARI has taken into account the uncertainty and risks inherent in any litigation,
22 especially in complex cases such as the Consolidated Actions. ARI has determined that it is desirable and
23 beneficial that the Consolidated Actions be settled in the manner and upon the terms and conditions set forth
24 in this Agreement. Settlement is a compromise of disputed claims and must receive preliminary and final
25 approval by the Court, otherwise, there is no settlement. Defendants reserve all rights to raise procedural and
26 substantive challenges to Plaintiffs' claims if conditions of settlement fail, or ARI exercises its right to void
27 the settlement as provided by this Agreement.

28 32. It is the desire of the Parties to fully, finally, and forever settle, compromise, and discharge all

disputes and claims arising from or related to the Consolidated Actions.

33. Class Counsel have conducted a thorough investigation into the facts of the Consolidated Actions, including an extensive review of relevant documents, and have diligently pursued an investigation of the claims of the Class and PAGA Members against Defendants. Based on their own independent investigation and evaluation, Class Counsel are of the opinion that the Settlement for the consideration and on the terms set forth in this Joint Stipulation of Settlement is fair, reasonable, and adequate and is in the best interest of the Class and PAGA Members in light of all known facts and circumstances, including the risk of significant delay, the risk the Class will not be certified by the Court, defenses asserted by Defendants, and numerous potential appellate issues. Defendants and Defendants' Counsel also agree that the Settlement is fair and in the best interest of the Class and PAGA Members.

34. The Parties agree that defendant LKQ is not an appropriate party in the Consolidated Actions and should be dismissed in light of defendant ARI's acknowledgment that ARI employed Plaintiffs.

35. The Parties agree to cooperate and take all steps necessary and appropriate to obtain preliminary and final approval of this Settlement.

36. The Parties agree to stay all proceedings in the Consolidated Actions, except such proceedings necessary to implement and complete the Settlement, pending the Final Approval hearing to be conducted by the Court.

PRIMARY TERMS OF SETTLEMENT

37. NOW THEREFORE, in consideration of the mutual covenants, promises and agreements set forth herein, the Parties agree, subject to the Court's approval, as follows:

(a) It is agreed by and among the Parties that the Consolidated Actions and any claims, damages, or causes of action arising out of the disputes which are the subject of the Consolidated Actions, be settled and compromised, subject to the terms and conditions set forth in this Settlement and the approval of the Court. Further that LKQ be dismissed from the Consolidated Actions because ARI was Plaintiffs employer.

(b) **Effective Date:** The terms of settlement embodied in this Settlement shall become effective when all of the following events have occurred: (i) this Joint Stipulation of

Settlement has been executed by all Parties to this Agreement and their respective counsel; (ii) the Court has given preliminary approval to the Settlement; (iii) the Notice has been given to the Class and PAGA Members, providing them with an opportunity to dispute information contained in the Notice, to opt out of the Class Settlement, or to object to the Class Settlement; (iv) LKQ has been dismissed from the Consolidated Actions; (v) the Court has held a final approval hearing and entered a final order and judgment certifying the Class and approving this Settlement; and (vi) the later of the following events: (a) five (5) calendar days have passed since final approval is granted if there are no objections to the settlement; (b) sixty-five (65) days following notice of entry of the Court's final order approving the Settlement if there are any objections by any Class Member; (c) or if any appeal, writ or other appellate proceeding opposing this Settlement has been filed within sixty-five (65) days following notice of entry of the Court's final order approving the Settlement, then twenty (20) days after when any appeal, writ or other appellate proceeding opposing the Settlement has been resolved finally and conclusively with no right to pursue further remedies or relief. In this regard, it is the intention of the Parties that the Settlement shall not become effective until the Court's order approving the Settlement is completely final, and there is no further recourse by an appellant or objector who seeks to contest the Settlement.

(c) **Gross Settlement Amount:** ARI's maximum total payment under the Settlement, including all attorney's fees and costs, taxes, the Service Payments to the named Plaintiffs, the costs of settlement administration, the PAGA Allocation, and any other payments provided by this Settlement, is \$825,000.00 ("**Gross Settlement Amount**"), subject to the Escalator Clause (if exercised by ARI).

(d) **Escalator Clause:** ARI represents that the number of Class Members as of August 4, 2021 is 650 and the number of workweeks is approximately 57,479 as of that date. Should the final number of work weeks increase by more than 10%, the settlement shall increase proportionately for each workweek over the 10% (i.e. if the class

increases by 11%, the settlement will increase by 1%) or alternatively, at ARI's election, ARI will have the right to exclude those additional Class Members and/or workweeks from the settlement and release (the "**Escalator Clause**"). The Gross Settlement Amount will not be reduced for any reason.

(e) **Non-reversionary Settlement:** No portion of the Gross Settlement Amount will revert to ARI.

(f) **Dismissal of LQK Corporation:** Upon the Effective Date, LQK Corporation will be dismissed from the Consolidated Actions.

(g) **No Claims Required:** Class Members and PAGA Members will not be required to submit a claim to receive their share of the Settlement Payments.

(h) **Net Settlement Amount:** The Net Settlement Amount shall be calculated by deducting from the Gross Settlement Amount (\$825,000.00) the following sums, subject to approval by the Court: (1) attorney's fees (not to exceed 35% of the Gross Settlement Amount, or \$288,750.00); (2) reasonable litigation costs (not to exceed \$20,000.00); (3) the Service Payments to Morales and Villa (not to exceed \$7,500.00 to each for a total of \$15,000.00); (4) the PAGA Penalty Payment to the LWDA in the amount of \$37,500.00 (which is 75% of the PAGA Allocation); and (5) costs of settlement administration (estimated not to exceed \$15,000). Settlement Payments to the Class Members and PAGA Members will be calculated by the Settlement Administrator and paid out of the Net Settlement Amount as set forth below.

(i) **Settlement Class Payments (Excludes PAGA Payments):** Settlement Class Payments and their corresponding taxes will be paid out of the Net Settlement Amount. Each Settlement Class Member will be paid a pro-rata share of the Net Settlement Amount (less the PAGA Allocation), as calculated by the Settlement Administrator. The pro-rata share will be determined by comparing the individual Settlement Class Member's Covered Workweeks employed during the Class Period in California to the total Covered Workweeks of all the Settlement Class Members during the Class Period as follows: [Workweeks worked by a Settlement Class

Member] ÷ [Sum of all Covered Workweeks worked by all Settlement Class Members] × [Net Settlement Amount – the PAGA Allocation] = individual Settlement Payment for a Settlement Class Member. Settlement Class Payments in the appropriate amounts will be distributed by the Settlement Administrator by mail to the Settlement Class Members. Un-cashed, unclaimed or abandoned checks, shall be transmitted to the California Controller's Office, as set forth below.

(j) **PAGA Settlement Payments:** The \$12,500 allocated to the PAGA Settlement Payments will be paid out of the Net Settlement Amount. Each PAGA Member will be paid a pro-rata share of the PAGA Members' PAGA Settlement Payment, as calculated by the Settlement Administrator. PAGA Members will not be permitted to exclude themselves from this portion of the Settlement. The pro-rata share will be determined by comparing the individual PAGA Members' PAGA Pay Periods during the PAGA Period to the total PAGA Pay Periods of all the PAGA Members during the PAGA Period as follows: [PAGA Pay Periods worked by a PAGA Member] ÷ [Sum of all PAGA Pay Periods worked by all PAGA Members] × [PAGA Settlement Payment] = individual PAGA Member's portion of the PAGA Settlement Payment. PAGA Settlement Payments to PAGA Members in the appropriate amounts will be distributed by the Settlement Administrator by mail to the PAGA Members at the same time Settlement Class Payments issue to the Settlement Class. Un-cashed, unclaimed or abandoned checks, shall be transmitted to the California Controller's Office, as set forth below. The LWDA's PAGA Penalty Payment will issue to the LWDA at the same time Settlement Payments issue to the Settlement Class.

(k) **Taxes and Required Withholdings:** The Parties have agreed that Settlement Class Payments will be allocated as follows: 15% to wages and 85% to penalties and interest. Appropriate federal, state and local withholding taxes will be taken out of the wage allocations. The employer's share of payroll taxes and other employer required withholdings will be paid from the Net Settlement Amount. To the extent

required by law, IRS Forms 1099 and W-2 will be issued to each Class Member by the Settlement Administrator with respect to such payments. The PAGA Settlement Payments to PAGA Members will be entirely allocated to penalties and issued an IRS Form 1099 by the Settlement Administrator. Class Members are responsible to pay appropriate taxes due on the Settlement Payments they receive. The Settlement Administrator, the Parties and their counsel cannot provide tax advice. Accordingly, Class Members should consult with their tax advisors concerning the tax consequences and treatment of payments they receive under the Settlement.

(l) **Circular 230 Disclaimer:** Each of the Parties acknowledges and agrees that (1) no provision of this Agreement, and no written communication or disclosure between or among the Parties or their counsel and other advisers is or was intended to be, nor shall any such communication or disclosure constitute or be construed or be relied upon as, tax advice within the meaning of United States Treasury Circular 230 (31 CFR part 10, as amended); (2) each Party (a) has relied exclusively upon his, her or its own, independent legal and tax advisors for advice (including tax advice) in connection with this Agreement, (b) has not entered into this Agreement based upon the recommendation of any other Party or any counsel or advisor to any other Party, and (c) is not entitled to rely upon any communication or disclosure by any other counsel or advisor to any other Party to avoid any tax penalty that may be imposed on that Party; and (3) no attorney or advisor to any other Party has imposed any limitation that protects the confidentiality of any such attorney's or advisor's tax strategies (regardless of whether such limitation is legally binding) upon disclosure by the Party of the tax treatment or tax structure of any transaction, including any transaction contemplated by this Agreement. Neither Class Counsel, Defendant's Counsel nor the Parties will provide tax or financial advice and Class Members are advised to seek independent professional advice as to the tax or financial consequences of any recovery obtained.

(m) **Settlement Payments Do Not Give Rise to Additional Benefits:** All Settlement

1 Payments to individual Class Members shall be deemed to be paid to such Class
2 Member solely in the year in which such payments are received by the Class
3 Member. It is expressly understood and agreed that the receipt of such Settlement
4 Payments will not entitle any Class Member to additional compensation or benefits
5 under any company bonus, contest or other compensation or benefit plan or
6 agreement in place during the period covered by the Settlement, nor will it entitle
7 any Class Member to any increased retirement, 401(k) benefits or matching benefits
8 or deferred compensation benefits. It is the intent that the Settlement Payments
9 provided for in this Settlement are the sole payments to be made by Defendant ARI
10 to the Class Members, and that the Class Members are not entitled to any new or
11 additional compensation or benefits as a result of having received the Settlement
12 Payments (notwithstanding any contrary language or agreement in any benefit or
13 compensation plan document that might have been in effect during the period
14 covered by this Settlement).

15 (n) **Attorney's Fees and Costs:** Subject to approval by the Court, the Parties will not
16 object to Class Counsel's application for attorney's fees in the amount of up to 35%
17 (\$288,750.00) of the Gross Settlement Amount and reimbursement of litigation costs
18 and expenses not to exceed \$20,000.00. If Class Counsel's application for attorney's
19 fees and costs is not approved and is reduced by the Court, any amount not approved
20 and/or reduced by the Court will revert to the Net Settlement Amount.

21 (o) **Service Payments:** Subject to Court approval, and in exchange for a general release
22 by Plaintiffs of all known and unknown claims against ARI and the Released Parties
23 as defined below, ARI will not object to Plaintiffs' application for an additional
24 payment to each of \$7,500.00 from the Gross Settlement Amount for service as the
25 Class Representatives ("**Service Payments**"). It is understood that the Service
26 Payments are in addition to the individual Settlement Payment to which the Class
27 Representatives are entitled along with the other Class Members. The Service
28 Payment will issue at the same time all Settlement Payments are mailed to the

Settlement Class. Should the Court approve a lesser amount(s) for the Service Payments, the unapproved amount shall be added to the Net Settlement Amount. Plaintiffs agree not to opt out or object to the Service Payments as the Class Representatives.

(p) **Tax Payment Responsibility for Service Payment:** The Settlement Administrator will issue an IRS Form 1099 for the Service Payment to the Plaintiffs. The Plaintiffs will be individually responsible for correctly characterizing this compensation on personal income tax returns for tax purposes and for paying any taxes on the amounts received.

(q) **Settlement Administrator:** The Settlement Administrator will be ILYM Group, Inc., or such Settlement Administrator as may be mutually agreeable to the Parties and approved by the Court. Settlement Administration Costs are estimated not to exceed \$15,000.

(r) **Funding of Settlement Account:** ARI will fund the settlement account within twenty (20) days after the Effective date. ARI will coordinate with the Settlement Administrator to ensure the settlement funds are timely received by the Settlement Administrator.

(s) **Mailing of Settlement Payments:** The Settlement Administrator shall cause the Settlement Payments to be mailed to the Class Members and PAGA Members within fourteen (14) calendar days of the receipt of funding.

(t) **Notice of Settlement:** Each Class Member will be mailed a notice setting forth the material terms of the proposed Settlement, along with instructions about how to object or request exclusion from the proposed class action portion of the Settlement (“Notice”). For each Class Member, there will be pre-printed information on the mailed Notice, based on ARI’s records, stating the Class Member’s Covered Workweeks during the Class Period and the estimated total Settlement Payment under the Settlement, including the Settlement Class Payment and the PAGA Settlement Payment (that will be distributed irrespective of any exclusion request).

The pre-printed information based on ARI's records shall be presumed to be correct. A Class Member may dispute the pre-printed information on the Notice as to his/her/their Covered Workweeks during the Class Period. Class Members must submit any dispute regarding the information on the Notice as to his/her/their Covered Workweeks within the Response Deadline. Unless a disputing Class Member submits documentary evidence in support of his/her/their dispute, the records of ARI will be determinative.

(u) **Settlement Notice Language:** The Notice will issue in English and Spanish.

(v) **PAGA Members Cannot Exclude Themselves from the Released PAGA Claims:** Class Members that are also PAGA Members, who submit a Request for Exclusion will nevertheless receive their pro-rata share of the PAGA Settlement Payment. If the Court approves the compromise of the PAGA Claim, all PAGA Members are bound by the Court's resolution of that Claim.

(w) **Notice to the LWDA:** Plaintiffs shall serve a notice of settlement on the California Labor and Workforce Development Agency ("LWDA") at or before the time Plaintiffs file the motion for preliminary approval. They will also serve the LWDA a copy of this Settlement.

(x) **Resolution of Workweek Disputes:** If a Class Member disputes the accuracy of ARI's records used to calculate Covered Workweeks, and the Parties' counsel cannot resolve the dispute informally, the matter will be referred to the Settlement Administrator. The Settlement Administrator will review ARI's records and any information or documents submitted by the Class Member and issue a non-appealable decision regarding the dispute. The Class Member must submit information or documents supporting his/her/their position to the Settlement Administrator prior to the expiration of the Response Deadline. Information or documents submitted after the expiration of the Response Deadline will not be considered by the Settlement Administrator, unless otherwise agreed to by the Parties.

(y) **Right of Class Member to Request Exclusion from the Settlement:** Any Class Member may request to be excluded from the Class by mailing a “Request for Exclusion” from the Settlement within the Response Deadline, stating, as follows or in substantially similar terms:

“I WISH TO BE EXCLUDED FROM THE CLASS IN THE *VILLA V. AMERICAN RECYCLING INTERNATIONAL, INC.*, CONSOLIDATED CLASS/PAGA ACTION LAWSUIT, FILED IN SAN BERNARDINO COUNTY SUPERIOR COURT CASE NO. CIVDS2015919. I UNDERSTAND THAT IF I ASK TO BE EXCLUDED FROM THE CLASS, I WILL NOT RECEIVE ANY MONEY FROM THE SETTLEMENT OTHER THAN MY SHARE OF THE PAGA PAYMENT.”

Any Request for Exclusion must include the name, address, telephone number, last four digits of the Class Member’s Social Security Number, and the signature of the Class Member requesting exclusion. Any such request must be made in accordance with the terms of the Notice, and the Notice will advise Class Members of these requirements. Any Class Member who timely requests exclusion in compliance with these requirements (i) shall not have any rights under this Settlement other than a right to receive a pro-rata share of the portion of the PAGA Settlement Payment allocated to the Class Members if the Class Member is also PAGA Member; (ii) shall not be entitled to receive any Class Settlement Payments under this Settlement; and (iii) shall not be bound by this Settlement or the Court’s Order and Final Judgment other than as it applies to the PAGA Claim and PAGA Release.

(z) **Right of Settlement Class Member to Object to the Settlement:** Any Class Member may object to the Settlement. To object, the Class Member may (1) appear at the Final Approval Hearing, remotely or in person, to explain any objection, (2) have an attorney object for the Class Member, or (3) submit a simple written brief or statement of objection to the Settlement Administrator. If any Class Member chooses to submit a written objection, the written objection should contain sufficient information to confirm the identity of the objector and the basis of the objection, including (1) the full name of the Settlement Class Member; (2) the signature of the

1 Settlement Class Member; (3) the grounds for the objection; and (4) be postmarked
2 within the Response Deadline to permit adequate time for processing and review by
3 the Parties of the written statement or objection. Class Counsel shall ensure that any
4 written objections are transmitted to the Court for the Court's review (either by Class
5 Counsel or as an attachment to declaration from the Settlement Administrator).
6 Regardless of the form, an objection alone will not satisfy the requirement that a
7 Settlement Class Member must either make a timely complaint in intervention
8 before final judgment or by filing a motion to set aside and vacate the class judgment
9 under Code of Civil Procedure § 663 to have standing to appeal entry of judgment
10 approving this Settlement, as is required under the California Supreme Court
11 decision of *Hernandez v. Restoration Hardware*, 4 Cal. 5th 260 (2018). A Class
12 Member who does not object prior to or at the Final Approval Hearing, will be
13 deemed to have waived any objections and will be foreclosed from making any
14 objections (whether at the Final Approval Hearing, by appeal, or otherwise) to the
15 Settlement. If the objecting Class Member does not formally intervene in the action
16 or move to set aside any judgment and/or the Court rejects the Class Member's
17 objection, the Class Member will still be bound by the terms of this Agreement.
18 Class Counsel and Defendant's Counsel may, at least five (5) calendar days (or some
19 other number of days as the Court shall specify) before the final approval hearing,
20 file responses to any written objections submitted to the Court.

21 **THE SETTLEMENT ADMINISTRATOR'S PRIMARY DUTIES**

22 38. Subject to the Court's approval, and subject to reconsideration by the Parties after a competitive
23 bidding process, the Parties have agreed to the appointment of ILYM Group, Inc. to perform the customary
24 duties of Settlement Administrator. The Settlement Administrator will mail the Notice, both in English and
25 Spanish.

26 39. The Settlement Administrator will independently calculate the Covered Workweeks attributed
27 to each Class Member and will calculate the estimated Class Settlement Payment amounts due to each Class
28 Member. The Settlement Administrator will also independently calculate the covered PAGA Pay Periods

1 attributed to each PAGA Member and the pro-rata amount of the PAGA Settlement Payment due to each
2 PAGA Member. The Settlement Administrator shall report, in summary or narrative form, the substance of
3 its findings. ARI shall provide the Settlement Administrator the information necessary to allow the
4 Settlement Administrator to perform its duties under this Agreement.

5 40. The Settlement Administrator will be responsible for mailing the Notice to the Settlement
6 Class Members, handling inquiries from Settlement Class Members concerning the Notice,
7 determination of individual Class Members' settlement amounts, maintaining the settlement funds in an
8 appropriate interest bearing account, preparing, administering and distributing individual settlement
9 amounts to the Class and PAGA Members, issuing a final report and performing such other duties as
10 the Parties may direct.

11 41. In accordance with the terms of this Settlement, and upon approval of the Settlement by the
12 Court and receipt of the Gross Settlement Amount, the Settlement Administrator will issue and send out the
13 Settlement Payment checks to the Class Members and PAGA Members. Tax treatment of the Settlement
14 Payments will be as set forth herein, and in accordance with state and federal tax laws. Settlement
15 Administrator shall also be responsible for issuance of the applicable IRS Forms W-2s and 1099s in
16 connection with the Settlement distributions made pursuant to this Settlement. All disputes relating to the
17 Settlement Administrator's performance of its duties shall be referred to the Court, if necessary, which will
18 have continuing jurisdiction over the terms and conditions of this Settlement until all payments and
19 obligations contemplated by this Settlement have been fully carried out.

20 42. In addition to the above, on a weekly basis, the Settlement Administrator will provide reports
21 to Class Counsel and Defendant's Counsel containing summary information updating them as to the
22 number of validated and timely objections and Opt-Out Requests. The Settlement Administrator will
23 serve on Class Counsel and Defendant's Counsel via e-mail: (1) date-stamped copies of the original
24 Opt-Outs and objections no later than seven (7) business days after their receipt; (2) proof of mailing of
25 the Notice, without listing individual Class Member names and (3) upon completion of its calculation
26 of Settlement Payments, the Settlement Administrator shall provide a report listing the amounts of all
27 payments to be made to Class Members and/or PAGA Members (both to be identified anonymously by
28 employee number or other identifier) and total Opt-Outs received.

43. The Settlement Administrator shall prepare any necessary Declaration and/or documentation that the Court may need to ensure the Settlement Administrator has performed all its duties pursuant to the terms of this Agreement.

44. At Defendant's Counsel's request, the Settlement Administrator shall provide Defendant's Counsel only, a report that contains the names and amounts received by each Class Member and/or PAGA Member of the Settlement Payments. Additionally, at Defendant's Counsel's request, the Settlement Administrator shall provide Defendant's Counsel only, a copy of the following without any redactions: (1) duplicate copy of the Notices issued to each individual Class Member and/or PAGA Member, as well as any Opt-Outs; (2) a copy of the Settlement Payments checks issued by the Settlement Administrator to each Class Member and PAGA Member; (3) the IRS Forms W-2 issued; (4) the IRS Forms 1099 issued; (5) proof of tax payments having been made by the Settlement Administrator on behalf of ARI for the Settlement Payments and (6) any other document that ARI may need to establish that the Settlement Administrator has performed all of its duties as it relates to the Gross Settlement Payment.

45. In order for the Settlement Administrator to perform its duties under this Agreement ARI shall be providing the Settlement Administrator confidential information protected by the right of privacy regarding ARI and the Class Members (including but not limited to social security numbers). Consequently, the Settlement Administrator must take all steps necessary to protect the information and protect against any unauthorized access, use or disclosure of that information. The Settlement Administrator is strictly prohibited from selling, profiting, transferring, copying or using any of the information provided by ARI or on ARI's behalf or that the Settlement Administrator generates with that information for purposes of carrying out its duties under this Agreement.

46. The Settlement Administrator will post the final judgment approving the Settlement on a website maintained by the Settlement Administrator for a period of not less than 90 calendar days after the final judgment is entered. The address of that website will be included in the Notice.

ATTORNEY'S FEES AND COSTS

47. In consideration for resolving this matter and in exchange for the release of all claims by the Class Members, including Plaintiffs, and subject to approval by the Court, Defendant ARI will not object to

Class Counsel's application for attorney's fees not to exceed 35% of the Gross Settlement Amount (\$288,750.00) and litigation costs not to exceed \$20,000.00. The amounts set forth above will cover all work performed and all fees and costs incurred to date, and all work to be performed and all fees and costs to be incurred in connection with the Consolidated Actions, including but not limited to all work in connection with obtaining the approval by the Court of this Settlement and administration of the Settlement. Should Class Counsel request a lesser amount, and/or the Court approve a lesser amount(s) of attorney's fees and/or attorneys' costs, the difference between the lesser amount(s) and the maximum amount set forth above shall be added to the Net Settlement Amount. As with the Settlement Payments to the Settlement Class, the attorney's fees and costs approved by the Court shall be paid to Class Counsel, within fourteen (14) calendar days of the receipt of the settlement funds by the Settlement Administrator. In the event that the Court awards less than 25% of the Gross Settlement Amount for attorney's fees, Class Counsel shall retain the right to appeal that portion of any Final Approval Order and Judgment.

THE NOTICE PROCESS

48. A Notice in approximately the form attached hereto as Exhibit "A," and as approved by the Court, shall be sent by the Settlement Administrator to the Class Members by first class mail. The Notice shall be translated into Spanish so that Spanish and English language versions of the Notice are included in the mailing. Any returned envelopes from this mailing with forwarding addresses will be utilized by the Settlement Administrator to forward the Notices to the Class.

- (a) Within fourteen (14) calendar days from the date of preliminary approval of this Settlement by the Court, ARI shall provide to the Settlement Administrator a class database containing the following information for each Class Member: (1) name; (2) last known address; (3) social security number; and (5) dates of employment at ARI's locations in California. This database shall be based on ARI's payroll and other business records and shall be provided in a format acceptable to the Settlement Administrator. ARI agrees to consult with the Settlement Administrator prior to the production date to ensure that the format will be acceptable to the Settlement Administrator. The Settlement Administrator will run a check of the Class Members' addresses against those on file with the U.S. Postal Service's National

1 Change of Address List; this check will be performed only once per Class Member
2 by the Settlement Administrator. Absent mutual written agreement of counsel for
3 the Parties or Court order, the Settlement Administrator will keep this database
4 confidential and secure and use it only for the purposes described herein, and will
5 return this database to ARI upon final approval of the settlement or destroy electronic
6 records containing the database after the Settlement is final and all payments are
7 distributed as required under this Agreement unless the Settlement Administrator is
8 required under the law to preserve the information for a certain period of time.

9 (b) Within fourteen (14) calendar days after the Class database is provided to the
10 Settlement Administrator, the Settlement Administrator will mail the Notices to the
11 Class Members by First Class United States mail.

12 (c) Notices returned to the Settlement Administrator as non-deliverable on or before the
13 initial Response Deadline shall be resent to the forwarding address, if any, on the
14 returned envelope. A returned Notice will be forwarded by the Settlement
15 Administrator any time that a forwarding address is provided with the returned mail.
16 If there is no forwarding address, the Settlement Administrator will do a computer
17 search for a new address using the Class Member's social security number or other
18 information. In any instance where a Notice is re-mailed, that Class Member will
19 have until the extended Response Deadline as described above. A letter prepared by
20 the Settlement Administrator will be included in the re-mailed Notice in that
21 instance, stating the extended Response Deadline. Upon completion of these steps
22 by the Settlement Administrator, Defendant and the Settlement Administrator shall
23 be deemed to have satisfied their obligations to provide the Notice to the affected
24 Class Member. The affected Class Member shall remain a member of the Settlement
25 Class and shall be bound by all the terms of the Settlement and the Court's Order
26 and Final Judgment.

27 (d) Class Counsel shall provide to the Court, at least five (5) calendar days prior to the
28 final approval hearing, or such other date as set by the Court, a declaration by the

Settlement Administrator of due diligence and confirming mailing of the Notices.

DISPOSITION OF SETTLEMENT PAYMENTS AND UNCASHED CHECKS

49. As set forth above, each Class Member will have until the expiration of the applicable Response Deadline to submit to the Settlement Administrator any challenge or dispute to the Class Member's Covered Workweek information on the Notice. No disputes will be honored if they are submitted after the Response Deadline, unless the Parties mutually agree to accept the untimely dispute. Each Class Member is responsible to maintain a copy of any documents sent to the Settlement Administrator and a record of proof of mailing.

50. The Settlement Administrator shall cause the Settlement Payments to be mailed to the Settlement Class Members and PAGA Members as provided herein. Settlement Class Payments and PAGA Payments may be combined into one check. Settlement Payment checks shall remain valid and negotiable for 180 calendar days from the date of their issuance. Settlement Payment checks will automatically be cancelled by the Settlement Administrator if they are not cashed by the Class Member within that time, and the Class Member's relevant claims will remain released by the Settlement. Settlement Payment checks which have expired will not be reissued.

51. Funds from un-cashed or abandoned Settlement Payment checks, based on a 180-day void date, shall be transmitted to the California State Controller's Office for Unclaimed Property in the name of each Class Member who failed to cash their Settlement Payment check prior to the void date.

52. A Declaration attesting to completion of all payment obligations will be provided to Class Counsel and Defendant ARI's Counsel by the Claims Administrator and filed with the Court by Class Counsel. Settlement Administrator will cooperate in generating and providing any additional information that may be requested by the Court in relation to this Settlement.

RELEASE BY THE CLASS AND PAGA MEMBERS

53. Upon the final approval by the Court of this Settlement and Defendant ARI's payment of all sums due pursuant to this Settlement, and except as to such rights or claims as may be created by this Settlement, the Class Representatives, Class, each Class Member who has not submitted a valid and timely request for exclusion as to claims other than the PAGA claim, and each PAGA Member, regardless of whether they have requested exclusion from the Settlement of Class Claims, will release claims as follows:

(a) **Identity of Released Parties.** The released parties are Defendant ARI and its former and present direct and/or indirect owners, dba's, affiliates, parents, including without limitation, LKQ Corporation, subsidiaries, brother and sister corporations, divisions, related companies, successors and predecessors, and current and former employees, attorneys, officers, directors, shareholders, owners, trustees, attorneys, fiduciaries, beneficiaries, subrogees, executors, partners, privies, agents, servants, insurers, representatives, administrators, employee benefit plans, assigns of said entities and any entity claimed to be a joint employer with ARI and/or joint and/or severally liable with ARI (collectively "**Released Parties**").

(b) **Claims Released by Settlement Class Members Who Did Not Timely Opt Out:** Each and every PAGA Member and Class Member, on behalf of himself or herself and his or her heirs and assigns, unless he or she has submitted a timely and valid Request for Exclusion (which will not effectuate an opt-out from the release of Released PAGA Claims), hereby releases Released Parties (defined below), from the following claims for the entire Class Period:

- 1) any and all claims stated in the Consolidated Action, or that could have been stated based on the facts alleged in the Consolidated Action, including but not limited to federal and state wage and hour claims (including all claims under the California Labor Code and/or Fair Labor Standards Act) for unpaid wages, minimum wage, overtime, off-the-clock work due to alleged donning and doffing uniforms and security checks, underpayment due to rounding, ATM withdrawal fees, meal periods, rest periods, unreimbursed business expenses, wage statement violations, interest, penalties, and attorneys' fees, waiting time penalties, withholding from wages and the related provisions of the Labor Code including but limited to Labor Code §§ 201, 202, 203, 204, 210, 216, 218, 218.5, 218.6, 226, 226.3, 226.7, 510, 512, 558, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2698, 2699, 2699.3, 2802; claims under the PAGA (Labor Code §§ 2698, 2699, 2699.3, et seq.) for

violation of any of the above Labor Code provisions; derivative claims under California Business & Professions Code §§ 17200 et seq., and all claims under the governing Wage Order (“**Released Class Claims**”);

(c) **Claims Released by PAGA Members Who Timely Opted Out of Class Action**

Settlement: Each and every PAGA Member who timely submitted a valid exclusion (opt out) from the Class Action Settlement portion of the Settlement, on behalf of himself or herself and his or her heirs and assigns, hereby releases Released Parties, from the following PAGA Claims for the entire Class Period:

- 1) any and all PAGA claims stated in the Consolidated Actions, or that could have been stated based on the facts alleged in the Consolidated Actions, including PAGA claims for unpaid wages, minimum wage, overtime, off-the-clock work due to alleged donning and doffing uniforms and security checks, underpayment due to rounding, ATM withdrawal fees, meal periods, rest periods, unreimbursed business expenses, wage statement violations, interest, penalties, and attorneys’ fees, waiting time penalties, withholding from wages and the related provisions of the Labor Code including but limited to Labor Code §§ 201, 202, 203, 204, 210, 216, 218, 218.5, 218.6, 226, 226.3, 226.7, 510, 512, 558, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2698, 2699, 2699.3, 2802 (“**Released PAGA Only Claims**”);

- (d) **Date Release Becomes Active.** The Released Class Claims and Released PAGA Only Claims will be released upon the later of (1) the Settlement’s Effective Date, or (2) the satisfaction of Defendant ARI’s obligation to provide to the Settlement Administrator a sum on its behalf in the amount required to satisfy all required payments and distributions pursuant to this Settlement and the Order and Judgment of final approval. Class Members and PAGA Members will not release the Released Class Claims or Released PAGA Only Claims until both the Effective Date of the Settlement has occurred, **and** Defendant ARI has paid all amounts owing under the Settlement.

RELEASE BY THE PLAINTIFFS

54. Upon the final approval by the Court of this Settlement and Defendant ARI's payment of all sums due pursuant to this Settlement, and except as to such rights or claims as may be created by this Settlement, the Plaintiffs will release the **Released Parties** as defined above, as follows: Plaintiffs, on behalf of themselves and their respective heirs, executors, administrators, and representatives, shall and do hereby forever release, discharge and agree to hold harmless the ARI and the Released Parties from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorney fees and costs), known or unknown, at law or in equity, which each, individually and/or collectively, may now have or may have after the signing of this Agreement, arising out of or in any way connected with their employment with ARI including, claims that were asserted or could have been asserted in the Consolidated Actions, and any and all transactions, occurrences, or matters between the Parties occurring prior to the date this Agreement is fully executed. Without limiting the generality of the foregoing, this release shall include, but not be limited to, any and all claims under the (a) Americans With Disabilities Act, as amended; (b) Title VII of the Civil Rights Act of 1964, as amended; (c) the Civil Rights Act of 1991; (d) 42 U.S.C. § 1981, as amended; (e) the Age Discrimination in Employment Act, as amended; (f) the Fair Labor Standards Act, as amended; (g) the Equal Pay Act; (h) the Employee Retirement Income Security Act, as amended; (i) the Consolidated Omnibus Budget Reconciliation Act; (j) the Rehabilitation Act of 1973; (k) the Family and Medical Leave Act; (l) the Civil Rights Act of 1966; (m) the California Fair Employment and Housing Act; (n) the California Constitution; (o) the California Labor Code; (p) the California Government Code; (q) the California Civil Code; and (r) any and all other federal, state and local statutes, ordinances, regulations, rules and other laws, and any and all claims based on constitutional, statutory, common law or regulatory grounds as well as any other claims based on theories of wrongful or constructive discharge, breach of contract or implied contract, fraud, misrepresentation, promissory estoppel or intentional and/or negligent infliction of emotional distress, or damages under any other federal, state or local statutes, ordinances, regulations, rules or laws. This release is for any and all relief, no matter how denominated, including, but not limited to, back pay, front pay, premiums, penalties, vacation pay, bonuses, compensatory damages, tortious

1 damages, liquidated damages, punitive damages, damages for pain and suffering, and attorney fees and
2 costs, and Plaintiffs hereby forever release, discharge and agree to hold harmless ARI and the Released
3 Parties from any and all claims for attorney fees and costs arising out of the matters released in this
4 Agreement.

5 Plaintiffs specifically acknowledge that he/they are aware of and familiar with the provisions
6 of Section 1542, which provides as follows:

7 **A general release does not extend to claims that the creditor or releasing party does not**
8 **know or suspect to exist in his or her favor at the time of executing the release, and that, if**
9 **known by him or her, would have materially affected his or her settlement with the debtor or**
10 **released party.**

11 Plaintiffs, being aware of Section 1542, hereby expressly waive and relinquish all rights and
12 benefits they may have under Section 1542 as well as any other statutes or common law principles
13 of a similar effect. Plaintiffs may hereafter discover facts in addition to or different from those which
14 he/they now know or believe to be true with respect to the subject matter of all the claims referenced
15 herein, but stipulate and agree that, upon the Effective Date, Plaintiffs shall and hereby do fully,
16 finally and forever settle and release any and all claims against the Released Parties, known or
17 unknown, suspected or unsuspected, contingent or non-contingent, that were asserted or could have
18 been asserted upon any theory of law or equity without regard to the subsequent discovery of
19 existence of such different or additional facts.

20 **EMPLOYMENT BY RELEASED PARTIES**

21 55. Employment of Plaintiffs by any of the Released Parties is not consideration for, or a condition
22 of, this Settlement.

23 **DUTIES OF THE PARTIES PRIOR TO COURT APPROVAL**

24 56. The Parties shall submit this Joint Stipulation of Class Action Settlement to the Court in support
25 of Plaintiffs' unopposed motion for preliminary approval for determination by the Court as to its fairness,
26 adequacy, and reasonableness. Upon execution of this Joint Stipulation of Class Action Settlement, the
27 Parties shall apply to the Court for the entry of an order:

28 (a) Scheduling a final approval and fairness hearing on the question of whether the

proposed Settlement, including payment of attorney's fees and costs, and the Class Representatives' service payment, should be finally approved as fair, reasonable, and adequate as to the members of the Class;

(b) Certifying a Class;

(c) Approving as to form and content the proposed Notice;

(d) Directing the mailing of the Notice;

(e) Preliminarily approving the Settlement subject only to the objections of Class Members and final review by the Court;

(f) Conditionally appointing Plaintiffs and Class Counsel as representatives of the proposed Class Members; and,

(g) Appointing ILYM Group, Inc. as the Settlement Administrator, and order the Settlement Administrator to issue Notices as outlined above.

DUTIES OF THE PARTIES FOLLOWING FINAL COURT APPROVAL

57. In conjunction with the hearing of a motion for final approval by the Court of the Settlement provided for in this Joint Stipulation of Settlement, Class Counsel will provide to Defendants' Counsel for review and approval and then submit to the Court a proposed final order and judgment containing provisions sufficient to accomplish the following:

(a) Approving the Settlement, adjudging the terms thereof to be fair, reasonable and adequate, and directing consummation of its terms and provisions;

(b) Approving Class Counsel's application for an award of attorney's fees and costs;

(c) Approving the Service Payments to the Class Representatives;

(d) Adjudging the Settlement Administrator has fulfilled its initial notice and reporting duties under the Settlement.

(e) Adjudging Plaintiffs and Class Counsel may adequately represent the Final Settlement Class for the purpose of entering into and implementing the Agreement;

(f) Entering a dismissal of defendant LKQ from the Consolidated Actions;

(g) Entering a final judgment for dismissal in the Consolidated Actions;

(h) Adjudging that notwithstanding the submission of a timely request for exclusion,

1 Class Members are still bound by the settlement and release of the Released PAGA
2 Claims or remedies under the Judgment pursuant to *Arias v. Superior Court*, 46 Cal.
3 4th 969 (2009), as requests to be excluded from the Settlement do not apply to the
4 Released PAGA Claims, and further affirms that the State's claims for civil penalties
5 pursuant to PAGA are also extinguished;

- 6 (i) Directing the posting of the final judgment on a website maintained by the
7 Settlement Administrator for a period of not less than 90 calendar days after entry of
8 final judgment.

9 Any revised final judgments will also be provided to Defendants' Counsel for review and approval before
10 they are submitted to the Court.

11 **NULLIFICATION AND TERMINATION**

12 58. This Settlement will be null and void if any of the following occur: (a) the Court should for any
13 reason fail to certify a class for settlement purposes; (b) the Court should for any reason fail to preliminarily
14 or finally approve of this Settlement in the form agreed to by the Parties, other than adjustments made to the
15 attorney's fees and costs or granting of Service Payments; (c) the Court should for any reason fail to enter
16 the final judgment; (d) the final judgment is reversed, modified, or declared or rendered void; or (e) the
17 Settlement does not become final for any other reason.

18 59. If 10% or more of the Class Members opt out of this Settlement, then ARI in its sole discretion
19 may terminate, nullify and void this Settlement. The Settlement Administrator shall provide Defendant's
20 Counsel with the information necessary to effectuate this provision on a regular basis, but no less frequently
21 than on a weekly basis. To terminate this Settlement under this paragraph, Defendant's Counsel must give
22 Plaintiff's Counsel written notice, by facsimile, e-mail, or mail, no later than 30 calendar days after the
23 Response Deadline.

24 60. In the event this Settlement is nullified or terminated as provided above: (i) this Settlement shall
25 be considered null and void, (ii) neither this Settlement nor any of the related negotiations or proceedings
26 shall have any force or effect and no party shall be bound by any of its terms, and (iii) all Parties to this
27 Settlement shall stand in the same position, without prejudice, as if the Settlement had been neither entered
28 into nor filed with the Court.

1 **PARTIES' AUTHORITY**

2 61. The signatories hereto hereby represent that they are fully authorized to enter into this Settlement
3 and bind the Parties hereto to the terms and conditions thereof.

4 **MUTUAL FULL COOPERATION**

5 62. The Parties agree to fully cooperate with each other to accomplish the terms of this Settlement
6 including, but not limited to, execution of such documents and taking such other action as reasonably may
7 be necessary to implement the terms of this Settlement. The Parties to this Settlement shall use their best
8 efforts, including all efforts contemplated by this Settlement and any other efforts that may become
9 necessary by order of the Court, or otherwise, to effectuate this Settlement and the terms set forth herein.
10 As soon as practicable after execution of this Settlement, Class Counsel shall, with the assistance and
11 cooperation of Defendants and their Counsel, take all necessary steps to secure the Court's preliminary and
12 final approval of this Settlement.

13 **NO PRIOR ASSIGNMENTS**

14 63. The Parties and their respective counsel represent, covenant, and warrant that they have not
15 directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any
16 person or entity any portion of any liability, claim, demand, action, cause of action or rights herein released
17 and discharged except as set forth herein.

18 **NO ADMISSION OF LIABILITY**

19 64. Nothing contained herein, nor the consummation of this Settlement, is to be construed or deemed
20 an admission of liability, culpability, negligence, or wrongdoing on the part of Defendants ARI or LKQ.
21 Defendants deny all the claims and contentions alleged by the Plaintiffs in this case. ARI has entered into
22 this Settlement solely with the intention to avoid further disputes and litigation with the attendant
23 inconvenience and expenses.

24 **ENFORCEMENT ACTIONS**

25 65. In the event that one or more of the Parties to this Settlement institutes any legal action or other
26 proceeding against any other party or parties to enforce the provisions of this Settlement or to declare rights
27 and/or obligations under this Settlement, the successful party or parties shall be entitled to recover from the
28 unsuccessful party or parties reasonable attorney's fees and costs, including expert witness fees incurred in

connection with any enforcement actions.

NOTICES

66. Unless otherwise specifically provided herein, all notices, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly given as of the third business day after mailing by United States registered or certified mail, return receipt requested, addressed as follows:

Class Counsel:

Kane Moon
Allen Feghali
Edwin Kamarzarian
MOON & YANG, APC
1055 W. Seventh St., Suite 1880
Los Angeles, California 90017
Telephone: (213) 232-3128
Facsimile: (213) 232-3125
kane.moon@moonyanglaw.com
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Telephone (949) 851-2424
Facsimile (949) 851-0152
Email: lgiamela@fisherphillips.com
Email: lochoa@fisherphillips.com
Email: skingston@fisherphillips.com

CONSTRUCTION

67. The Parties hereto agree that the terms and conditions of this Settlement are the result of lengthy, intensive arms-length negotiations between the Parties, and this Settlement shall not be construed in favor of or against any party by reason of the extent to which any party or his, her or its counsel participated in the drafting of this Settlement.

CAPTIONS AND INTERPRETATIONS

68. Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement or any provision hereof. Each term of this Settlement is contractual and not merely a recital.

MODIFICATION

69. This Settlement may not be changed, altered, or modified, except in writing and signed by the Parties hereto, and approved by the Court. This Settlement may not be discharged except by performance in accordance with its terms or by a writing signed by the Parties hereto.

INTEGRATION CLAUSE

70. This Settlement contains the entire agreement between the Parties relating to the Settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a party or such party's legal counsel, related to this Agreement are merged herein. No rights hereunder may be waived except in writing.

WAIVER OF APPEALS

71. The Parties agree to waive appeals and to stipulate to class certification for purposes of implementing this Settlement only, with the exception that Class Counsel retains the right to appeal the amount awarded as attorney's fees if the Court awards less than twenty-five percent of the Gross Settlement Amount as attorney's fees.

BINDING ON ASSIGNS

72. This Settlement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, successors and assigns.

CLASS COUNSEL SIGNATORIES

73. It is agreed that because the members of the Class are so numerous, it is impossible or impractical to have each member of the Class execute this Settlement. The Notice will advise all Class Members of the binding nature of the Released Class Claims and Released PAGA Only Claims, and the release shall have the same force and effect as if this Settlement were executed by each member of the Class.

COUNTERPARTS

74. This Settlement may be executed in counterparts and by electronic or facsimile signatures, and

1 when each party has signed and delivered at least one such counterpart, each counterpart shall be deemed
2 an original, and, when taken together with other signed counterparts, shall constitute one Settlement, which
3 shall be binding upon and effective as to all Parties.

4 **CONFIDENTIALITY & PUBLIC COMMENT**

5 75. The Class Representatives and Class Counsel agree they will not make any disparaging
6 comments about Defendants relating to this Settlement of this class action or disclose the negotiations of the
7 Settlement. The Class Representatives and Class Counsel shall only disclose matters of public record other
8 than to Class Members, who may receive information about the Settlement that is not in the public record
9 after the Court has preliminarily approved the Settlement. Other than as to Class Members or as expressly
10 allowed below, the Parties and attorneys will keep the settlement confidential until the filing of the motion
11 for preliminary approval of the class settlement. Thereafter, the Parties agree to make no comments to the
12 media or otherwise publicize the terms of the Settlement, other than in court filings. To the extent counsel
13 for either Party wish to advertise this settlement, such advertising will be limited to a statement that a matter
14 was settled between a putative class and a “automotive business.” Any communication about the Settlement
15 to Class Members prior to the Court-approved mailing will be limited to (1) a statement that a settlement
16 has been reached, (2) a statement of any of the details that would necessarily be included in any Court-
17 approved Notice if a Class Member requests details about the proposed Settlement, and (3) a warning that
18 the terms of the proposed Settlement have not yet been approved by the Court. Prior to preliminary approval,
19 the Class Representatives are prohibited from discussing the terms or the fact of the settlement with third
20 parties other than (1) a spouse, (2) accountants or lawyers as necessary for tax purposes, or (3) Class
21 Members. At all times, the Class Representatives are prohibited from communicating about the terms or the
22 fact of the settlement on any form of social media (“Social Media Bar”). In the event of a proven breach of
23 the Social Media Bar, the violating Plaintiff shall forfeit one-half of the class representative enhancement
24 payment, as a form of liquidated damages. Class Counsel will not include or use the settlement for any
25 marketing or promotional purposes other than as expressly allowed above.

26 **FINAL JUDGMENT**

27 76. The Parties agree that, upon final approval of the Settlement, final judgment of dismissal of this
28 Consolidated Actions will be made and entered in its entirety. The final judgment may be included in the

Order granting Final Approval of the Settlement.

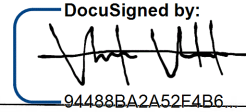
IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Joint Stipulation of Class Action Settlement between Plaintiffs and Defendant ARI as set forth below:

IT IS SO STIPULATED.

Plaintiffs & Class Representatives:

Dated: 10/28/2021

By:

DocuSigned by:

94488BA2A52E4B6

Vicente Villa

Dated:

By:

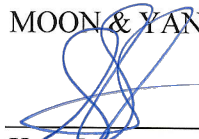
Raul Morales

Plaintiffs' Counsel:

Dated: October 28, 2021

MOON & YANG, APC

By:


Kane Moon
Allen Feghali
Edwin Kamarzarian

Attorneys for Plaintiff Villa

Dated:

KOUL LAW FIRM

By:

Nazo Koulloukian

Attorneys for Plaintiff Morales

Defendant:

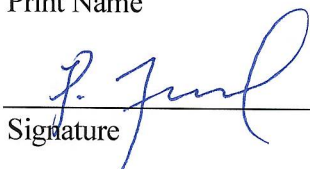
Dated: October 28, 2021

AMERICAN RECYCLING INTERNATIONAL, INC.

By:

Patrick D. Ferrell

Print Name


Signature

Authorized Representative

Title

Case No.: CIVDS2015919

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Villa, et al. v. American Recycling International, Inc.

JOINT STIPULATION OF CLASS AND PAGA ACTION SETTLEMENT

Defendant's Counsel:

Dated: October 27, 2021

FISHER & PHILLIPS, LLP

By: 

Lonnie D. Giamela
Lizbeth Ochoa
Sean T. Kingston
Attorneys for Defendant AMERICAN
RECYCLING INTERNATIONAL, INC.

EXHIBIT A

NOTICE OF PROPOSED CLASS AND PAGA ACTION SETTLEMENT

Villa v. American Recycling International, Inc. & Morales v. LKQ Corporation, et al.,
San Bernardino Superior Court Consolidated Case No. CIVDS2015919

A court authorized this Notice. This is not a solicitation by a lawyer. You are not being sued.

IF YOU ARE OR WERE EMPLOYED BY AMERICAN RECYCLING INTERNATIONAL, INC. (“DEFENDANT”) IN CALIFORNIA AS AN HOURLY-PAID EMPLOYEE AT ANY TIME BETWEEN JULY 17, 2016 THROUGH <<the later of December 2, 2021 or the date the Court grants preliminary approval>>, THIS PROPOSED CLASS AND PAGA ACTION SETTLEMENT MAY AFFECT YOUR RIGHTS.

Why should you read this Notice?

A proposed settlement (the “Settlement”) has been reached in the consolidated class action lawsuit entitled *Villa, et al. v. American Recycling International, Inc.* San Bernardino Superior Court Case No. CIVDS2015919 which also consolidated the representative action titled *Morales v. LKQ Corporation, et al.* (Case No. CIVDS2019436), (the “Consolidated Actions”). The purpose of this Notice of Proposed Class and PAGA Action Settlement (“Notice”) is to briefly describe the Consolidated Actions and to inform you of your rights and options in connection with the Consolidated Actions and the proposed Settlement. The proposed Settlement will resolve all claims in the Consolidated Actions.

A hearing concerning final approval of the proposed Settlement will be held before the Hon. David Cohn on <<FA Date and Time>> in Department S-26 of the San Bernardino Superior Court, Spring Street Courthouse, 247 West Third Street, San Bernardino, CA 92415, to determine whether the Settlement is fair, adequate and reasonable. As a Class Member, you are eligible to receive an individual Settlement Payment under the Settlement and will be bound by the release of claims described in this Notice and the Settlement Agreement filed with the Court, unless you timely request to be excluded from the Settlement.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
DO NOTHING – GET MONEY	If you do nothing, you will be considered part of the Class and will receive settlement benefits as explained more fully below. You will also give up rights to pursue a separate legal action against Defendant for the Released Claims asserted in the Consolidated Actions as explained more fully below.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS DEADLINE TO EXCLUDE YOURSELF: << RESPONSE DATE>>	You have the option to pursue separate legal action against Defendant about the claims in the Consolidated Actions. If you choose to do so, you must exclude yourself, in writing, from the Settlement by submitting a written Request to be Excluded. As a result, you will not receive any benefits under the Settlement.
OBJECT TO THE SETTLEMENT DEADLINE TO SUBMIT WRITTEN OBJECTIONS: << RESPONSE DATE>>	To object to the Settlement, you may mail a written explanation of why you don’t like the Settlement to the Settlement Administrator, appear at the final approval hearing, or hire an attorney at your expense to object for you. This option is available only if you do <u>not</u> exclude yourself from the Settlement. Do <u>not</u> submit a Request to be Excluded if you wish to object. Written objections must be submitted by <<RESPONSE DATE>>.

Who is affected by this proposed Settlement?

The Court has certified, for settlement purposes only, the following class (the “Class”):

All non-exempt employees of Defendant who worked for Defendant in California during the Class Period (the “Class Period” is July 17, 2016 through <<the later of December 2, 2021 or the date the Court grants preliminary

approval >>). All non-exempt employees of Defendant who worked for Defendant in California during the PAGA Period (“PAGA Period” is July 17, 2019 through << the later of December 2, 2021 or the date the Court grants preliminary approval >>).

According to Defendant’s records, you are a member of the Class (“Class Member”).

What is this case about?

In the Consolidated Actions, Plaintiffs Vicente Villa and Raul Morales (“Plaintiffs”) allege on behalf of themselves and the Class that Defendant: (1) failed to pay minimum and straight time wages; (2) failed to pay overtime wages; (3) failed to pay for all hours worked; (4) failed to provide meal periods; (5) failed to authorize and permit rest periods; (6) failed to reimburse necessary business expenses; (7) failed to timely pay all wages to terminated employees; (8) failed to furnish accurate itemized wage statements; (9) violated California’s Unfair Competition Law, California Business and Professions Code section 17200 et seq.; and (10) violated provisions of the Labor Code giving rise to civil penalty liability under the Labor Code Private Attorneys General Act of 2004 [Lab. Code § 2699, et seq.]. Plaintiffs seek unpaid wages, actual damages, declaratory relief, statutory penalties, civil penalties under PAGA, restitution, interest, attorneys’ fees, and costs.

Defendant denies all liability and is confident that it has strong legal and factual defenses to these claims, but it recognizes the risks, distractions, and costs associated with litigation. Defendant contends that its conduct is and has been lawful at all times relevant and that Plaintiffs’ claims do not have merit and do not meet the requirements for class certification.

This Settlement is a compromise reached after good faith, arm’s length negotiations between Plaintiff and Defendant (the “Parties”), through their attorneys, and is not an admission of liability on the part of Defendant. Both sides agree that this Settlement is fair, adequate and reasonable. Plaintiff also believes this Settlement is in the best interests of all Class Members.

The Court has not ruled on the merits of Plaintiff’s claims or Defendant’s defenses.

Who are the attorneys representing the Parties?

The attorneys representing the Parties in the Consolidated Actions are:

Class Counsel

Kane Moon
Allen Feghali
Edwin Kamarzarian
MOON & YANG, APC
1055 W. Seventh St., Suite 1880
Los Angeles, California 90017
Telephone: (213) 232-3128

Nazo Koulloukian
KOUL LAW FIRM
3435 Wilshire Blvd., Suite 1710
Los Angeles, CA 90010
Telephone: (213) 761-5484

Sahag Mjarian, II
LAW OFFICE OF SAHAG
MAJARIAN II
18250 Ventura Boulevard
Tarzana, CA 91356
Telephone: (818) 609-0807

Defendant’s Counsel

Lonnie D. Giamela
Lizbeth Ochoa
Sean T. Kingston
FISHER & PHILLIPS LLP
2050 Main Street, Suite 1000
Irvine, California 92614
Telephone (949) 851-2424
Facsimile (949) 851-0152

What are the Settlement terms?

Subject to final Court approval, Defendant will pay \$825,000 (the “Gross Settlement Amount”) for: (a) individual Settlement Payments to Settlement Class Members; (b) the Court-approved Class Representative Service

Payments to Plaintiffs (\$7,500 to be requested for each Plaintiff for a total of \$15,000); (c) the Court-approved attorneys' fees and costs to Class Counsel (\$288,750.00 in fees and up to \$20,000 in costs to be requested); (d) payment to the Labor and Workforce Development Agency ("LWDA") for alleged PAGA penalties (\$37,500 of a total of \$50,000 allocated to PAGA penalties); and (e) payment to the Settlement Administrator for settlement administration services (up to an estimated maximum of \$15,000).

Individual Settlement Payments. After deduction from the Gross Settlement Amount for attorneys' fees and costs, the Class Representative Service Payments to Plaintiffs, the payment to the LWDA, and settlement administration costs, there will be a Net Settlement Amount. From this Net Settlement Amount, Defendant will make an individual Settlement Payment to each Class Member who does not request to be excluded from the Settlement ("Settlement Class Members").

The Net Settlement Amount shall be divided among all Settlement Class Members on a pro rata basis based upon the total number of workweeks worked by each respective Settlement Class Member as a non-exempt hourly employee in the State of California during the Class Period. Your estimated individual Settlement Payment is listed below.

Your estimated minimum settlement payment is <<Estimated Payment>> and your covered Work Weeks worked during the relevant period between July 17, 2016 to <<the later of December 2, 2021 or the date the Court grants preliminary approval>> are <<Work Weeks>>. To the extent you dispute the number of Work Weeks, you must make your dispute ("Work Week Dispute") in writing and send it to the Settlement Administrator via fax or mail. Your Work Week Dispute must be postmarked or faxed no later than <<+60 days from date of mailing>> (the "Response Deadline") to:

ILYM Group, Inc., <<mailing address>>

Your Work Week Dispute must be in writing and contain: (a) your full name, signature, address, telephone number, and the last four digits of your Social Security number; (b) the number of Work Weeks you contend is correct; and (c) any evidence supporting your contention. Defendant's records will be presumed correct unless you prove otherwise by credible evidence. The Settlement Administrator will resolve and decide all Work Week Disputes, and its decisions will be final and non-appealable. **REMINDER:** If you believe your estimated individual Settlement Amount is incorrect because your Work Weeks (the number of total weeks you worked within the Class Period only) are wrong, the deadline to dispute the workweeks reported for you is <<RESPONSE DATE>>.

For tax reporting purposes, the payments to Settlement Class Members will be allocated 15% as wages and 85% as penalties and interest, excluding the \$12,500 in PAGA Settlement Payments, which will be allocated as 100% penalties. The wage portion of the individual Settlement Payments shall be subject to the withholding of applicable local, state, and federal taxes, and the Settlement Administrator shall deduct applicable payroll taxes from the wage portion of the individual Settlement Payments. The portion of the Settlement Payments allocated to penalties and interest shall be classified as other miscellaneous income and reported on IRS Form 1099-MISC. Any taxes owed on that other miscellaneous income will be the responsibility of Settlement Class Members receiving those payments.

All checks for individual Settlement Payments paid to Settlement Class Members shall advise that the checks will remain valid and negotiable for one hundred eighty (180) days from the date of the checks' issuance and shall thereafter automatically be void if not cashed by a participating Class Member within that time. Any individual Settlement Payment that is not cashed by a Settlement Class Member within one hundred eighty (180) days of issuance shall be transmitted to the California State Controller's Office for Unclaimed Property in the name of each check recipient who failed to cash their check prior to the void date. The Settlement Administrator shall void any tax documents issued to Settlement Class Members who did not cash their checks within 180 days of issuance. In such event, the Settlement Class Member shall nevertheless remain bound by the Settlement.

None of the Parties or attorneys make any representations concerning the tax consequences of this Settlement or your participation in it. Settlement Class Members should consult with their own tax advisors concerning the tax consequences of the Settlement. Class Counsel is unable to offer advice concerning the state or federal tax consequences of payments to any Class Member.

Class Counsel Attorneys' Fees and Costs, Class Representative Service Award, Settlement Administration Costs and Payment to the LWDA. Class Counsel will ask the Court to award attorneys' fees up to \$288,750.00 (35%) of the Gross Settlement Amount and reimbursement of reasonable costs incurred in the Consolidated

Actions not to exceed \$20,000. In addition, Class Counsel will ask the Court to authorize Class Representative Service Payments of \$7,500 for each Plaintiff for their efforts in bringing the case on behalf of the Class. The Parties estimate the cost of administering the Settlement will not exceed \$15,000.00. A payment in the amount of \$37,500.00 will also be made to the LWDA for PAGA penalties, which represents 75% of the \$50,000 set aside for payment under PAGA.

What claims are being released by the proposed Settlement?

Upon the final approval by the Court of this Settlement, and except as to such rights or claims as may be created by this Settlement, the Class Representatives, the Class and each Class Member who has not submitted a valid and timely request for exclusion as to claims other than the PAGA claim, will release claims as follows:

(a) **Identity of Released Parties.** The released parties are Defendant, and each of its former and present direct and/or indirect owners, dba's, affiliates, parents, including without limitation, LKQ Corporation, subsidiaries, brother and sister corporations, divisions, related companies, successors and predecessors, and current and former employees, attorneys, officers, directors, shareholders, owners, trustees, attorneys, fiduciaries, beneficiaries, subrogees, executors, partners, privies, agents, servants, insurers, representatives, administrators, employee benefit plans, assigns of said entities and any entity claimed to be a joint employer with Defendant and/or joint and/or severally liable with Defendant (collectively "Releasees").

(b) **Date Release Becomes Active.** The Released Claims and Released PAGA Claims will be released upon the later of (1) the Settlement's Effective Date, or (2) the satisfaction of Defendant's obligation to provide to the Settlement Administrator a sum in the amount required to satisfy all required payments and distributions pursuant to this Settlement and the Order and Judgment of final approval. Class Members will not release the Released Claims or Released PAGA Claims until both the Effective Date of the Settlement has occurred, **and** Defendant has paid all amounts owing under the Settlement.

(c) **Claims Released by Settlement Class Members.** Each and every Class Member, on behalf of himself or herself and his or her heirs and assigns, unless he or she has submitted a timely and valid Request for Exclusion (which will not effectuate an opt-out from the release of Released PAGA Claims), hereby releases Releasees from the following claims for the entire Class Period:

1) any and all claims stated in the Consolidated Actions, or that could have been stated based on the facts alleged in the Consolidated Actions, including but not limited to federal and state wage and hour claims (including all claims under the California Labor Code and/or Fair Labor Standards Act) for unpaid wages, minimum wage, overtime, off-the-clock work due to alleged donning and doffing uniforms and security checks, underpayment due to rounding, ATM withdrawal fees, meal periods, rest periods, unreimbursed business expenses, wage statement violations, interest, penalties, and attorneys' fees, waiting time penalties, withholding from wages and the related provisions of the Labor Code including but limited to Labor Code §§ 201, 202, 203, 204, 210, 216, 218, 218.5, 218.6, 226, 226.3, 226.7, 510, 512, 558, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2698, 2699, 2699.3, 2802, claims under the PAGA (Labor Code §§2698, 2699, 2699.3, et seq.) for violation of any of the above Labor Code provisions; derivative claims under California Business & Professions Code §§ 17200 et seq., and all claims under the governing Wage Order ("Released Claims");

2) as to any Class Member who cashes their Settlement Payment, the signing and negotiation of that check shall serve as the Class Member's consent to also join the action for purposes of releasing claims arising under the Fair Labor Standards Act that are related to the claims stated in the Consolidated Actions, implicitly or explicitly.

d) **Claims Released by the Class, Including PAGA Employees.** any and all PAGA claims stated in the Consolidated Actions, or that could have been stated based on the facts alleged in the Consolidated Actions, including PAGA claims for unpaid wages, minimum wage, overtime, off-the-clock work due to alleged donning and doffing uniforms and security checks, underpayment due to rounding, ATM withdrawal fees, meal periods, rest periods, unreimbursed business expenses, wage statement violations, interest, penalties, and attorneys' fees, waiting time penalties, withholding from wages and the related provisions of the Labor Code including but limited to Labor Code §§ 201, 202, 203, 204, 210, 216, 218, 218.5, 218.6, 226, 226.3, 226.7, 510, 512, 558, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2698, 2699, 2699.3, 2802 ("Released PAGA Claims.") All Class Members, including all PAGA Employees, release the Released PAGA Claims, regardless of whether they have requested exclusion from the Settlement as to Class claims.

e) **Released Period.** The release period for the Released Claims is from July 17, 2016 through << the later of December 2, 2021 or the date the Court grants preliminary approval >>. The release period for the Released PAGA Claims is from July 17, 2019 through << the later of December 2, 2021 or the date the Court grants preliminary approval >>

What are my options in this matter?

You have two options under this Settlement, each of which is further discussed below. You may: (A) remain in the Class and receive an individual Settlement Payment; or (B) exclude yourself from the Settlement. If you choose option (A), you may also object to the Settlement, as explained below.

If you remain in the Class, you will be represented at no cost by Class Counsel. Class Counsel, however, will not represent you for purposes of making objections to the Settlement. If you do not timely exclude yourself from the Settlement, you will be subject to any Judgment that will be entered in the Consolidated Actions, including the release of the Released Claims as described above.

OPTION A. Remain in the Class. If you wish to remain in the Class and be eligible to receive an individual Settlement Payment under the Settlement, **you do not need to take any action.** By remaining in the Class and receiving settlement monies, you consent to the release of the Released Claims as described above.

Any amount paid to Settlement Class Members will not count or be counted for determination of eligibility for, or calculation of, any employee benefits (for example, vacations, holiday pay, retirement plans, non-qualified deferred compensation plans, etc.), or otherwise modify any eligibility criteria under any employee pension benefit plan or employee welfare plan sponsored by Defendant, unless otherwise required by law.

Objecting to the Settlement: If you believe the proposed Settlement is not fair, reasonable, or adequate in any way, you have several options that you may use to object to it or express any concerns. To object, you may appear in person at the Final Approval Hearing, have an attorney object for you, or submit a written brief or statement of objection (“written objection”) to the Settlement Administrator at ILYM Group, Inc. <<address>>. If you submit a written objection, it should contain sufficient information to confirm your identity and the basis of the objection, including: (1) your full name; (2) the grounds for the objection; (3) your signature; and (4) be postmarked on or before <<Response Deadline>> and returned to the Settlement Administrator at the address listed above to ensure that it is received in time to be transmitted to and considered by the Court. You can also hire an attorney at your own expense to represent you in your objection. The Parties may then file responses to any written objections before the final approval hearing. Regardless of whether you object in writing, the Court may, in its sole discretion, permit you to state any objections you may have at the Settlement Hearing. **Even if you submit a timely objection, you will be bound by the terms of the Settlement, including the release of Released Claims as set forth above, unless the Settlement is not finally approved by the Court.**

Regardless of the form, an objection, alone will not satisfy the requirement that a Settlement Class Member must formally intervene and become a party of record in the action to appeal a Judgment entered following an Order finally approving this Settlement, as is required under the California Supreme Court decision of *Hernandez v. Restoration Hardware*, 4 Cal. 5th 260 (2018).

OPTION B. Request to Be Excluded from the Settlement and Receive No Money from the Settlement. If you do not want to be part of the Settlement, you must submit a written request to be excluded from the Settlement to the Settlement Administrator at ILYM Group, Inc. <<address>>. In order to be valid, your written request to be excluded from the Settlement must be signed and include your name, address, and telephone number (to confirm your identity and make certain that only persons requesting exclusion are removed from the settlement), along with a statement like the following:

“I WISH TO BE EXCLUDED FROM THE CLASS IN THE *VILLA v. AMERICAN RECYCLING INTERNATIONAL, INC.*, CONSOLIDATED CLASS/PAGA ACTION LAWSUIT, FILED IN SAN BERNARDINO COUNTY SUPERIOR COURT CASE NO. CIVDS2015919. I UNDERSTAND THAT IF I ASK TO BE EXCLUDED FROM THE CLASS, I WILL NOT RECEIVE ANY MONEY FROM THE SETTLEMENT OTHER THAN MY SHARE OF THE PAGA PAYMENT.”

Your written request to be excluded from the Settlement must then be signed and postmarked on or before <<Response Deadline>>. If you do not submit a written request to be excluded from the Settlement on time (as evidenced by the postmark), your written request to be excluded from the Settlement will be rejected, you will be

deemed a participating Class Member, and you will be bound by the release of Released Claims as described above and all other terms of the Settlement. If you submit a written request to be excluded from the Settlement by the deadline to request exclusion, you will have no further role in the Consolidated Actions. **You will not be entitled to any benefit, including money**, as a result of the Consolidated Actions and Settlement, except to the extent that you recovered a portion of the penalties provided for under PAGA. You will not be able to complain to the Court about any aspect of the Settlement.

What is the next step in the approval of the Settlement?

The Court will hold a Final Approval Hearing regarding the fairness, reasonableness and adequacy of the proposed Settlement, the plan of distribution, Class Counsel's request for attorneys' fees and costs, the Class Representative Service Payment Plaintiffs, the settlement administration costs, and the payment to the LWDA for PAGA penalties on <<**FA Date and Time**>> in Department S-26 of the San Bernardino Superior Court, 247 West Third Street, San Bernardino, CA 92415. Because of healthcare guidance and Orders of the San Bernardino Superior Court related to COVID-19, the hearing may be a telephonic hearing only. If you wish to attend the Final Approval Hearing telephonically, visit <https://courtcall.com/> for instructions on how to do so. The Final Approval Hearing may be continued without further notice to Class Members. You are not required to attend the Final Approval Hearing to receive an individual Settlement Payment.

If the Court grants Final Approval of the Settlement, the Order granting Final Approval and entering a Judgment will be mailed to you.

How can I get additional information?

This Notice summarizes the Consolidated Actions and the basic terms of the Settlement. More details are in the Joint Stipulation of Class Action Settlement attached to the Declaration of Kane Moon in Support of Plaintiffs' Motion for Preliminary Approval. The Joint Stipulation of Class and PAGA Action Settlement and all other records relating to the lawsuit are available for inspection and/or copying at the Civil Records Office of the San Bernardino Superior Court. Because of the San Bernardino Superior Court's COVID-19 pandemic procedures, in order to view documents filed in the lawsuit, Class Members may be required to make an appointment with the Court to view documents. You may also request a copy of the Settlement Agreement from Class Counsel, at the address listed above. You can also obtain further information regarding this action and this settlement at: <<**CASE WEBSITE**>>.

PLEASE DO NOT CONTACT THE COURT FOR INFORMATION REGARDING THIS SETTLEMENT.