

SETTLEMENT AGREEMENT

This confidential Settlement Agreement (“Settlement”) is made and entered into between Adam Davidson (acting in a private attorney general capacity) (“Davidson”) and Los Angeles Truck Centers, LLC, Los Angeles Truck Service, LLC, Fleet Logic, LLC, and Redgate Partners, LLC (collectively, “Defendants”).

I. DEFINITIONS

The following terms, when used in this Settlement, shall have the following meanings:

1. “PAGA Action” means the matter entitled *Adam Davidson v. Los Angeles Truck Centers, LLC*, Los Angeles County Superior Court Case No. 20STCV41572, and as set forth in Davidson’s correspondence to the California Labor and Workforce Development Agency (“LWDA Letters”) dated August 11, 2020 and April 1, 2021.

2. “Aggrieved Employees” consist of all current and former employees of Defendants from August 11, 2019 until the date that the Court approves this Settlement. The number of Aggrieved Employees, including Davidson, is estimated to be 1,316 and number of pay periods is estimated to be 50,881.

3. “Defendants” means Los Angeles Truck Centers, LLC, Los Angeles Truck Service, LLC, Fleet Logic, LLC, and Redgate Partners, LLC.

4. “PAGA Complaint” means the Representative Action Complaint entitled *Adam Davidson v. Los Angeles Truck Centers, LLC*, Los Angeles County Superior Court Case No. 20STCV41572, filed on October 29, 2020.

5. “Court” means the Superior Court of California for the County of Los Angeles.

6. “Effective Date” means the date upon entry of an Order by the Court approving the Settlement.

7. “Individual PAGA Payment” means the amount to be paid to each Aggrieved Employee based on the formula described herein.

8. “LWDA” means the California Labor and Workforce Development Agency.

9. “Davidson Settlement Agreement” means the confidential settlement agreement and mutual release of claims in satisfaction of all claims in the Davidson Complaint and dismissal of the lawsuits with prejudice. The Davidson Settlement Agreement shall be made available to the Court for in camera review as necessary to secure Court approval of the PAGA Settlement.

10. “Davidson Settlement Amount” means the amount already paid to Davidson by Defendants in full satisfaction of the Davidson Complaint, as more fully set forth in the Davidson Settlement Agreement.

11. “Settlement” means the settlement of the PAGA Action as memorialized in this Agreement.

12. “Maximum Settlement Amount” is the non-reversionary sum of \$225,000.00, which represents the total amount payable under this Settlement by Defendants (subject to the Escalator Clause described below), including, without limitation, payments to all Aggrieved Employees, payment to the LWDA, and payment of Davidson’s attorneys’ fees and costs.

13. “Net Settlement Amount” is the amount remaining to distribute to the LWDA and Aggrieved Employees after the following amounts (if approved by the Court) are subtracted from the Maximum Settlement Amount: (a) Davidson’s attorneys’ fees up to 33.3% of the Maximum Settlement Amount, currently estimated at \$75,000; (b) Davidson’s enhancement payment of up to \$2,500; (c) Davidson’s costs up to \$25,000; and (c) the cost of a claims administrator, estimated to be \$7,500.

14. “PAGA” means the California Labor Code Private Attorneys General Act, California Labor Code § 2698, *et seq.*

15. “PAGA Period” means the time period from August 20, 2019 until the date the Court approves this Settlement.

16. “PAGA Released Claims” mean any and all claims under PAGA that are pled in the PAGA Action, or which could have been pled under the PAGA based on the allegations in PAGA Complaint and LWDA Letters that arose during the PAGA Period, including but not limited to Labor Code sections 201, 202, 203, 204, 226, 226.3, 226.7, 510, 512, 551, 552, 558, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 2800, and 2802.

17. “Parties” mean Davidson and Defendant.

18. “Davidson” means Adam Davidson.

19. “Davidson’s Counsel” means Justin Lo and Edward Kim of Work Lawyers PC.

II. RECITALS

1. On August 20, 2020, Davidson provided written notice to the LWDA and Defendants LATC asserting claims for civil penalties pursuant to PAGA stemming from alleged violations of the California Labor Code described in the PAGA Action.

2. On October 29, 2020, Davidson and his counsel filed a representative action against the Company seeking civil penalties under California’s Private Attorneys General Act (“PAGA”) (hereinafter, referred to as the “PAGA Complaint”). In his PAGA Complaint, Davidson alleges causes of action for: (1) failure to provide meal periods in violation of Labor Code section 512; (2) failure to provide complete and accurate wage statements in violation of Labor Code section 226; (3) failure to pay overtime wages; (4) failure to pay minimum wages; (5) failure to timely pay wages during employment; (6) failure to pay all wages due to discharged and quitting employees; and (7) failure to reimburse business expenses.

3. On April 1, 2021, Davidson served additional written notice to the LWDA, LATC, Los Angeles Truck Service, LLC, Fleet Logistic, LLC and Redgate Partners, LLC asserting claims for civil penalties pursuant to PAGA stemming from alleged violations of the California Labor Code described in the PAGA Action.

4. On May 6, 2021, Davidson filed a an individual civil complaint in the Los Angeles County Superior Court (Case No. 21STCV17131) alleging causes of action for (1) failure to pay all wages, including overtime and minimum wage, in violation of Labor Code sections 2010-204, 510 and 1194; (2) failure to provide meal periods in violation of Labor Code sections 226.7, 512; (3) failure to provide rest periods in violation of Labor Code section 226.7; (4) failure to provide compliant wage statements in violation of Labor Code 226; (5) failure to reimburse business expenses in violation of Labor Code section 2802; (6) failure to pay owed wages at time of termination of employment in violation of Labor Code section 203; and (7) violation of Bus. & Prof. Code section 17200 et seq. (unfair competition laws) (hereinafter, referred to as the “Davidson Complaint”).

5. The Parties have conducted a thorough investigation into the facts of the pending matters including the PAGA Action and Davidson Complaint. This included exchanging extensive data and information as well as documents relating to the underlying alleged violations.

6. On May 3, 2021 and July 19, 2021, the Parties participated in mediation with Steven Rottman, Esq. With the assistance of Mr. Rottman and further discussions between counsel, the Parties agreed to fully and finally resolve the PAGA Action and resolve the Davidson Complaint.

III. OPERATIVE TERMS OF SETTLEMENT AGREEMENT

The Parties agree as follows:

1. **Non-Admission.** Nothing in this Settlement shall be construed to be an admission by Davidson that his claims do not have merit or by Defendants of any liability or wrongdoing as to Davidson, Aggrieved Employees or any other person, and Defendants specifically disclaim any such liability or wrongdoing. The Parties have entered into this Settlement with the intention to avoid further disputes and litigation with the attendant inconvenience, expenses and risks. This Settlement and any related court documents or orders are not and may not be cited or admitted as evidence of liability.

2. **Funding of Maximum Settlement Amount.** Defendants shall pay \$225,000.00 as the non-reversionary Maximum Settlement Amount. Defendants will not pay more than the Maximum Settlement Amount. The Maximum Settlement Amount shall be deposited in an interest-bearing account set up by the Settlement Administrator and funded within fifteen (15) business days of the Effective Date.

3. **Escalator Clause.** As stated above, Defendants represent that the number of relevant pay periods is 50,881. If the actual number of pay periods increases by ten percent (10%) or more by the settlement approval date, Defendants shall either (1) increase the Maximum Settlement Amount on a proportional basis, or (2) back the PAGA release date up to where the pay periods are 10% or less.

4. **Davidson’s Enhancement Payment.** The Parties agree to an enhancement payment for Davidson of up to \$2,500, subject to Court approval, in recognition of Davidson’s contributions to the PAGA Action and service to the Aggrieved Employees. In the event that the Court reduces or does not approve the requested enhancement payment, the Settlement remains in full force and effect, Davidson shall not have the right to revoke the Settlement for that reason, and it shall remain binding.

5. **Davidson's Attorneys' Fees and Costs.** Defendants will not oppose Davidson's request for attorneys' fees in the amount up to one third of the Maximum Settlement Amount and costs incurred in prosecuting this Action, up to \$25,000. In the event the Court approves a payment of less than these amounts, the difference will be added to the Net Settlement Amount (although Davidson may appeal an order granting less than the full amount sought for attorneys' fees and costs). Defendants will report these payments on IRS Form 1099 issued to Davidson's Counsel.

6. **Allocation of Net Settlement Amount.** The Net Settlement Amount shall be designated as "2699 Civil Penalties" and shall be distributed 75% to the LWDA and 25% to Aggrieved Employees, pursuant to Lab. Code § 2699(i). The 25% portion to be paid to Aggrieved Employees shall be paid to all Aggrieved Employees pro rata based on the number of pay periods worked by each Aggrieved Employee during the PAGA Period.

7. **Representative PAGA Release.** Upon the date the Court enters an order granting approval of the Settlement and Defendants fund the Settlement, Davidson, the State of California, and all Aggrieved Employees will fully release and discharge Defendants and their respective heirs, executors, administrators, successors, assignees, parents, subsidiaries and related entities, owners, officers, directors, shareholders, employees, agents, servants, representatives, independent contractors, members, attorneys, insurers, re-insurers, assigns, and affiliates, and any and all other entities with whom they have been, are now, or may hereafter be affiliated, and any of their affiliated companies, predecessors, successors and assigns, as well as their past or present officers, directors, agents, representatives, attorneys, insurers, re-insurers, assigns, or employees (collectively "Releasees") from any and all claims for civil penalties under PAGA, including but not limited to the PAGA Released Claims that arose during the PAGA Period and all attorneys' fees and costs related thereto.

8. **PAGA Released Claims.** Davidson agrees that upon entry of an Order approving the Settlement, all Aggrieved Employees will release any and all PAGA Released Claims against the Releasees that arose during the PAGA Period. Upon entry of the Order approving the Settlement and judgment entered thereon, Davidson and all Aggrieved Employees will be forever barred from pursuing any and all of the PAGA Released Claims that arose during the PAGA Period against the Releasees.

9. **Covenants and Representations by Davidson and Davidson's Counsel.**

a. Davidson represents and warrants that he has not assigned or transferred or purported to assign or transfer to any person or entity, any claim or portion thereof, or interest therein, which is or may be subject to this Settlement.

b. Davidson acknowledges that he has read this Settlement, that he fully understands his rights, privileges and duties under the Settlement, and enters into this Settlement freely and voluntarily. Davidson further acknowledges that he had the opportunity to consult with his attorneys to explain the terms of this Settlement and the consequences of signing this Settlement.

10. **Confidentiality.** Except as provided below, to the extent necessary to effectuate the Settlement or as required by court or legal process, Davidson and Davidson's Counsel will keep the terms of this Settlement confidential. Neither Davidson nor Davidson's Counsel shall

issue a press release, hold a press conference, publish information about the Settlement on any website or through any social media or otherwise publicize the Settlement or communicate its terms in public or in private, unless ordered by the Court. However, for the limited purpose of establishing adequacy of counsel in future actions, Davidson's Counsel may reference the Action by name and case number in a declaration establishing adequacy as class or representative counsel.

To permit judicial review and approval of the PAGA Payment, as required by Labor Code § 2698, *et seq.*, Davidson's Counsel will file the Settlement with the Court and submit the Settlement to the LWDA as part of the Parties' seeking Court approval of the Settlement, per Lab. Code § 2699(1)(2).

11. **Termination of Settlement.** If the Court does not approve the Settlement, if the Court does not enter judgment, as provided for in this Settlement, or if appellate review is sought and, on such review, the Court's decision is materially modified or reversed, or if one or more of the terms of the Settlement is not approved or is materially modified or reversed or found to be invalid, then either of the Parties shall have the right within ten (10) calendar days of written notice thereof to elect to terminate the Settlement, in which case the Settlement shall have no force or effect, and the Parties shall be deemed to have reverted to their respective status as of the date and time immediately prior to the execution of this Settlement.

12. **Judgment.** As part of the Motion to approve the Settlement, Davidson shall submit a proposed order and judgment which enters judgment in the Action in accordance with the terms of the Settlement and retains jurisdiction over the Action for the purpose of enforcing the terms of the Settlement following approval of the Settlement. This Settlement is expressly conditioned upon the Court entering judgment as set forth herein. The judgment will not release or bar any claims other than the PAGA Released Claims as to Davidson and Aggrieved Employees.

IV. ADMINISTRATION OF SETTLEMENT

1. **Settlement Administrator.** The Parties agree that Phoenix Settlement Administrators will manage the administration of this Settlement ("Settlement Administrator").

2. **Provision of Information for Aggrieved Employees.** Defendants will in good faith compile from its records a list of Aggrieved Employees that will be in a computer-readable format, such as a Microsoft Excel spreadsheet, and shall include each Aggrieved Employee's full name, last known mailing address, last known telephone number, start date(s) of employment, end date(s) of employment, total pay periods worked, and Social Security numbers. The list shall also include the sum total of all pay periods worked by Aggrieved Employees during the PAGA Period.

Within ten (10) business days of the Effective Date, Defendants will circulate the spreadsheet to the Settlement Administrator for purposes of calculating Individual PAGA Payments and mailing.

3. **Explanatory Letter and Individual PAGA Payments.** Defendants will include copies of the explanatory letter, which has been mutually approved by the Parties and is attached hereto as **Exhibit A** along with Individual PAGA Payments to all Aggrieved Employees via regular First-Class U.S. Mail.

The amount to be received by each Aggrieved Employee, will be based on the formula set forth in Section III.5., *supra*. Checks will remain negotiable for 180 days. Each Individual PAGA Payment shall be deemed penalties and reported using IRS Form 1099.

4. **Undeliverable Notices.** Defendants shall exercise their best judgment to determine the current mailing address for each Aggrieved Employee.

Any checks returned as non-deliverable on or before the check cashing deadline will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator will promptly attempt to determine the correct address using a skip-trace or other search using the name, address or Social Security number of the Aggrieved Employee involved and will perform a single re-mailing.

Defendants fully discharge their obligations to those Aggrieved Employees to whom they will pay an Individual PAGA Payment through the mailing of a check, regardless of whether such checks are actually received and/or negotiated by Aggrieved Employees. Funds represented by checks returned as undeliverable after a re-mailing, and funds represented by checks remaining un-cashed for more than 180 days after issuance, will be tendered to the California Department of Industrial Relations – Unclaimed Wage Fund in the names of the Aggrieved Employees to whom the checks were issued.

5. **Payment of Remainder.** Within thirty (30) business days of the Effective Date, the Settlement Administrator will distribute the following additional payments: (1) the 75% share of 2699 Civil Penalties to the LWDA and (2) Court-approved attorneys' fees and costs to Davidson's Counsel.

6. **Accounting.** Within five (5) business days after mailing the Individual PAGA Payments and the additional payments to the LWDA and the Settlement Administrator, the Settlement Administrator will provide an accounting under oath to Davidson's Counsel of the amounts paid from the Settlement.

7. **Tax Consequences.** Individual PAGA Payments made under this Settlement will be attributed 100% as penalties and interest and paid via IRS Form 1099 issued to each Aggrieved Employee. Neither Davidson nor Defendants, nor counsel for either of the Parties, makes any representations or warranties with respect to tax consequences of any payment under this Settlement.

V. MISCELLANEOUS PROVISIONS

1. **Drafting.** The Parties agree that the terms and conditions of this Settlement are the result of lengthy, intensive, arm's-length negotiations between the Parties and that neither Davidson nor Defendants shall be considered the "drafter" of this Settlement for purposes of having terms construed against that Party.

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

3. **Costs and Fees.** The Parties shall each bear their own costs, attorneys' fees, mediator fees and other fees incurred in connection with this Settlement, the Action and Davidson's claims, except as specifically set forth in Section V.15.

4. **Governing Law.** This Settlement shall be construed under and governed by the laws of the State of California. All questions of validity, interpretation or performance of any of its terms or of any rights or obligations of the Parties to this Settlement shall be governed by California law. If any legal or equitable action is necessary to enforce the terms of this Settlement, it shall be brought in the State of California.

5. **Complete Agreement.** The Parties each acknowledge and represent that no promise or representation not contained in this Settlement has been made to them and acknowledge and represent that this Settlement contains the entire understanding between them and contains all terms and conditions pertaining to the compromise and settlement of the PAGA Released Claims. This Settlement cannot be amended or modified except by a writing signed by the Parties hereto.

6. **Nullification of Settlement.** In the event that: (i) the Court does not approve the Settlement as provided herein; or (ii) the Settlement does not become final for any other reason, then this Settlement and any documents generated to bring it into effect, will be null and void, and the Parties will be returned to their original respective positions.

7. **Judgment and Continued Jurisdiction.** After approval of this Settlement, the Court will have continuing jurisdiction solely for purposes of addressing: (i) the interpretation and enforcement of the terms of the Settlement, (ii) settlement administration matters, and (iii) such post-Judgment matters as may be appropriate under court rules or as set forth in this Settlement.

8. **Amendment or Modification.** This Settlement may be amended or modified only by a written instrument, signed by either the Parties or their successors-in-interest or counsel for all Parties.

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

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

11. **Acknowledgement that the Settlement is Fair and Reasonable.** The Parties believe this Settlement is a fair, adequate and reasonable settlement of the Action, and have arrived at this Settlement after arm's-length negotiations by experienced counsel. The Parties further

acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Settlement.

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

13. **Severability.** If any term or provision of this Settlement is held to be invalid or unenforceable, the remaining portions of this Settlement will continue to be valid and will be performed, construed and enforced to the fullest extent permitted by law, and the invalid or unenforceable term will be deemed amended and limited in accordance with the intent of the Parties, as determined from the face of the Settlement, to the extent necessary to permit the maximum enforceability or validation of the term or provision.

14. **Waiver.** No waiver of any condition or covenant contained in this Settlement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a further waiver by such Party of the same or any other condition, covenant, right or remedy.

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

16. **Mutual Preparation.** The Parties have had a full opportunity to negotiate the terms and conditions of this Settlement. Accordingly, this Settlement will not be construed more strictly against one Party merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being recognized that, because of the arm's-length negotiations between the Parties, all Parties have contributed to the preparation of this Settlement.

17. **Representation by Counsel.** The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Settlement, and this Settlement has been executed with the consent and advice of counsel and reviewed in full.

18. **Cooperation and Execution of Necessary Documents.** All Parties will cooperate in good faith and execute all documents to the extent reasonably necessary to effectuate the terms of this Settlement.

19. **Binding Agreement.** The Parties warrant that they understand and have full authority to enter into this Settlement, and further intend that this Settlement will be fully enforceable and binding on all Parties and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under federal or state law.

20. **Denial of Liability.** The Parties expressly recognize that the making of this Settlement does not in any way constitute an admission or concession of wrongdoing on the part

of Defendants. Nothing in this Settlement, nor any action taken in implementation thereof, nor any statements, discussions or communications, nor any materials prepared, exchanged, issued or used during the course of this Action, is intended by the Parties to, nor will any of the foregoing constitute, be introduced, be used or be admissible in any way in any other judicial, arbitral, administrative, investigative or other forum or proceeding, as evidence of any violation of any federal, state or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity. Notwithstanding the foregoing, this Settlement may be used in any Court proceeding that has as its purpose the interpretation, implementation or enforcement of the Settlement or any orders or judgments of the Court entered into in connection therewith.

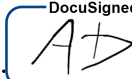
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IN WITNESS THEREOF, the Parties each acknowledge that they have read the foregoing Settlement, accept and agree to the provisions contained in this Settlement and hereby execute it voluntarily and with full understanding of its consequences.

Dated: 12/16/2021, 2021

DAVIDSON

By:  C582E58490CF407
Adam Davidson

LOS ANGELES TRUCK CENTERS, LLC

Dated: _____, 2021

By: _____

Its: _____

LOS ANGELES TRUCK SERVICE, LLC

Dated: _____, 2021

By: _____

Its: _____

FLEET LOGIC, LLC

Dated: _____, 2021

By: _____

Its: _____

REDGATE PARTNERS, LLC

Dated: _____, 2021

By: _____

Its: _____

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

Dated: _____, 2021

DAVIDSON

By: _____
Adam Davidson

LOS ANGELES TRUCK CENTERS, LLC

Dated: December 15, 2021



By: James A. Barker
Its: President

LOS ANGELES TRUCK SERVICE, LLC

Dated: December 15, 2021



By: James A. Barker
Its: President

FLEET LOGIC, LLC

Dated: December 15, 2021



By: James A. Barker
Its: President

REDGATE PARTNERS, LLC

Dated: December 15, 2021



By: James A. Barker
Its: President