

Jake D. Finkel, Esq. (SBN: 293954)
Joshua Park, Esq. (SBN: 299572)
LAW OFFICES OF JAKE D. FINKEL
3470 Wilshire Boulevard, Suite 830
Los Angeles, California 90010
Telephone: 310.553.3600
Facsimile: 310.553.3603
Email: jake@lawfinkel.com
josh@lawfinkel.com

Attorneys for Plaintiff,
ALEJANDRO RIOS, on behalf of himself and all
others similarly situated

Joshua Mizrahi, Esq. (SBN 227639)
BUCHALTER
1000 Wilshire Boulevard, Suite 1500
Los Angeles, California 90017
Telephone: 213.457.8000
Facsimile: 213.896.0400
Email: jmizrahi@buchalter.com

Attorneys for Defendant,
INNOVATION SPECIALTIES

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES – SPRING STREET COURTHOUSE

ALEJANDRO RIOS, on behalf of himself and
all other similarly situated,

Plaintiffs,

v.

INNOVATION SPECIALTIES, INC., a
California corporation; and DOES 1 through
50, Inclusive

Defendant.

CASE NO.: 20STCV32255

[Assigned for all purposes to the Hon.
Yvette M. Palazuelos - Dept. 9]

**AMENDED JOINT STIPULATION FOR
CLASS ACTION SETTLEMENT**

TO THE COURT:

This Amended Joint Stipulation of Class Action Settlement (“Settlement Agreement”) is
made and entered into by and between ALEJANDRO RIOS (“Plaintiff”), individually and on
behalf of all others similarly situated, and INNOVATION SPECIALTIES, INC. (“Defendant”)

1 (collectively, the “Parties”), and is subject to the terms and conditions below, and to the Court’s
2 approval. The Parties expressly acknowledge that this Settlement Agreement amends and
3 supersedes the Joint Stipulation for Class Action Settlement entered into and executed by
4 Plaintiff on May 29, 2021 and by Defendant on June 8, 2021. The Parties also expressly
5 acknowledge that this Settlement Agreement is entered into solely for the purpose of
6 compromising significantly disputed claims and that nothing in this Settlement Agreement is an
7 admission of liability or wrongdoing by Defendant. If for any reason the Settlement Agreement
8 is not approved, it will be of no force or effect, and the Parties will be returned to their
9 respective positions immediately prior to and as if they had never executed this Settlement
10 Agreement as more fully set forth below.

11 DEFINITIONS

12 The following definitions are applicable to this Settlement Agreement. Definitions
13 contained elsewhere in this Settlement Agreement will also be effective:

14 1. “Action” means *Alejandro Rios v. Innovation Specialties, Inc.*, Los Angeles
15 County Superior Court Case No. 20STCV32255.

16 2. “Claims Administrator” means SIMPLURIS or any other third-party class action
17 settlement claims administrator agreed to by the Parties and approved by the Court for the
18 purposes of administering this Settlement. The Parties each represent that they do not have any
19 financial interest in the Claims Administrator or otherwise have a relationship with the Claims
20 Administrator that could create a conflict of interest.

21 3. “Claims Administration Expenses” means the costs payable to the Claims
22 Administrator for administering this Settlement, including, but not limited to, printing,
23 translating into Spanish, distributing (including with appropriate postage), and tracking
24 documents for this Settlement in English and Spanish, any searches to locate any Class
25 Members, tax reporting, distributing the Individual Settlement Payments, Class Representative
26 Enhancement Payment, Class Counsel Fees and Costs, and providing necessary certification of
27 completion of notice, reports and declarations, establishing and administering a qualified
28

1 settlement fund account and other responsibilities set forth in this Settlement Agreement and as
2 requested by the Parties. The Claims Administration Expenses are currently estimated to be not
3 more than nine thousand dollars (\$9,000.00).

4 4. "Class Counsel" means Law Offices of Jake D. Finkel.

5 5. "Class Counsel Fees and Costs" means attorneys' fees, costs, and expenses
6 approved by the Court for Class Counsel's litigation and resolution of the Action, and all costs
7 incurred and to be incurred by Class Counsel in the Action, including, but not limited to, costs
8 associated with documenting the Settlement, providing any notices required as part of the
9 Settlement or Court order, securing the Court's approval of the Settlement, administering the
10 Settlement, and obtaining entry of the Judgment terminating the Action. Class Counsel will
11 request attorneys' fees of not to exceed 33.33% of the Gross Settlement Amount or Seventy
12 Eight Thousand Three Hundred Thirty-Three Dollars and Thirty-Three Cents (\$78,333.33) and
13 litigation costs and expenses not to exceed Ten Thousand (\$10,000.00). Defendant has agreed
14 not to oppose Class Counsel's request for Class Counsel Fees and Costs.

15 6. "Class List" means a complete list of all Class Members and PAGA Allegedly
16 Aggrieved Employees that Defendant will diligently and in good faith compile from their
17 records and provide to the Claims Administrator within ten (10) calendar days after the Court's
18 entry of an order granting preliminary approval of this Settlement. The Class List will be
19 formatted in Microsoft Office Excel and Defendant will use its best efforts to include each
20 Class Member's full name; most recent mailing address and telephone number; dates of
21 employment; number of shifts worked during the Class Period and, if applicable, number of pay
22 periods worked during the PAGA Period; and Social Security number.

23 7. "Class Member(s)" or "Settlement Class" means Plaintiff and all current and
24 former hourly non-exempt employees employed by Defendant in California during the Class
25 Period.

26 8. "PAGA Allegedly Aggrieved Employee(s)" means Plaintiff and all current and
27 former hourly non-exempt employees employed by Defendant in California during the PAGA
28

1 Period.

2 9. "Class Period" means the period from August 20, 2016 through the date of
3 preliminary approval.

4 10. "PAGA Period" means the period from August 18, 2019 through the date of
5 preliminary approval.

6 11. "Class Representative Enhancement Payment" means the amount to be paid from
7 the Gross Settlement Amount to the named Plaintiff in recognition of his effort in prosecuting
8 the Action on behalf of Class Members. Plaintiff will request and Defendant will not oppose
9 Plaintiff's application to the court for a payment of eight thousand dollars (\$8,000.00) for his
10 willingness to serve as Class Representative.

11 12. "Court" means the Los Angeles County Superior Court, or any other court taking
12 jurisdiction of the Action.

13 13. "Effective Date" means the date when the Final Approval Order becomes final.
14 For purposes of this Paragraph, the Final Approval Order "becomes final" upon the last to occur
15 of the following: (a) if there are no objections to the Settlement, the date the Court enters an
16 order granting final approval of the Settlement; or (b) if there are objections to the Settlement,
17 and if an appeal, review, or writ is not sought from the Final Approval Order, the day after the
18 time period to appeal the Settlement has expired, i.e., 60 days from the date the Court enters an
19 order granting final approval of the Settlement; or if a Class Member timely objects to the
20 settlement, and if an appeal or writ is sought from Final Judgment, then all of Defendant's
21 remaining obligations under this Agreement will be stayed until the day after the Final
22 Judgment is affirmed, or the appeal or writ is dismissed or denied (or the time for filing an
23 appeal or writ expires) which will then be the Effective Date.

24 14. "Gross Settlement Amount" means the non-reversionary maximum settlement
25 amount of Two Hundred Thirty Five Thousand Dollars (\$235,000.00) ("Gross Settlement
26 Amount"), which will be paid by Defendant in full satisfaction of all claims arising from the
27 Action. The Gross Settlement Amount includes all Individual Settlement Payments to
28

1 Participating Class Members, the Class Representative Enhancement Payment, Claims
2 Administration Expenses, Class Counsel Fees and Cost, and PAGA penalties in the amount of
3 Fifteen Thousand dollars (\$15,000.00) of which 75% or Eleven Thousand Two Hundred Fifty
4 Dollars (\$11,250.00) will be paid to the Labor Workforce Development Agency (“LWDA”) and
5 25% or Three Thousand Seven Hundred Fifty Dollars (\$3,750.00) to the PAGA Allegedly
6 Aggrieved Employees. Defendant’s share of payroll taxes will be paid in addition to the Gross
7 Settlement Amount.

8 15. “Individual Class Settlement Payment” means each Participating Class
9 Member’s share of the Net Settlement Amount, to be distributed to Plaintiff and Class Members
10 who do not request exclusion from the settlement.

11 16. “Individual PAGA Settlement Payment” means each PAGA Allegedly
12 Aggrieved Employees’ share of the PAGA penalties, to be distributed to Plaintiff and Allegedly
13 Aggrieved Employees.

14 17. “Net Settlement Amount” means the maximum amount available for distribution
15 to the Class Members and PAGA Allegedly Aggrieved Employees, after deduction of Class
16 Counsel Fees and Costs, Class Representative Enhancement Payment, Claims Administration
17 Expenses, and Eleven Thousand Two Hundred Fifty Dollars (\$11,250.00) as PAGA penalties
18 payable to the LWDA.

19 18. “Notice of Objection” means a Class Member’s valid and timely written
20 objection to the Settlement Agreement. For the objection to be valid, it must include: (i) the
21 objector’s full name, signature, address, and telephone number; (ii) the name and case number
22 of the Action: *Alejandro Rios v. Innovation Specialties, Inc.*, Case No. 20STCV32255; (iii) a
23 written statement of all grounds for the objection accompanied by any legal support for such
24 objection; (iii) copies of any papers, briefs, or other documents upon which the objection is
25 based; (iv) a list of all persons who will be called to testify in support of the objection; and (v) a
26 statement whether the objector intends to appear at the Final Approval hearing. Further, if any
27 objector intends to appear at the Final Approval hearing, either in person or through counsel, at
28

1 his or her expense, he or she must include notice of that fact and state the purpose for his or her
2 appearance in his or her objection. The Parties will be permitted to respond in writing to such
3 objections within the time period set by the Court. Class Members shall not be permitted to
4 object to the PAGA penalties settlement.

5 19. "Notice Packet" means the Notice of Class Action and PAGA Representative
6 Action Settlement, substantially in the form attached as Exhibit A.

7 20. "Participating Class Members" means all Class Members who do not submit
8 valid Requests for Exclusion.

9 21. "Preliminary Approval" means the Court order granting preliminary approval of
10 the Settlement Agreement.

11 22. "Released Claims" means any and all claims, rights, demands, liabilities,
12 penalties, interest, damages, losses, and causes of action, arising from or related to the claims
13 pled in Plaintiff's First Amended Complaint ("Complaint") or that could have been pled in the
14 Complaint based on the factual allegations pled in the Complaint, including claims for failure to
15 pay minimum wages, failure to pay overtime wages, failure to pay double time wages, failure to
16 provide compliant meal periods, failure to provide compliant rest periods, failure to pay all
17 wages upon termination, failure to provide accurate wage statements (including an improper
18 address on wage statements), improper rounding practices, unfair competition claims under
19 California Business & Professions Code §17200, et seq., and civil penalties pursuant to Labor
20 Code §2699, et seq. This release will cover all Class Members who do not opt out of this
21 settlement.

22 23. "Released Parties" means Defendant and Defendant's former, present, and future
23 parents, subsidiaries and affiliated companies and entities and its current, former and future
24 owners, officers, directors, members, managers, employees, consultants, partners, affiliates,
25 subsidiaries, shareholders, attorneys, insurers, reinsurers, joint venturers and agents,
26 predecessors, successors, assigns, and legal representatives.
27
28

26. “Response Deadline” means the deadline by which Class Members must fax, email, or postmark to the Claims Administrator a valid Request for Exclusion, Employment Information Dispute, or submit objections to the Settlement. The Response Deadline will be forty-five (45) calendar days from the initial mailing of the Notice Packet by the Claims Administrator. The Response Deadline for Request for Exclusion and objections will be extended fifteen (15) calendar days for any Class Member who is re-mailed a Notice Packet by the Claims Administrator in accordance with the notice procedure described in Paragraphs 28 through 33 of this Settlement Agreement. The Response Deadline may also be extended by express agreement between Class Counsel and Defendant.

Plaintiff, on behalf of himself and the Settlement Class, and Defendant agree as follows:

1 27. Impact of Any Court Determination Not to Enter Final Approval Order. In the
2 event that the Court does not enter a Final Approval Order and this Settlement Agreement does
3 not become effective, the following will occur:

- 4 a. on the date final approval is denied, the status of the Action will be
5 deemed to return to its status at the time immediately prior to and as if the
6 Parties had never executed this Settlement Agreement; and
7 b. To the extent required by any court or otherwise necessary, Plaintiff will
8 take all necessary steps to give effect to subparagraph a. above.
9 c. The Parties will equally split any costs incurred by the Claims
10 Administrator.

11 28. Settlement Funding. Defendant shall have sixty (60) days from the Effective
12 Date to fund the Gross Settlement Amount, including the employer's share of payroll taxes. The
13 Claims Administrator shall deposit the payment into an interest bearing qualified settlement
14 account ("Qualified Settlement Fund") with an FDIC insured banking institution from which
15 the Claims Administrator will have authority to distribute money in accordance with the terms
16 of this Settlement Agreement. Within three (3) calendar days from the Effective Date, the
17 Claims Administrator will provide Defendant with a calculation of the portion of the Gross
18 Settlement Amount actually to be paid out to Class Members, i.e., individual settlement
19 payments, as well as the employer's share of payroll taxes payable on account of the portion of
20 the Gross Settlement Amount allocated as wages under the terms of this Agreement.

21 29. Class Counsel Fees and Costs. Defendant agrees not to oppose or impede any
22 application or motion by Class Counsel for Class Counsel Fees of Seventy-Eight Thousand
23 Three Hundred Thirty-Three Dollars and Thirty-Three Cents (\$78,333.33) plus the
24 reimbursement of costs and expenses associated with Class Counsel's litigation and settlement
25 of the Action, not to exceed Ten Thousand (\$10,000.00). In consideration of their awarded
26 attorneys' fees and costs and expenses, Plaintiff and Class Counsel waive any and all claims to
27 any further attorneys' fees and expenses in connection with the Action.
28

1 30. Class Representative Enhancement Payment. In exchange for the named
2 Plaintiff executing a general release and in recognition of his effort in prosecuting the Action on
3 behalf of Class Members, Defendant agree not to oppose or impede any application or motion
4 for a Class Representative Enhancement Payment of Eight Thousand Dollars (\$8,000.00) to the
5 named Plaintiff. The Class Representative Enhancement Payment, which will be paid from the
6 Gross Settlement Amount, will be in addition to Plaintiff's Individual Settlement Payment paid
7 pursuant to the Settlement. Plaintiff will be solely and legally responsible to pay any and all
8 applicable taxes, penalties and interest on the payment made pursuant to this paragraph.

9 31. Claims Administration Expenses. The Claims Administrator will be paid for the
10 reasonable fees and costs of administration of the Settlement, which are estimated not to exceed
11 Nine Thousand Dollars (\$9,000.00). These will include, *inter alia*, fees and costs payable to
12 the Claims Administrator for printing, translating into Spanish, distributing (including with
13 appropriate postage), and tracking documents for this Settlement in English and Spanish, any
14 searches to locate any Class Members, calculating estimated amounts per Class Member, tax
15 reporting, distributing the Individual Settlement Payments, Class Representatives Enhancement
16 Payment, Class Counsel Fees and Costs, payment to LWDA for PAGA penalties, and providing
17 necessary certification of completion of notice, reports and declarations, establishing and
18 administering a Qualified Settlement Fund account, required tax reporting on the Individual
19 Settlement Payments, the issuing of 1099 and W-2 IRS forms, calculating the employer's share
20 of payroll taxes on the wage portion of the Individual Settlement Payments, paying said payroll
21 taxes on Defendant' behalf from the Settlement Fund Deposit Amount, and other
22 responsibilities as requested by the Parties.

23 32. Net Settlement Amount. The Net Settlement Amount will be used to satisfy
24 Individual Settlement Payments to Participating Class Members from the Settlement Class in
25 accordance with the terms of this Agreement.

26 33. Individual Class Settlement Payment Calculations. From the Net Settlement
27 Amount, each Class Member, who does not exclude themselves from the Settlement
28

Participating Class Member's Shifts Worked

Total number of
Shifts Worked
for all Class
Members

In the event that a Class Member opts-out, his/her individual share of the settlement will be redistributed to participating Class Members pursuant to the formula provided herein.

Individual PAGA Settlement Payment Calculation. From the Fifteen Thousand Dollars (\$15,000.00) allocated to PAGA penalties, seventy-five percent (75%) totalling Eleven Thousand, Two Hundred and Fifty Dollars (\$11,250.00) will be allocated to the LWDA and twenty-five percent (25%) totalling Three Thousand, Seven Hundred and Fifty Dollars (\$3,750.00) shall be allocated among all PAGA Allegedly Aggrieved Employees. PAGA Allegedly Aggrieved Employees will receive a portion of the Three Thousand, Seven Hundred and Fifty Dollar (\$3,750.00) non-LWDA allocation in an amount equivalent to the PAGA Allegedly Aggrieved Employee's proportionate share of the total number of pay periods that the PAGA Allegedly Aggrieved Employee worked during the PAGA Period. This is calculated by dividing the non-LWDA payment by the total number of pay periods worked by all PAGA Allegedly Aggrieved Employees during the PAGA Period and then multiplying this amount by each PAGA Allegedly Aggrieved Employee's total number of pay periods worked.

1 34. No Credit Toward Benefit Plans. The Individual Class Settlement Payments
2 made to Participating Class Members and PAGA Settlement Payments to PAGA Allegedly
3 Aggrieved Employees under this Agreement, as well as any other payments made pursuant to
4 this Settlement Agreement, will not be utilized to calculate any additional benefits under any
5 benefit plans to which any Class Members and/or PAGA Allegedly Aggrieved Employees may
6 be eligible, including, but not limited to: profit-sharing plans, bonus plans, 401(k) plans, stock
7 purchase plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan. Rather,
8 it is the Parties' intention that this Settlement Agreement will not affect any rights,
9 contributions, or amounts to which any Class Members and/or PAGA Allegedly Aggrieved
10 Employees may be entitled under any benefit plans.

11 35. Claims Administration Process. The Parties agree to cooperate in the
12 administration of the settlement and to make all reasonable efforts to control and minimize the
13 costs and expenses incurred in administration of the Settlement.

14 36. Delivery of the Class List. Within ten (10) calendar days following Preliminary
15 Approval, Defendant will provide the Class List to the Claims Administrator.

16 37. Notice by First-Class U.S. Mail. Within five (5) calendar days after receiving
17 the Class List from Defendant, the Claims Administrator will mail a Notice Packet to all Class
18 Members via regular First-Class U.S. Mail.

19 38. Confirmation of Contact Information in the Class Lists. Prior to mailing, the
20 Claims Administrator will perform a search based on the National Change of Address Database
21 for information to update and correct for any known or identifiable address changes. Any
22 Notice Packets returned to the Claims Administrator as non-deliverable on or before the
23 Response Deadline will be sent promptly via regular First-Class U.S. Mail to the forwarding
24 address, and the Claims Administrator will indicate the date of such re-mailing on the Notice
25 Packet. If no forwarding address is provided, the Claims Administrator will promptly attempt
26 to determine the correct address using a skip-trace, or other search using the name, address
27 and/or Social Security number of the Class Member involved, and will then perform a single re-
28

1 mailing. Those Class Members who receive a re-mailed Notice Packet will have between the
2 latter of (i) an additional fifteen calendar (15) days or (ii) the Response Deadline to fax, email,
3 or postmark a Request for Exclusion or submit an objection to the Settlement.

4 39. Notice Packets. All Class Members will be mailed a Notice Packet. Each Notice
5 Packet will provide: (1) information regarding the nature of the Action, (2) a summary of the
6 Settlement's principal terms, (3) the Settlement Class definition and PAGA Allegedly
7 Aggrieved Employee definition, (4) each Class Member's shifts worked during the Class Period
8 and, if applicable, the number of pay periods during the PAGA Period, (5) each Class
9 Member's/PAGA Allegedly Aggrieved Employee's estimated Individual Settlement
10 Payment/PAGA Payment; (6) the dates which comprise the Class Period and PAGA Period, (7)
11 instructions on how to submit valid Requests for Exclusion, Employment Information Dispute,
12 or objections, (8) the deadlines by which the Class Member must fax, email, or postmark
13 Request for Exclusions, Employment Information Dispute, or objections to the Settlement, and
14 (9) the claims to be released, as set forth in this Settlement Agreement.

15 40. Request for Exclusion Procedures. Any Class Member wishing to opt out from
16 the Settlement Agreement must sign and fax, email, or postmark a written Request for
17 Exclusion to the Claims Administrator within the Response Deadline. The date of the fax,
18 email, or postmark on the return mailing envelope will be the exclusive means to determine
19 whether a Request for Exclusion has been timely submitted. The Parties to this Agreement and
20 their counsel agree that they will not solicit or encourage Class Members to opt-out or object to
21 this Settlement Agreement. Should Fifteen (15) or more of Class Members opt-out of the
22 settlement, Defendant have the sole right to void the Settlement Agreement.

23 41. Employment Information Disputes. Any Class Member may challenge the
24 calculation of the number of shifts worked by that Class Member, and any PAGA Allegedly
25 Aggrieved Employee may challenge the calculation of the number of pay periods worked by
26 that PAGA Allegedly Aggrieved Employee. To do so, within the Response Deadline, the Class
27 Member and/or PAGA Allegedly Aggrieved Employee must fill out the Employment
28

1 Information Dispute Form or send a letter indicating that he or she wishes to challenge the
2 calculation of the number of shifts worked during the Class Period, and/or the calculation of the
3 number of pay periods worked during the PAGA Period. The Class Member and/or PAGA
4 Allegedly Aggrieved Employee should enclose evidence supporting his or her contention that
5 the calculation of the number of shifts worked during the Class Period and/or the number of pay
6 periods worked during the PAGA Period is incorrect. The Settlement Administrator shall be
7 the sole decision maker for any Employment Information Disputes.

8 42. Defective Submissions. If a Class Member's Request for Exclusion is defective
9 as to the requirements listed in this Settlement Agreement, that Class Member will be given an
10 opportunity to cure the defect(s). The Claims Administrator will mail the Class Member a cure
11 letter within three (3) calendar days of receiving the defective submission to advise the Class
12 Member that his or her submission is defective and that the defect must be cured to render the
13 Request for Exclusion valid. The Class Member will have until the later of (i) Response
14 Deadline or (ii) fifteen (15) calendar days from the date of the cure letter to fax, email, or
15 postmark a revised Request for Exclusion.

16 43. Settlement Terms Bind All Class Members Who Do Not Opt-Out. Any Class
17 Member who does not affirmatively opt out of the Settlement Agreement by submitting a
18 timely and valid Request for Exclusion will be bound by all of its terms, including those
19 pertaining to the Released Claims, as well as any Judgment that may be entered by the Court if
20 it grants final approval to the Settlement. PAGA Allegedly Aggrieved Employees may not
21 exclude themselves from the PAGA portion of the Settlement and will remain bound to their
22 release of PAGA claims even if they affirmatively opt-out of the Class portion of the
23 Settlement. Likewise, PAGA Allegedly Aggrieved Employees shall receive their PAGA
24 Payment even if they affirmatively opt-out of the Class.

25 44. Increase in Class Size. The Parties agree that the class size consists of
26 approximately Two Hundred Ninety Two (292) members. In no event shall the Net Settlement
27 Amount change based on increased class size.
28

1 45. Objection Procedures. To object to the Settlement Agreement, a Class Member
2 may not submit a Request for Exclusion and must fax, e-mail, or mail a valid Notice of
3 Objection to the Claims Administrator before the Response Deadline. The Claims
4 Administrator will notify counsel for the Parties forthwith via email. Class Counsel will lodge
5 the objection with the Court. The Notice of Objection must be signed by the Class Member and
6 contain all information required by this Settlement Agreement. The postmark date of the
7 mailing will be deemed the exclusive means for determining that the Notice of Objection is
8 timely. At no time will any of the Parties or their counsel seek to solicit or otherwise encourage
9 Class Members to submit written objections to the Settlement Agreement or appeal from the
10 Final Approval Order and Judgment.

11 46. Employment Information Dispute Procedures. To challenge the calculation of
12 the number of shifts worked by a Class Member and/or the number of pay periods worked by
13 the PAGA Allegedly Aggrieved Employee, the Class Member and/or PAGA Allegedly
14 Aggrieved Employee must submit a valid Employment Information and Dispute Form or letter
15 and include evidence supporting the Class Member's contention regarding the number of shifts
16 he or she worked during the Class Period and/or the number of pay periods he or she worked
17 during the PAGA Period. The letter must include the Class Member's and/or PAGA Aggrieved
18 Employee's full name, signature, address, telephone number, last four digits of your Social Security
19 Number, and the name and case number of the Action: *Alejandro Rios v. Innovation*
20 *Specialties, Inc.*, Case No. 20STCV32255. The Claims Administrator will notify counsel for
21 the Parties forthwith via email of any employment information disputes. The dispute must be
22 sent to the Claims administrator by the later of the Response Deadline or 15 days after the
23 Notice Packet is mailed to the Class member. The Settlement Administrator in its sole
24 discretion will determine the validity of any and all employment information disputes.

25 47. Certification Reports Regarding Individual Settlement Payment Calculations.

26 The Claims Administrator will provide Defendant' counsel and Class Counsel a
27
28

1 weekly report which certifies: (i) the number of Class Members who have submitted valid
2 Request for Exclusion; (ii) the number of any deficient Request for Exclusion (iii) the number
3 of employment information disputes submitted, and (iv) the determination as to any and all
4 employment information disputes. Additionally, the Claims Administrator will provide to
5 counsel for both Parties any updated reports regarding the administration of the Settlement
6 Agreement as needed or requested.

7 48. Timing of Distribution of Individual Settlement Payments. Within seven (7)
8 calendar days from when Defendant fully funds the Gross Settlement Amount pursuant to
9 Paragraph 14 of this Settlement Agreement, the Claims Administrator will issue payments to
10 (1) Participating Class Members; (2) PAGA Allegedly Aggrieved Employees; (3) Plaintiff's
11 Class Representative Enhancement Payment; (4) Class Counsel's attorneys' fees and costs; and
12 (5) payment to LWDA. The Claims Administrator will also issue a payment to itself for Court-
13 approved services performed in connection with the settlement.

14 49. Uncashed Checks. Individual settlement checks paid to participating Class
15 Members will be valid for 180 days. Participating Class Members will have one hundred eighty
16 (180) calendar days from the date of issuance of the check to cash their check. For any check
17 not cashed after 180 calendar days, that amount will constitute an unpaid residual. Pursuant to
18 California Code of Civil Procedure section 384, the unpaid residual shall be paid by the Claims
19 Administrator to the Justice Gap Fund established by the California State Bar, subject to
20 approval by the Court.

21 50. Certification of Completion. Upon completion of administration of the
22 Settlement, the Claims Administrator will provide a written declaration under oath to certify
23 such completion to the Court and counsel for all Parties.

24 51. Treatment of Individual Settlement Payments. All Individual Settlement
25 Payments will be allocated as follows: 20% of each Individual Settlement Payment will be
26 allocated for the settlement of wage claims and the remaining 80% will be allocated to the
27 settlement of claims for interest and statutory penalties. The portion allocated to wages in each
28

1 Individual Settlement Payment will be reported on an IRS Form W-2 and the portion allocated
2 to interest and penalties will be reported on an IRS Form-1099 by the Claims Administrator.

3 52. Administration of Taxes by the Claims Administrator. The Claims
4 Administrator will be responsible for issuing to Plaintiff, Participating Class Members, and
5 Class Counsel any W-2, 1099, or other tax forms as may be required by law for all amounts
6 paid pursuant to this Settlement Agreement. The Claims Administrator will also be responsible
7 for forwarding all payroll taxes and other legally required withholdings to the appropriate
8 government authorities.

9 53. Defendant's Responsibility for Employer Taxes: For any portion of the Class
10 Members' Individual Settlement Payments that are designated as "wages" for purposes of tax
11 reporting, the employer's taxes, employer contributions of all federal, state, and local taxes
12 (including, but not limited to, FICA, FUTA, and SDI), will be paid in addition to the Gross
13 Settlement Amount.

14 54. Circular 230 Disclaimer. EACH PARTY TO THIS AGREEMENT (FOR
15 PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY
16 TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER
17 PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS
18 AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN
19 OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR
20 WAS INTENDED TO BE, NOR SHALL ANY SUCH COMMUNICATION OR
21 DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX
22 ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT
23 CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY
24 (A) HAS RELIED EXCLUSIVELY UPON HIS, HER OR ITS OWN, INDEPENDENT
25 LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN
26 CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS
27 AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR
28

1 ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED
2 TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR
3 ADVISER TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE
4 IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER
5 TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE
6 CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISER'S TAX STRATEGIES
7 (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON
8 DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR
9 TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION
10 CONTEMPLATED BY THIS AGREEMENT.

11 55. No Prior Assignments. The Parties and their counsel represent, covenant, and
12 warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported
13 to assign, transfer, or encumber to any person or entity any portion of any liability, claim,
14 demand, action, cause of action or right released and discharged in this Settlement Agreement.

15 56. Release of Claims by Class Members. Upon the date Defendant fully funds the
16 Gross Settlement Amount pursuant to Paragraph 14 of this Settlement Agreement, all Class
17 Members who do not timely submit a valid Request for Exclusion do and will be deemed to
18 have fully, finally and forever released, settled, compromised, relinquished and discharged any
19 and all of the Released Parties of and from any and all Released Claims accruing during the
20 Class Period.

21 57. Release by Plaintiff. Upon the date Defendant fully funds the Gross Settlement
22 Amount pursuant to Paragraph 14 of this Settlement Agreement, in addition to the claims being
23 released by all Class Members, Plaintiff will provide the following additional general release
24 ("General Release"): Plaintiff, on his own behalf and on behalf of his heirs, spouses, executors,
25 administrators, attorneys, agents and assigns, fully and finally releases the Released Parties
26 from all claims, damages, losses, wages, compensation, penalties, demands, rights, liabilities
27 and causes of action of every nature and description whatsoever, known or unknown, asserted
28

1 or that might have been asserted, whether in tort, contract, or for violation of any state or
2 federal statute, rule or regulation arising out of, relating to, or in connection with any act or
3 omission by or on the part of any of the Released Parties committed or omitted prior to the
4 execution of this Agreement. This General Release includes any unknown claims Plaintiff does
5 not know or suspect to exist in his favor at the time of this General Release, which, if known by
6 him, might have affected their settlement with, and release of, the Released Parties or might
7 have affected their decision not to object to this Settlement or this Release. To the extent the
8 foregoing releases are releases to which Section 1542 of the California Civil Code or similar
9 provisions of other applicable law may apply, Plaintiff expressly waive any and all rights and
10 benefits conferred upon them by the provisions of Section 1542 of the California Civil Code or
11 similar provisions of applicable law which are as follows:

12 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE
13 CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST
14 IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND
15 THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED
16 HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

17 The significance of this release and waiver of Civil Code Section 1542 has been explained to
18 Plaintiff by his counsel.

19 58. Nullification of Settlement Agreement. In the event that: (i) the Court does not
20 finally approve the Settlement as provided in this Settlement Agreement; or (ii) the Settlement
21 does not become final for any other reason, then this Settlement Agreement and any documents
22 generated to bring it into effect will be null and void. Any order or judgment entered by the
23 Court in furtherance of this Settlement Agreement will likewise be treated as void from the
24 beginning. In such case, the Settlement shall not be used or be admissible in any subsequent
25 proceedings, either in this Action, this Court, or any other Court or forum.

26 59. Preliminary Approval Hearing. Plaintiff will obtain a hearing before the Court to
27 request the Preliminary Approval of the Settlement Agreement, and the entry of a Preliminary
28

1 Approval Order for: (i) conditional certification of the Settlement Class for settlement purposes
2 only, (ii) preliminary approval of the proposed Settlement Agreement, and (iii) setting a date
3 for a Final Approval/Settlement Fairness Hearing. The Preliminary Approval Order will
4 provide for the Notice Packet to be sent to all Class Members as specified in this Settlement
5 Agreement. In conjunction with the Preliminary Approval motion, Plaintiff will submit this
6 Settlement Agreement, which sets forth the terms of this Settlement and will include the
7 proposed Notice Packet.

8 60. Final Settlement Approval Hearing and Entry of Judgment. Upon expiration of
9 the deadlines to fax, email, or postmark Requests for Exclusion, Employment Information
10 Dispute, or submit objections to the Settlement Agreement, and with the Court's permission, a
11 Final Approval/Settlement Fairness Hearing will be conducted to determine the Final Approval
12 of the Settlement Agreement along with the amounts properly payable for (i) Individual
13 Settlement Payments; (ii) the Class Counsel Fees and Costs; (iii) the Class Representative
14 Enhancement Payment; (iv) payment to LWDA and PAGA Allegedly Aggrieved Employees for
15 PAGA penalties; and (v) all Claims Administration Expenses. Class Counsel will be
16 responsible for drafting all documents necessary to obtain final approval. Class Counsel will
17 also be responsible for drafting the attorneys' fees and costs application to be heard at the Final
18 Approval/Settlement Fairness Hearing.

19 61. Judgment and Continued Jurisdiction. Upon final approval of the Settlement by
20 the Court or after the Final Approval/Settlement Fairness Hearing, the Parties will present a
21 proposed Judgment to the Court for its approval. After entry of the Judgment, the Court will
22 have continuing jurisdiction solely for purposes of addressing: (i) the interpretation and
23 enforcement of the terms of the Settlement Agreement, (ii) settlement administration matters,
24 and (iii) such post-Judgment matters as may be appropriate under court rules or as set forth in
25 this Settlement Agreement.

26 62. Exhibits Incorporated by Reference. The terms of this Settlement Agreement
27 include the terms set forth in any attached Exhibits, which are incorporated by this reference as
28

1 though fully set forth in this Settlement Agreement. Any Exhibits to this Agreement are an
2 integral part of the Settlement.

3 63. Entire Agreement. This Settlement Agreement and any attached Exhibits
4 constitute the entirety of the Parties' settlement terms. No other prior or contemporaneous
5 written or oral agreements may be deemed binding on the Parties. The Parties expressly
6 recognize California Civil Code Section 1625 and California Code of Civil Procedure Section
7 1856(a), which provide that a written agreement is to be construed according to its terms and
8 may not be varied or contradicted by extrinsic evidence, and the Parties agree that no such
9 extrinsic oral or written representations or terms will modify, vary or contradict the terms of
10 this Agreement.

11 64. Amendment or Modification. This Settlement Agreement may be amended or
12 modified only by a written instrument signed by counsel for all Parties or their successors-in-
13 interest.

14 65. Authorization to Enter Into Settlement Agreement. Counsel for all Parties
15 warrant and represent they are expressly authorized by the Parties whom they represent to
16 negotiate this Settlement Agreement and to take all appropriate action required or permitted to
17 be taken by such Parties pursuant to this Settlement Agreement to effectuate its terms and to
18 execute any other documents required to effectuate the terms of this Settlement Agreement.
19 The Parties and their counsel will cooperate with each other and use their best efforts to effect
20 the implementation of the Settlement. If the Parties are unable to reach agreement on the form
21 or content of any document needed to implement the Settlement Agreement, or on any
22 supplemental provisions that may become necessary to effectuate the terms of this Settlement
23 Agreement, the Parties may seek the assistance of the Court to resolve such disagreement.

24 66. Binding on Successors and Assigns. This Settlement Agreement will be binding
25 upon, and inure to the benefit of, the successors or assigns of the Parties to this Settlement
26 Agreement, as previously defined.
27
28

1 67. Execution and Counterparts. This Settlement Agreement is subject only to the
2 execution of all Parties. However, the Settlement Agreement may be executed in one or more
3 counterparts. All executed counterparts and each of them, including facsimile and scanned
4 copies of the signature page, will be deemed to be one and the same instrument provided that
5 counsel for the Parties will exchange among themselves original signed counterparts.

6 68. Acknowledgement that the Settlement is Fair and Reasonable. The Parties
7 believe this Settlement Agreement is a fair, adequate and reasonable settlement of the Action
8 and have arrived at this Settlement Agreement after arm's-length negotiations and in the
9 context of adversarial litigation, taking into account all relevant factors, present and potential.
10 The Parties further acknowledge that they are each represented by competent counsel and that
11 they have had an opportunity to consult with their counsel regarding the fairness and
12 reasonableness of this Settlement Agreement.

13 69. Invalidity of Any Provision. Before declaring any provision of this Settlement
14 Agreement invalid, the Court will first attempt to construe the provision as valid to the fullest
15 extent possible consistent with applicable precedents so as to define all provisions of this
16 Settlement Agreement valid and enforceable.

17 70. Waiver of Certain Appeals. The Parties agree to waive appeals; except,
18 however, that Plaintiff or Class Counsel may appeal any reduction in the Class Counsel Fees
19 and Costs below the amount requested from the Court, and either party may appeal any court
20 order that materially alters the Settlement Agreement's terms. Plaintiff and Class Counsel
21 agree that they will not oppose Final Approval in the event of appeal of reduction in the Class
22 Counsel Fees and Costs below the amount requested from the Court.

23 71. Captions. The captions and section numbers in this Agreement are inserted for
24 the reader's convenience, and in no way define, limit, construe or describe the scope or intent of
25 the provisions of this Agreement.

26 72. Waiver. No waiver of any condition or covenant contained in this Agreement or
27 failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or
28

1 constitute a further waiver by such party of the same or any other condition, covenant, right or
2 remedy.

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

9 74. Mutual Preparation. The Parties have had a full opportunity to negotiate the
10 terms and conditions of this Settlement Agreement. Accordingly, this Settlement Agreement
11 will not be construed more strictly against one party than another merely by virtue of the fact
12 that it may have been prepared by counsel for one of the Parties, it being recognized that,
13 because of the arms-length negotiations between the Parties, all Parties have contributed to the
14 preparation of this Agreement.

15 75. Representation By Counsel. The Parties acknowledge that they have been
16 represented by counsel throughout all negotiations that preceded the execution of this
17 Settlement Agreement, and that this Settlement Agreement has been executed with the consent
18 and advice of counsel.

19 76. All Terms Subject to Final Court Approval. All amounts and procedures
20 described in this Settlement Agreement will be subject to final Court approval.

21 77. Cooperation and Execution of Necessary Documents. All Parties will cooperate
22 in good faith and execute all documents to the extent reasonably necessary to effectuate the
23 terms of this Settlement Agreement.

24 78. Binding Agreement. The Parties warrant that they understand and have full
25 authority to enter into this Agreement, and further intend that this Agreement will be fully
26 enforceable and binding on all Parties, and agree that it will be admissible and subject to
27
28

disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under federal or state law.

79. No Admission of Liability. Nothing contained in this Settlement Agreement shall be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Defendant. Each of the Parties has entered into this Settlement Agreement with the intention to avoid further disputes and litigation, and the attendant inconvenience and expense. This Settlement Agreement shall be inadmissible in evidence in any action or proceeding, except an action or proceeding to approve, interpret, or enforce its terms.

80. Communications. The Parties and their counsel agree that they will not issue any press releases, or initiate any contact with the media about this case and/or the fact, amount, or terms of the Settlement. If counsel for either Party receives an inquiry about the Settlement from the media, counsel may only respond that a settlement has been reached. Before the date on which the Parties file their motion for preliminary approval of the Settlement, Plaintiff and his Class Counsel will not initiate any contact with Class Members about the Settlement, except that, if contacted by a Class Member, they may respond that a settlement has been reached and that the details will be communicated in a forthcoming Court-approved notice.

81. Disputes. Any dispute between the Parties concerning the interpretation or implementation of this Settlement Agreement will be resolved by the Court. Prior to any such resort to the Court, counsel for the Parties will confer in good faith to resolve the dispute.

82. Applicable Law. All terms and conditions of this Stipulation and its exhibits will be governed by and interpreted according to the laws of the State of California, without giving effect to any conflict of law or choice of law principles.

SIGNATURES

READ CAREFULLY BEFORE SIGNING

PLAINTIFF

Dated: 4/21/2022



ALEJANDRO RIOS

- 23 -

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Dated: 4-21-22

DEFENDANT



INNOVATION SPECIALTIES, INC.

By:

Their:

Dated: April 21, 2022

APPROVED AS TO FORM

THE LAW OFFICES OF JAKE D. FINKEL

By: Joshua Park

Joshua Park

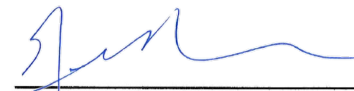
Attorneys for Plaintiffs

ALEJANDRO RIOS, on behalf of himself and
all others similarly situated

Dated: April 21, 2022

BUCHALTER

By:



Joshua Mizrahi

Graham G. Lambert

Attorneys for Defendant

INNOVATION SPECIALTIES, INC.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

EXHIBIT A

**NOTICE OF CLASS ACTION AND PAGA REPRESENTATIVE ACTION
SETTLEMENT
("NOTICE")**

Alejandro Rios v. Innovation Specialties, Inc.
Case No.
20STCV32255

312 North Spring Street
Los Angeles, CA 90012

If you are a current or former non-exempt employee of Innovation Specialties, Inc., from August 20, 2016 through [DATE OF PRELIMINARY APPROVAL], a Class Action and PAGA Representative Action settlement described in this letter may affect your rights. Please read this Notice carefully.

A court authorized this notice. This is not a solicitation from a lawyer.

WHY ARE YOU RECEIVING THIS NOTICE?

- A former Innovation Specialties, Inc. employee filed a lawsuit against Innovation Specialties, Inc.
- Innovation Specialties, Inc. denies any liability.
- The Parties to the lawsuit have reached a proposed settlement, and the Court has given its preliminary approval to the terms of the settlement. The Court has not decided that Innovation Specialties, Inc. did anything wrong.
- **Based on Innovation Specialties, Inc.'s records, you are one of the current or former Innovation Specialties, Inc. employees who is eligible to participate in the settlement. This proposed settlement could affect your legal rights, and you have a choice to make now:**

Your Legal Rights and Options in this Lawsuit	
Do Nothing	If you wish to receive your share of the settlement proceeds, you do not need to take any action. A settlement check will be sent to you. From August 20, 2016 through [Date of Preliminary Approval], you worked for Innovation Specialties, Inc. as a non-exempt employee for [] shifts.

	Your estimated share of the settlement proceeds is \$ [REDACTED] <If Applicable> From August 18, 2019 through [Date of Preliminary Approval], you worked for Innovation Specialties, Inc. as a non-exempt employee for [REDACTED] pay periods. Your estimated share of the PAGA Payment is \$ [REDACTED] You will release your right to sue Innovation Specialties, Inc. separately about the same legal claims in this lawsuit.
Dispute Estimated Class Action Shifts and/or PAGA Pay Periods	If you wish to dispute the accuracy of the estimated shifts credited to you during the Class Period and/or the estimated pay periods credited to you during the PAGA Period, you must fill out the Employment Information Dispute Form accompanying this Notice or send a letter indicating that you wish to challenge the calculation of the number of shifts worked during the Class Period and/or the number of pay periods worked during the PAGA Period.
Ask to be Excluded	If you ask to be excluded, you will not receive a share of the class settlement proceeds. You will keep any rights to sue Innovation Specialties, Inc. separately about the same legal claims in this lawsuit. You must ask to be excluded by [insert date]. However, if you are a PAGA Allegedly Aggrieved Employee, you will still receive a PAGA Payment and release any PAGA claim you might have even though you submitted a valid request for exclusion.
Object	Write to the Court about why you think the settlement should not be approved and/or appear at the Final Approval Hearing.

INNOVATION SPECIALTIES, INC. WILL NOT RETALIATE AGAINST ANY CLASS MEMBER FOR EXERCISING ANY OF THEIR LEGAL RIGHTS AND OPTIONS UNDER THE SETTLEMENT

Your options and your deadlines to act are explained in this notice.

BASIC INFORMATION

1. WHY DID I GET THIS NOTICE?

You received this notice because Innovation Specialties, Inc.'s records show that you currently work, or previously worked for Innovation Specialties, Inc., as a non-exempt employee at some time since August 20, 2016 through [DATE OF PRELIMINARY APPROVAL]. In other words, you are part of a "class" of employees on whose behalf Alejandro Rios filed a class action lawsuit. In addition, if you worked for Innovative Specialties, Inc. as non-exempt employee at any time from August 18, 2019 through [DATE OF PRELIMINARY APPROVAL] you are a PAGA Allegedly Aggrieved Employee on whose behalf Alejandro Rios has filed a PAGA representative action. The Parties to the lawsuit have reached a proposed settlement of the case, but the settlement must be approved by the Court. Judge Yvette M. Palazuelos of the Los Angeles County Superior Court is overseeing the proposed settlement of this class action and has given *preliminary* approval of the settlement so that you could receive this notice and learn about how it might affect your rights. The lawsuit is known as *Alejandro Rios. v. Innovation Specialties, Inc.*, Case No. 20STCV32255. You can access the documents on the Settlement Administrator's website at [www. \[administrator case website\]](http://www.administratorcasewebsite.com)

2. WHAT IS THIS LAWSUIT ABOUT?

This lawsuit is about whether Defendant engaged in the following: (1) Failure to Pay Minimum Wages and Overtime Wages; (2) Failure to Provide Meal Periods; (3) Failure to Provide Rest Periods; (4) Failure to Provide Accurate Wage Statements; (5) Failure to Pay Wages Upon Ending Employment; (6) Unfair Competition (*Business and Professions Code* § 17200, *et seq.*); and (7) Violation of the California Labor Code Private Attorney's General Act (Labor Code § 2698-2699) (the "Action"). If you want to learn more about the claims in this case, you may view a copy of the Complaint at [www. \[administrator case website\]](http://www.administratorcasewebsite.com)

3. HAS THE COURT DECIDED WHO IS RIGHT?

As part of the settlement, Innovation Specialties, Inc. denies that it violated any part of California law and contends it provided the Class Members and PAGA Allegedly Aggrieved Employees with adequate and compliant meal and rest periods, timely and accurate wage statements or "paystubs," and full and correct compensation. The Court will not decide whether Plaintiff or Innovation Specialties, Inc. is correct. By giving preliminary approval to the settlement, the Court is not suggesting that the Plaintiff will win or lose this case. The Court's role in evaluating the settlement is to decide whether the terms of the settlement appear to be fair to the Class and PAGA Allegedly Aggrieved Employees based on the strengths and weaknesses of Plaintiff's claims, whether a settlement on behalf of all of the Class Members is appropriate based on the types of claims in Plaintiff's Complaint, and whether Plaintiffs and their lawyers will fairly represent the Class Members.

4. WHAT IS A CLASS ACTION AND WHO IS INVOLVED?

In a class action lawsuit, a "Class Representative" (in this case Alejandro Rios) sues on behalf of other people who have similar claims. The people together are a "Class" or "Class Members."

The company the Class Representative sued is called the Defendant. In a class action, one court resolves the issues for everyone in the Class, except for those people who choose to exclude themselves from the Class.

Likewise, in a PAGA representative action, a PAGA representative (again Alejandro Rios in this case) sues on behalf of fellow employees. These fellow employees are called “PAGA Allegedly Aggrieved Employees.” In a PAGA representative action, the Plaintiff steps into the shoes of the State of California to pursue civil penalties. As discussed below, it is not possible for a PAGA Allegedly Aggrieved Employee to exclude himself or herself from a PAGA settlement.

5. WHAT IS THE TIME PERIOD TO WHICH THIS LAWSUIT APPLIES?

This Class Action applies to all hourly, non-exempt employees of Innovation Specialties, Inc. employed at some time since August 20, 2016 through [DATE OF PRELIMINARY APPROVAL]. This time period is known as the “Class Period.” As described below, the Class Period is used to determine the amount of each Class Member’s share of the Settlement.

The PAGA claim applies to the subset of hourly, non-exempt employees of Innovation Specialties, Inc. employed at some time since August 18, 2019 through [DATE OF PRELIMINARY APPROVAL]. This time period is known as the “PAGA Period.” As described below, the PAGA Period is used to determine the amount of each PAGA Allegedly Aggrieved Employees’ share of the Settlement allocated to PAGA penalties.

6. IS THERE ANY MONEY AVAILABLE NOW?

Not yet. No money is available now because the Court has only given *preliminary* approval to the settlement. The Court has not yet decided to give *final* approval to the settlement. The Court will not decide whether to give final approval of the settlement until the Class Members have received notice of the lawsuit and had the opportunity to decide whether to object or exclude themselves from the settlement. If the Court grants final approval of the settlement, settlement funds will be paid to the Class Members.

THE TERMS OF THE SETTLEMENT

7. HOW MUCH IS THE TOTAL SETTLEMENT?

Innovation Specialties, Inc. has agreed to pay a total of Two Hundred Thirty-Five Thousand Dollars 00/100 cents (\$235,000.00) in settlement of this action. This is referred to as the “Gross Settlement Value.” Under the terms of the settlement, Innovation Specialties, Inc. has agreed to pay this total sum through an agreed upon payment schedule, and no part of the Gross Settlement Value will be returned to Innovation Specialties, Inc.

8. HOW MUCH OF THE SETTLEMENT WILL GO TO THE CLASS MEMBERS AND PAGA ALLEGEDLY AGGRIEVED EMPLOYEES?

Certain deductions will be made from the Gross Settlement Value. The amount remaining after these deductions is referred to the “Net Settlement Value.” The Net Settlement Value is the amount that will be divided amongst the Class Members, known as the Net Settlement Value.

Each of the deductions from the Gross Settlement Value listed below will be requested and the Court will decide how much to award at the time of final approval. The Court has preliminarily approved each of the following deductions from the Gross Settlement Value:

- Attorneys' fees **not to exceed** Seventy-Eight Thousand Three Hundred Thirty-Three Dollars and Thirty-Three Cents (\$78,333.33), which is 1/3rd of the Gross Settlement Amount, and costs of up to Ten Thousand Dollars (\$10,000.00). **However, the Court will not approve the attorneys' fees amount until the final approval hearing;**
- Payment to the Settlement Administrator **not expected to exceed** Nine Thousand Dollars (\$9,000.00) for the costs of sending notice out to the Class Members, responding to Class Member inquiries and distributing settlement funds to the Class Members if the Court gives its final approval to the settlement;
- Payment to the Class Representative **not to exceed** Eight Thousand Dollars (\$8,000.00) as an incentive for the filing of this lawsuit, for the risks incurred by Plaintiff in bringing the lawsuit, and for Plaintiff's participation in this lawsuit in assisting Class Counsel. **The Court will not approve the amount of the incentive award until the final approval hearing.** Separate and apart of the Class Action Settlement, Plaintiff has also settled his other individual claims against Defendant not alleged against Defendant in this Action (i.e., *Alejandro Rios v. Innovation Specialties, Inc.*, Los Angeles Superior Court Case No. 20STCV32255) in the amount of Fifteen Thousand Dollars (\$15,000.00), separate and apart from the Gross Settlement Value. Of the, 45% or Six Thousand Seven Hundred Fifty Dollars (\$6,750.00) has been allocated for Plaintiff's counsel, Law Offices of Jake D. Finkel, APC, as attorney's fees, while 55% or Eight Thousand Two Hundred Fifty Dollars (\$8,250.00) has been allocated for Plaintiff; and
- Fifteen Thousand Dollars (\$15,000) of the Gross Settlement Value has been allocated to PAGA penalties. Of that amount 75% or Eleven Thousand Two Hundred Fifty Dollars (\$11,250.00) will be paid to the California Labor and Workforce Development Agency ("LWDA") pursuant to California Labor Code Section 2699(i), which represents the LWDA's share of the civil penalties obtained by Plaintiff under the terms of the Settlement for violations of the California Labor Code, and Three Thousand Seven Hundred Fifty Dollars (\$3,750.00), which represents the PAGA Allegedly Aggrieved Employees' share of the civil penalties obtained by Plaintiff pursuant to California Labor Code Section 2699(i). The PAGA Allegedly Aggrieved Employees will receive a pro rata share of the \$3,750.00 in proportion to the number of pay periods they worked during the PAGA Period out of the total number of pay periods worked by all PAGA Allegedly Aggrieved Employees during the PAGA Period.

Each of the above amounts is deducted from the Gross Settlement Value, and the remaining amount (Net Settlement Value) is to be distributed to all of the Class Members. Based on the above deductions to which the Parties agree under the Settlement, the Parties estimate the Net Settlement Value to be One Hundred Twenty-Four Thousand Six Hundred Sixty-Six dollars and Sixty-Seven cents (\$124,666.67).

Class Members who do not exclude themselves from the Settlement shall receive a portion of the Net Settlement Value in proportion to the number of shifts the Class Member worked during the

Class Period out of the total number of a shifts worked by all Class Members participating in the Settlement.

Defendant will be funding this settlement within sixty (60) days of after the court gives a Final Approval of the Settlement. The Net Settlement Value will be disbursed to Class Members within seven (7) days of the Settlement being funded.

9. WHAT ARE THE TAX CONSEQUENCES IF I CHOOSE TO RECEIVE MY SHARE OF THE SETTLEMENT?

Neither the lawyers for the Class Members and PAGA Allegedly Aggrieved Employees, nor Innovation Specialties, Inc. make any representations to you concerning the tax consequences of this Settlement or your participation in it, and you are encouraged to speak with your own personal tax advisor prior to acting in response to this Notice.

Please be advised that the tax withholdings will be reported to the appropriate taxing authority whether you cash the check or not. For the portion of the individual settlement that each Class Member receives pursuant to 1099, taxes will not be withheld from this portion. However, taxes may need to be paid and each person should consult an accountant or other tax advisor in connection with funds received under the settlement.

For purposes of the Class Members' individual settlement payment, the "Net Settlement Allocation" shall be as follows: ("Net Settlement Allocation"):

- (1) 20% as wages;
- (2) 40% as penalties; and
- (3) 40% as interest.

Participating Class Members will receive an Individual Class Settlement Payment and PAGA Allegedly Aggrieved Employees will receive an Individual PAGA Settlement Payment. Individual Class Settlement Payment and PAGA Settlement Payment checks shall remain valid and negotiable for one hundred and eighty (180) calendar days after the date of their issuance. Any unclaimed funds, plus any interest the Court orders, shall be paid to the Justice Gap Fund established by the California State Bar pursuant to California Code of Civil Procedure section 384.

10. WHAT RIGHTS AM I RELEASING UNDER THE SETTLEMENT?

If you choose to do nothing in response to this Notice, you will receive your share of the Settlement as described above. In exchange for your share of the Settlement, you will be releasing your right to bring your own lawsuit against Innovation Specialties, Inc. Specifically, "Upon the date Defendant fully funds the Gross Settlement Value, Plaintiff and all members of the Settlement Class, except those that make a valid and timely request to be excluded from the Settlement Class, waive, release, discharge, and promise never to assert in any forum any and all wage-related claims against Defendant and Defendant's former, present, and future parents, subsidiaries and affiliated companies and entities and its current, former and future owners, officers, directors, members, managers, employees, consultants, partners, affiliates, subsidiaries, shareholders, attorneys, insurers, reinsurers, joint venturers and agents, predecessors, successors, assigns, and legal representatives, that were alleged in this law suit or which could have been

alleged in this lawsuit based on the facts asserted in this lawsuit, including claims for failure to pay minimum wages, failure to pay overtime wages, failure to pay double time wages, failure to provide compliant meal periods, failure to provide compliant rest periods, failure to pay all wages upon termination, failure to provide accurate wage statements (including an improper address on wage statements), improper rounding practices, unfair competition claims under California Business & Professions Code §17200, et seq., and civil penalties pursuant to Labor Code §2699, et seq.

This release is limited to the “Settlement Period” of August 20, 2016 through [DATE OF PRELIMINARY APPROVAL].” You may view the full text of the Release to which you will be subject if you receive your share of the Settlement at [www.[administrator case website](#)].

11. WHAT RIGHTS WILL I RETAIN EVEN IF I RECEIVE MY SHARE OF THE SETTLEMENT?

Even if you choose to participate in the Settlement and receive your share of the Net Settlement Fund, you are **not** releasing Innovation Specialties, Inc., or any other person or entity from claims for workers’ compensation, unemployment, or disability benefits.

YOUR RIGHTS AND OPTIONS

You have to decide whether to stay in the Class or ask to be excluded from the Settlement.

12. WHAT HAPPENS IF I DO NOTHING AT ALL?

You don’t have to do anything if you want to receive your share of the Settlement. You will automatically receive a check with your share of the Settlement, including PAGA Payment if applicable, so long as the Court gives its *final* approval to the Settlement. Your check will be mailed to you at the last address on file with Innovation Specialties, Inc. If your address changes, you should update the Settlement Administrator as to your current address at the contact information provided in Paragraph 13 below. Keep in mind that if you receive your share of the Settlement, you may only be able to sue for wage and hour violations that occurred after [DATE OF PRELIMINARY APPROVAL]. You will be legally bound by each of the orders the Court issues and judgments the Court makes with respect to this Settlement.

If for any reason the Court decides not to give final approval to the Settlement, the Settlement will be void and you will not receive any compensation. You will also retain any rights you may have had if Plaintiff’s lawsuit had never been filed. Under the terms of the Settlement, if the Court does not give final approval to the Settlement for any reason, the parties will continue with this lawsuit.

13. HOW DO I ASK THE COURT TO EXCLUDE ME FROM THE SETTLEMENT IF I DO NOT WANT TO PARTICIPATE?

If you want to be excluded from the Settlement, you must send a letter by fax, mail, or email expressing your intent to opt-out of the Settlement in *Alejandro Rios v. Innovation Specialties, Inc.*, Case No. 20STCV32255 and not receive your share of the non-PAGA portion of the Settlement. Be sure to include your full name, signature, address, telephone number, and last four digits of your Social Security Number. You must fax, e-mail or mail your exclusion request, postmarked no later than _____, to:

[ADMINISTRATOR'S NAME]
[ADMINISTRATOR'S ADDRESS]
[add administrator's email]
[add administrator's fax]

If you send a request for exclusion to the Claims Administrator at the physical address, email address, or fax number listed above within the deadline identified above, indicating that you want to opt-out of the settlement in this case, **you will not be eligible** to receive any of the Class benefits under the Settlement. You will, however, retain whatever legal rights you may have against Defendant. If you exclude yourself from the settlement you **CANNOT** object to the Settlement.

Please also be aware that if you are a PAGA Allegedly Aggrieved Employee, you cannot exclude yourself from the PAGA portion of the settlement, even if you timely request exclusion from the Class per the above instructions and you will still receive the PAGA Payment in the amount to which you are entitled and you will still release any and all PAGA claims you may have during the PAGA Period.

14. CAN I OBJECT TO THE SETTLEMENT?

Yes, however, only if you do not opt out of the Settlement may you object to the Settlement, and/or Class Counsel's request for attorneys' fees and costs. You may object by sending a written objection to the Claims Administrator at the address set forth above in Part 13.

All objections must be signed and must include your full name, address, and telephone number, and the name and case number of the Action: *Alejandro Rios v. Innovation Specialties, Inc.*, Case No. 20STCV32255. All objections must be faxed, e-mailed, or mailed to the Claims Administrator, no later than **[INSERT DATE]**. The written objection must provide a statement of all grounds for the objection accompanied by any legal support for such objection; (iii) copies of any papers, briefs, or other documents upon which the objection is based; (iv) a list of all persons who will be called to testify in support of the objection; and (v) a statement whether the objector intends to appear at the Final Approval hearing.

If you object to the Settlement and the Court gives its final approval to the Settlement you will still receive your share of the Settlement and you will be subject to the release described in Part 10 unless you also timely mail, fax, or e-mail a letter to the Settlement Administrator indicating that you want to be excluded from the Settlement, as described in Part 13.

15. CAN I DISPUTE THE ESTIMATED NUMBER OF SHIFTS AND/OR PAY PERIODS?

Yes, if you wish to dispute the accuracy of the estimated number of shifts during the Class Period and/or pay periods during the PAGA Period credited to you, you must fill out the Employment Information Dispute Form accompanying this Notice or send a letter indicating that you wish to challenge the calculation of the number of shifts worked during the Class Period and/or the number of pay periods worked during the PAGA Period. In your letter, you should enclose evidence supporting your contention that the calculation of the number of shifts worked is incorrect. The letter must be signed and must include your full name, address, and telephone number, and the

name and case number of the Action: *Alejandro Rios v. Innovation Specialties, Inc.*, Case No. 20STCV32255. The letter disputing the accuracy of the estimated number of shifts and/or pay periods must be faxed, e-mailed, or mailed to the Claims Administrator, no later than **[INSERT DATE]**. The Settlement Administrator shall be the sole discretion maker for any dispute as to the number of shifts during the Class Period and/or pay periods during the PAGA Period.

THE LAWYERS IN THIS CASE

16. DO I HAVE A LAWYER IN THIS CASE?

The Court has decided that the attorneys of the Law Offices of Jake D. Finkel, APC, at 3470 Wilshire Blvd. Ste. 830 Los Angeles, CA 90010 may represent you and all Class Members. Attorney Jake D. Finkel and Joshua Park and the attorneys of the Law Offices of Jake D. Finkel, APC are called “Class Counsel.”

17. SHOULD I GET MY OWN LAWYER?

You do not need to hire your own lawyer because Class Counsel is working on your behalf. You may retain your own lawyer at your own expense. For example, you can ask him or her to appear in Court for you if you want someone other than Class Counsel to speak for you.

18. HOW WILL THE LAWYERS BE PAID?

If Class Counsel obtains money or benefits for the Class, they may ask the Court for attorneys’ fees and expenses. You won’t have to directly pay these fees and expenses. The fees and expenses that the Parties have agreed that Class Counsel may request are identified above at Part 8. If the Court grants Class Counsels’ request, the fees and expenses will be deducted from the Gross Settlement Value.

IMPORTANT FUTURE DATES

19. WHAT HAPPENS NEXT?

The Court has scheduled a Final Fairness Hearing for **[INSERT TIME]** on **[INSERT DATE]** at the Los Angeles Superior Court, Department 9, located at 312 North Spring Street Los Angeles, CA 90012. At the Final Fairness Hearing, the Court will decide whether or not to grant final approval of the Settlement. At the same place and immediately following the Final Fairness Hearing, the Court will also rule on the Settlement Class Representatives’ request for attorney’s fees, litigation costs, and incentive award. If the Court grants final approval of the Settlement, Notice of the Entry of Judgment will be posted on the Settlement Administrator’s website at [\[INSERT WEBSITE\]](#).

GETTING MORE INFORMATION

20. ARE MORE DETAILS AVAILABLE?

This Notice only summarizes the Action, the Settlement, and other related matters. There are a variety of ways that you can request more information.

- You may refer any questions about the lawsuit and the Settlement to the Settlement Administrator by calling [insert phone number], or by calling Class Counsel at (213) 787-7411. You may also email Class Counsel at josh@lawfinkel.com.
- You may visit [\[INSERT WEBSITE\]](#) to view documents filed in this matter, including the Complaint, Settlement Agreement, Motion for Preliminary Approval and accompanying papers, Motion for Final Approval and accompanying papers and Notice of Entry of Judgment in this case.
- You may visit [\[INSERT WEBSITE\]](#) where you can review the Complaint, all papers filed by Class Counsel in support of their Motion for Preliminary Approval of Class Action Settlement, the Court's Order Granting Preliminary Approval of Class Action Settlement, and the Joint Stipulation of Class Settlement that contains all terms of the Settlement, and amendment(s) thereof. If the Court grants final approval to the Settlement, the website will also have copies of all papers filed by Class Counsel in support of their Motion for Final Approval of Class Action Settlement and the Court's Order Granting Final Approval of Class Action Settlement. If your address changes or is different from the one on the envelope enclosing this Notice, please promptly notify the Claims Administrator at [\[INSERT TELEPHONE NUMBER\]](#).

**PLEASE DO NOT CONTACT OR WRITE THE COURT, THE DEFENDANT, OR
DEFENDANT'S ATTORNEYS FOR INFORMATION REGARDING THIS
SETTLEMENT.**

EMPLOYMENT INFORMATION AND DISPUTE FORM

Alejandro Rios v. Innovation Specialties, Inc.

Case No. 20STCV32255

[INSERT CLAIMS ADMINISTRATOR NAME AND ADDRESS]

If you wish to dispute what is stated on this Form regarding the total number of shifts you worked during the Class Period and/or the total number of pay periods worked during the PAGA Period, you must state it on this Form and provide any evidence in support of your contention, and return the Form to the Claims Administrator within forty-five (45) Days of the postmark on the Notice mailing. The foregoing statement must be mailed to:

Alejandro Rios v. Innovation Specialties, Inc..

C/O [INSERT CLAIMS ADMINISTRATOR ADDRESS/EMAIL/FAX]

SECTION A: CLASS MEMBER INFORMATION

«First 1» «Last 1»

«c/o»

«Address J» «Address2»

«City», «ST» «ZIP» «Country»

YOUR SHARE OF THE SETTLEMENT IS BASED UPON YOUR STATUS AS A CURRENT OR FORMER EMPLOYEE OF INNOVATION SPECIALTIES, INC., IN CALIFORNIA AND THE NUMBER OF SHIFTS YOU WORKED FOR INNOVATION SPECIALTIES, INC., BETWEEN AUGUST 20, 2016 THROUGH [DATE OF PRELIMINARY APPROVAL] AND THE NUMBER OF PAY PERIODS YOU WORKED FOR INNOVATION SPECIALTIES, INC., BETWEEN AUGUST 18, 2019 THROUGH [DATE OF PRELIMINARY APPROVAL]

YOU WORKED __ SHIFTS BETWEEN AUGUST 20, 2016 THROUGH [DATE OF PRELIMINARY APPROVAL].

YOU WORKED __ PAY PERIODS BETWEEN AUGUST 18, 2019 THROUGH [DATE OF PRELIMINARY APPROVAL].

SECTION B: EMPLOYMENT INFORMATION DISPUTE STATEMENT.

COMPLETE THIS SECTION ONLY IF YOU DISPUTE EMPLOYMENT INFORMATION STATED ABOVE.

I, [Class Member], do not agree with the employment information listed above.

☐

I believe I worked __ shifts as a non-exempt employee of INNOVATION SPECIALTIES, INC. between August 20, 2016 through [DATE OF PRELIMINARY APPROVAL].

- ☐ I believe I worked ____ pay periods as a non-exempt employee of INNOVATION SPECIALTIES, INC. between August 18, 2019 through [DATE OF PRELIMINARY APPROVAL].
- ☐ I have enclosed the following evidence of my contention(s) regarding the total number of shifts I worked as a non-exempt employee of INNOVATION SPECIALTIES, INC. between August 20, 2016 through [DATE OF PRELIMINARY APPROVAL]: [list evidence].
- ☐ I have enclosed the following evidence of my contention(s) regarding the total number of pay periods I worked as a non-exempt employee of INNOVATION SPECIALTIES, INC. between August 18, 2019 through [DATE OF PRELIMINARY APPROVAL]: [list evidence].