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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN BERNARDINO

MARTHA MEJIA, as an aggrieved
employee pursuant to the Private Attorneys
General Act ("PAGA"),

Plaintiff,

vs.

COAST TO COAST COMMERCIAL, LLC
dba SONIC DRIVE-IN, a California Limited
Liability Company; and DOES 1 through 10,
inclusive,

Defendants.

LINDSEY DEVANEY, an individual, on
behalf of herself and all others similarly
situated,

Plaintiff,

vs.

COAST TO COAST COMMERCIAL, LLC,
a California limited liability company; and
DOES 1 through 50,

Defendants.

Case No.: CIVSB2105311

Assigned for all purposes to Hon. David Cohn
Dept.: S26

ENFORCEMENT ACTION UNDER THE
PRIVATE ATTORNEYS GENERAL ACT,
CALIFORNIA LABOR CODE §§ 2698 *ET*
SEQ.

**JOINT STIPULATION RE PAGA
SETTLEMENT AND RELEASE**

Complaint filed: March 3, 2021

Orange County Superior Court Case No. 30-
2021-01209196-CU-OE-CXC

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11 Commercial, LLC dba Sonic Drive-In
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1 all of the allegations made in *Mejia*; (b) that it violated any applicable laws; and (c) that it is
2 liable or owes damages, penalties, or other compensation or remedies to anyone with respect to
3 the alleged facts or claims asserted in *Mejia*. Defendant emphasizes that the Court has not made
4 any findings of liability as to Defendant. Nonetheless, without admitting or conceding any
5 liability or wrongdoing whatsoever and without admitting or conceding that representative
6 treatment is appropriate for any purpose other than settlement purposes alone, Defendant has
7 agreed to settle *Mejia* to avoid the burden, expense, and uncertainty of continuing *Mejia*. Any
8 stipulations or statements by Defendant contained in this Settlement Agreement are made for
9 settlement purposes only.

10 4. On July 1, 2021, pursuant to PAGA, Plaintiff Devaney also provided notice, via
11 online submission, to the LWDA and regarding various alleged California Labor Code
12 violations. The LWDA Notice bears number LWDA-CM-836741-21.

13 5. On July 1, 2021, Plaintiff Devaney filed a wage and hour class action. Plaintiff
14 Devaney then amended the complaint on September 7, 2021, by removing all class allegations
15 and adding, and leaving only, a representative action alleging Defendant violated California
16 Labor Code sections: (a) 510, 1194, and 1199 (overtime wages); (b) 1182.12, 1194, 1194.2,
17 1197, 1197.1, and 1198 (minimum wages); (c) 226.7 and 512(a) (failure to provide meal
18 periods); (d) 226.7 (failure to provide rest periods); (e) 226(a) (failure to provide accurate and
19 complete wage statements); (f) 1174 (failure to maintain accurate payroll records); (g) 1198
20 (failure to maintain accurate time records); (h) 204 and 210 (failure to pay wages during
21 employment); (i) 201, 202, and 203 (wages not timely paid on termination); and, (j) 2802 and
22 2804 (failure to reimburse employees expenses) (*Lindsey Devaney v. Coast to Coast*
23 *Commercial, LLC*, Orange County Superior Court, Case No. 30-2021-01209196-CU-OE-CXC
24 (“*Devaney*”).

25 6. Defendant file an answer in *Devaney* on November 1, 2021, denying all
26 allegations asserted in *Devaney*, including that it had not violated any provision of the Labor
27 Code, and further asserting various affirmative defenses to the claims. Defendant denies and
28 continues to deny: (a) all of the allegations made in *Devaney*; (b) that it violated any applicable

1 laws; and (c) that it is liable or owes damages, penalties, or other compensation or remedies to
2 anyone with respect to the alleged facts or claims asserted in *Devaney*. Defendant emphasizes
3 that the Court has not made any findings of liability as to Defendant. Nonetheless, without
4 admitting or conceding any liability or wrongdoing whatsoever and without admitting or
5 conceding that representative treatment is appropriate for any purpose other than settlement
6 purposes alone, Defendant has agreed to settle *Devaney* to avoid the burden, expense, and
7 uncertainty of continuing *Devaney*. Any stipulations or statements by Defendant contained in
8 this Settlement Agreement are made for settlement purposes only.

9 7. The Parties thoroughly investigated and litigated this case. After Plaintiffs
10 propounded written discovery, the Parties in *Mejia* agreed to stay formal discovery and
11 participate in mediation on the condition that Defendant produce information and data necessary
12 for Plaintiffs' review and analysis of the claims and defenses asserted. Defendant produced
13 hundreds of pages of documents and written policies and a significant amount of electronic time
14 and wage records and data for a sample of the aggrieved employees. Counsel for both Parties
15 have conducted the necessary discovery and performed thorough analyses of the law and facts,
16 including an analysis of all applicable defenses raised by Defendant relating to the claims
17 asserted in *Mejia* and *Devaney*.

18 8. On January 4, 2022, the Parties participated in an all-day mediation with Tripper
19 Ortman. At the conclusion of the full day arm's-length mediation, the Parties agreed to the
20 principal terms of the settlement and memorialized them in a Memorandum of Agreement, the
21 terms of which are reflected in this Settlement Agreement.

22 9. Based on Plaintiffs' investigations, discovery, records analyses, and taking into
23 account the defenses that Defendant raised in connection with both liability on the merits and
24 the amount of any civil penalty that might be imposed by the Court pursuant to Labor Code
25 section 2699(e)(2), the expense and time necessary to pursue the Actions through trial, the risks
26 and costs of further prosecution of the Actions, the uncertainties of complex litigation and
27 developing law, and the benefits that will accrue to the State of California's LWDA and the
28 Aggrieved Employees, Plaintiffs and their counsel believe that a settlement with Defendant on

1 the terms set forth herein is fair, reasonable, adequate, and in the best interests of the State of
2 California (i.e., LWDA), the Aggrieved Employees (as defined in Paragraph 16), and Plaintiffs.

3 10. By entering into this Settlement Agreement, Defendant is not admitting any
4 liability whatsoever, including that the imposition of any PAGA civil penalties in connection
5 with the Actions is proper or warranted, and Defendant maintains all defenses. The Parties have
6 entered into this Settlement Agreement solely to avoid the expense, risk, and burden of
7 continued litigation. The Parties agree that an express condition of this settlement is that there
8 has been no finding of liability on the merits, and that this Settlement Agreement and ensuing
9 judgment therefore cannot be a basis for a derivative finding that Defendant violated any
10 provision of the Labor Code.

11 11. Defendant denies liability, and Plaintiffs acknowledge that neither this
12 Settlement Agreement nor promises made pursuant to the Settlement Agreement shall be taken
13 or construed to be an admission or concession of any kind with respect to liability or alleged
14 wrongdoing by Defendant.

15 12. The settlement set forth in this Settlement Agreement requires Defendant to pay
16 up to the gross maximum amount of Six Hundred Ninety Thousand Dollars and Zero Cents
17 (\$690,000.00) ("Gross Settlement Amount") to settle the claims for PAGA penalties based on
18 the alleged violations of the Labor Code as asserted based on the operative facts alleged in
19 Plaintiffs' Complaints and/or PAGA exhaustion letters to the LWDA, on behalf of Defendant's
20 current and former non-exempt employees who worked in California for Defendant at any time
21 during the PAGA Period. The Gross Settlement Amount includes all payments to the LWDA
22 and Aggrieved Employees, attorneys' fees, costs, and expenses, administration costs, and
23 payments to each Plaintiff as a service award.

24 13. The Parties stipulate to approval of the representative action for purposes of
25 settlement only.

26 14. The Parties further agree to cooperate and to take all steps necessary and
27 appropriate to effectuate all aspects of this Settlement.
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15. “Action(s)” means the actions entitled, *Martha Mejia v. Coast to Coast Commercial, LLC dba Sonic Drive-In*, San Bernardino County Superior Court Case No. CIVSB2105311, and *Lindsey Devaney v. Coast to Coast Commercial, LLC*, Orange County Superior Court, Case No. 30-2021-01209196-CU-OE-CXC, collectively.

17. “Approval Order” means the order issued and entered by the Court following a Motion for Approval of this Settlement Agreement.

19. “Complaint(s)” means the operative complaints filed in the Actions for civil penalties for violations of California Labor Code, pursuant to the Private Attorneys General Act of 2004, Labor Code sections 2698, *et seq.* and as amended by the Parties’ Stipulation

1 Permitting Plaintiff *Mejia* Leave to File a First Amended Consolidated Complaint pursuant to
2 Paragraph 57.

3 20. "Court" means the Superior Court of the State of California for the County of
4 San Bernardino or any other court taking jurisdiction of the Action(s).

5 21. "Defendant" means Defendant Coast to Coast Commercial, LLC dba Sonic
6 Drive-In.

7 22. "Defendant's Counsel" means Fisher & Phillips, LLP. For purposes of providing
8 any notices required under this Settlement, Defendant's Counsel shall refer to: Anet Castro
9 Drapalski, 444 South Flower Street, Suite 1500, Los Angeles, CA 90071.

10 23. "Employee List" means a complete list and data of all Aggrieved Employees that
11 Defendant will provide to the Settlement Administrator in an electronic database within seven
12 (7) calendar days after the Court approves this Settlement. The Employee List shall contain each
13 Aggrieved Employee's full name, Social Security Number, last known home address, and the
14 number of Pay Periods each Aggrieved Employee worked at least one shift as a non-exempt
15 employee for Defendant in California during the PAGA Period.

16 24. "Effective Date" shall be the date the Court signs the Order for Approval of
17 Settlement under Labor Code section 2699 and Judgment by Court, if no objection to the
18 settlement has been made before the Court's signing. If an objection to the settlement is made
19 before the Court signs the Order and Judgment, then the Effective Date is the date the objection
20 is resolved.

21 25. "Gross Settlement Amount" means the gross maximum settlement amount of Six
22 Hundred Ninety Thousand Dollars and Zero Cents (\$690,000.00), to be paid by Defendant in
23 full satisfaction of all Released Claims arising from the Actions, which include all Individual
24 Settlement Payments to Aggrieved Employees, the Labor and Workforce Development Agency
25 Payment, Attorneys' Fees and Costs to Plaintiffs' Counsel, the Service Award Payments to each
26 Plaintiff, and Settlement Administration Costs to the Settlement Administrator. In no event will
27 Defendant be liable for more than the Gross Settlement Amount except as otherwise explicitly
28 set forth in this Settlement Agreement (*See, e.g.,* Paragraph 44).

1 26. “Individual Settlement Payment” means each Aggrieved Employee’s share of the
2 Net PAGA Settlement Amount, to be distributed to the Aggrieved Employees.

3 27. “Labor and Workforce Development Agency Payment” or “LWDA Payment”
4 means the amount to be paid to the California Labor and Workforce Development Agency
5 (“LWDA”) in connection with the PAGA (Cal. Lab. Code §§ 2698, *et seq.*). Seventy-five
6 percent (75%) of the Net PAGA Settlement Amount of civil penalties shall be payable to the
7 LWDA.

8 28. “Net PAGA Settlement Amount” means the portion of the Gross Settlement
9 Amount remaining after deduction of the approved Service Award Payments, Settlement
10 Administration Costs, and Plaintiffs’ Attorneys’ Fees and Costs. Of the Net PAGA Settlement
11 Amount, seventy-five percent (75%) shall be distributed to the LWDA and twenty-five percent
12 (25%) shall be distributed to the Aggrieved Employees (“PAGA Penalties”).

13 29. “Notice” means the Notice of PAGA Settlement (in English and Spanish),
14 substantially in the form attached as Exhibit A.

15 30. “PAGA Period” shall be from December 28, 2019 to January 4, 2022. The
16 Release Period is the same as the PAGA Period.

17 31. “PAGA Distribution Fund” means the twenty-five percent (25%) of the Net
18 PAGA Settlement Amount to be distributed to Aggrieved Employees.

19 32. “Parties” means Plaintiffs and Defendant together.

20 33. “Pay Periods” means the number of pay periods of employment for each
21 Aggrieved Employee during the PAGA Period in which the Aggrieved Employee received a
22 paycheck. The Pay Periods shall not include any pay periods of employment during which an
23 Aggrieved Employee worked outside the state of California, performed no work for Defendant,
24 or performed work in a position that was not non-exempt. All Aggrieved Employees shall be
25 credited with at least one Pay Period.

26 34. “Plaintiffs’ Counsel” means the Law Offices of Mark Yablonovich (“LOMY”)
27 and Melmed Law Group, P.C. (“MLG”) on behalf of Plaintiff Martha Mejia and Plaintiff
28 Lindsey Devaney, respectively, and the State of California as well as all attorneys engaged by

1 LOMY or MLG.

2 35. "Release Period" shall be from December 28, 2019 to January 4, 2022. The
3 release period is the same as the PAGA Period.

4 36. "Released Claims" means all claims for PAGA civil penalties under the
5 California Labor Code sections 201, 202, 203, 204, 210, 223, 226, 226.3, 226.7, 510, 512, 558,
6 1174, 1174.5, 1182.12, 1185, 1194, 1194.2, 1197, 1197.1, 1198, 1198.5, 1199, 2800, 2802,
7 2804, California Code of Regulations, Title 8, section 11050, all applicable IWC Wage Orders,
8 and/or other provisions of law alleged to have been violated in the operative Complaints and
9 Plaintiffs' LWDA letters with respect to Aggrieved Employees and attorneys' fees and costs
10 permissible under PAGA which Plaintiffs and/or the Aggrieved Employees had or may claim to
11 have, against the Released Parties (as defined in Paragraph 37) arising out of the Complaints
12 and Plaintiffs' LWDA letters. Aggrieved Employees, other than Plaintiffs, will not be deemed to
13 have released any private rights of action and/or individual wage and hour claims held by
14 Aggrieved Employees for any alleged violations of the Labor Code or California Wage Orders
15 during the PAGA Period by virtue of this Settlement.

16 37. "Released Parties" means Defendant, and Defendant's parents, subsidiaries,
17 affiliated corporations and entities, predecessors or successors, current and former officers,
18 directors, members, managers, employees, consultants, partners, shareholders, joint venturers,
19 and agents, as well as any successors, assigns, or legal representatives/attorneys.

20 38. "Service Award Payment(s)" or "PAGA Service Award Payment(s)" means the
21 amount to be paid to Plaintiff Martha Mejia and Plaintiff Lindsey Devaney, each, in recognition
22 of their efforts and work in prosecuting the Action(s) on behalf of Aggrieved Employees and the
23 State of California, and in exchange for their general release of all claims. The Service Award
24 Payments are separate and apart from any Individual Settlement Payment Plaintiffs are entitled
25 to as an Aggrieved Employee. Defendant will not oppose Plaintiffs' applications to the Court for
26 a Service Award Payment not to exceed Eight Thousand Dollars and Zero Cents (\$8,000.00) for
27 each Plaintiff.

28 39. "Settlement Administrator" means the third-party administrator, Atticus, or any

1 other duly appointed administrator approved by the Court, who has been mutually selected by
2 the Parties, subject to Court approval, to perform the notice, distribution of payment functions
3 further described in this Settlement. The Settlement Administrator shall establish its own
4 employer identification number and file an Internal Revenue Service Form W-9. The Settlement
5 Administrator shall meet all of the requirements to establish a Qualified Settlement Fund
6 (“QSF”) pursuant to U.S. Treasury Regulation Section 468B-1.

7 40. “Settlement Administration Costs” means the costs payable from the Settlement
8 Amount to the Settlement Administrator for administering this Settlement, including, but not
9 limited to, printing, distributing, and tracking documents for this Settlement, translating the
10 Notice to Spanish, calculating estimated amounts per Aggrieved Employee, distributing
11 postcards, tax reporting, distributing the Gross Settlement Amount, and providing necessary
12 reports and declarations, and other duties and responsibilities set forth in this Settlement
13 Agreement to process this Settlement, and as reasonably requested by the Parties or the Court.
14 All of the costs, fees and expenses incurred by the Settlement Administrator in performing these
15 functions shall be paid and deductible from the Gross Settlement Amount. The Settlement
16 Administration Costs are estimated not to exceed Ten Thousand Dollars and Zero Cents
17 (\$10,000).

18 TERMS OF SETTLEMENT

19 41. NOW, THEREFORE, in consideration of the mutual covenants, promises, and
20 warranties set forth herein, the Parties agree, subject to the Court’s approval, as follows:

21 a. It is agreed by and between Plaintiffs and Defendant that the Actions and
22 any claims and causes of action which were or are the subject of the Actions be fully settled and
23 compromised as between Plaintiffs, on behalf of themselves, the State of California (the
24 LWDA), and each and every Aggrieved Employee, and Defendant and the Released Parties (as
25 defined in Paragraph 37 above), subject to the terms and conditions set forth in this Settlement
26 Agreement and the approval of the Court.

27 b. Consideration: In consideration for this Settlement Agreement, Defendant
28 agrees to pay up to the Gross Settlement Amount of Six Hundred Ninety Thousand Dollars and

1 Zero Cents (\$690,000.00) to cover Individual Settlement Payments to Aggrieved Employees,
2 the Labor and Workforce Development Agency Payment, Attorneys' Fees and Costs to
3 Plaintiffs' Counsel, the Service Award Payment to each Plaintiff, and Settlement Administration
4 Costs to the Settlement Administrator. This Settlement is non-reversionary. Defendant
5 maintains no reversionary right to any portion of the Settlement Amount. The Gross Settlement
6 Amount shall be distributed as follows:

7 i. ***Attorneys' Fees and Costs.***

8 1. Counsel for Plaintiffs and the State of California (LOMY
9 and MLG) shall be paid and receive an amount not to exceed one-third (33⅓%) of the Gross
10 Settlement Amount (Two Hundred Thirty Thousand Dollars and Zero Cents (\$230,000.00)) as
11 reasonable attorneys' fees under PAGA; the Attorneys' Fees to be divided 85% (or
12 \$195,500.00) to LOMY and 15% (or \$34,500.00) to MLG;

13 2. Counsel for Plaintiffs and the State of California (LOMY
14 and MLG) shall be paid and receive as reasonable reimbursable costs under PAGA an amount
15 not to exceed Thirty Thousand Dollars and Zero Cents (\$30,000.00) to be distributed to LOMY
16 and MLG;

17 3. The Settlement Administrator shall issue an Internal
18 Revenue Service Form 1099 to Plaintiffs' Counsel for any attorneys' fees and costs award
19 payments. Plaintiffs' Counsel shall be solely and legally responsible for paying all applicable
20 taxes on each firm's respective attorneys' fees and costs award payments and shall indemnify
21 and hold harmless Defendant from any claim or liability for taxes, penalties, or interest arising
22 as a result of the payments;

23 4. Upon delivery of the Gross Settlement Amount to the
24 Settlement Administrator, Defendant will have fully met its obligations under this Agreement as
25 to attorneys' fees and costs and will not be liable in any manner for the distribution, division, or
26 payment of any portion of the Gross Settlement Amount to or between any counsel of Plaintiffs;

27 ii. ***Settlement Administration Costs.*** The actual costs of
28 administration, up to a maximum payment of Ten Thousand Dollars and Zero Cents (\$10,000),

1 shall be paid to the Settlement Administrator. The Settlement Administration Costs approved by
2 the Court will be paid from the Gross Settlement Amount. Any amount of Settlement
3 Administration Costs requested by Plaintiffs' Counsel but unapproved by the Court shall be
4 allocated equally to the Net PAGA Settlement Amount. Upon completion of administration of
5 the settlement set forth in this Agreement, the Settlement Administrator shall provide written
6 certification of such completion to Plaintiffs' Counsel and Defendant's Counsel;

7 iii. ***Service Award Payments.*** Representative Plaintiffs Martha Mejia
8 and Lindsey Devaney shall receive not more than Eight Thousand Dollars and Zero Cents
9 (\$8,000.00) each from the Gross Settlement Amount, as a PAGA service award (any amount not
10 awarded to Plaintiffs shall be included in the Net PAGA Settlement Amount);

11 1. The Settlement Administrator shall issue an Internal
12 Revenue Service Form 1099 to Plaintiffs for the Service Award Payments. Plaintiffs shall be
13 solely and legally responsible for paying all applicable taxes on their respective Service Award
14 Payment and shall indemnify and hold harmless Defendant from any claim or liability for taxes,
15 penalties, or interest arising as a result of the payment; and

16 iv. ***LWDA Payment.*** The remainder of the Gross Settlement Amount,
17 once the amounts above have been deducted (the "Net PAGA Settlement Amount"),
18 approximately Four Hundred and Four Thousand Dollars and Zero Cents (\$404,000.00), will be
19 distributed as required by Labor Code section 2699(i), and in accordance with the terms of this
20 Settlement Agreement, subject to the Court's approval, as follows:

21 1. Seventy-five percent (75%), approximately Three Hundred
22 and Three Thousand Dollars and Zero Cents (\$303,000.00), shall be paid to and received by the
23 LWDA, to settle the claims for PAGA penalties based on the alleged violations of the Labor
24 Code as asserted in the Action(s); and

25 2. Twenty-five percent (25%), approximately One Hundred
26 and One Thousand Dollars and Zero Cents (\$101,000.00), shall be paid to and received by the
27 Aggrieved Employees on a pro rata basis according to each Aggrieved Employee's individual
28 number of Pay Periods;

1 v. **Individual Settlement Payments.** Each Aggrieved Employee will
2 be eligible to receive a portion of the Net Settlement Amount based on the following formula:

3 1. The Individual Settlement Payment to an Aggrieved
4 Employee will be calculated by dividing the number of Pay Periods attributed to the Aggrieved
5 Employee during the PAGA Period by all Pay Periods during the PAGA Period attributed to all
6 Aggrieved Employees multiplied by the PAGA Distribution Fund. Otherwise stated, the formula
7 for an Aggrieved Employee is: (individual's Pay Periods during the PAGA Period ÷ total Pay
8 Periods during the PAGA Period) × PAGA Distribution Fund;

9 2. At mediation, the Gross Settlement Amount was
10 calculated based on the understanding that there are 22,830 pay periods worked by Aggrieved
11 Employees between December 28, 2019 and January 4, 2022. The Parties agree that Defendant
12 will not be required to make any payment in excess of the Gross Settlement Amount if, at the
13 time the Court approves the Settlement, the number of Pay Periods during the period of
14 December 28, 2019 to January 4, 2022, is not greater than 23,972. If the number of Pay Periods
15 worked by the Aggrieved Employees during the PAGA Period is greater than 23,972, then the
16 Gross Settlement Amount shall be increased proportionately for each additional Pay Period
17 worked above 23,972 as detailed in Paragraph 44;

18 3. Defendant's time and payroll records regarding the
19 number of Pay Periods worked for each Aggrieved Employee shall be used for purposes of
20 calculating Individual Settlement Payments. Defendant's records shall be determinative for
21 purposes of calculating the number of pay periods and any Individual Settlement Payments
22 made to Aggrieved Employees;

23 4. Individual Settlement Payments will be characterized as
24 100% Form 1099 income. Any settlement checks distributing Individual Settlement Payments
25 returned to the Settlement Administrator as undeliverable with a forwarding address provided
26 on the returned envelope shall be sent within 5 calendar days via First Class U.S. Mail to the
27 forwarding address. If no forwarding address is provided, the Settlement Administrator shall
28 attempt to determine the correct address using a computer skip-trace search, and it shall then

1 perform a re-mailing within 10 calendar days;

2 c. Notice to Aggrieved Employees. Aggrieved Employees will receive the
3 Notice attached as Exhibit A along with their settlement checks. Settlement checks mailed out to
4 Aggrieved Employees shall be valid for One Hundred and Eighty (180) days from the date of
5 issuance. Ninety days after the checks are mailed, the Settlement Administrator will mail
6 reminder postcards to Aggrieved Employees whose checks remain uncashed. Funds represented
7 by settlement checks returned as undeliverable and those settlement checks remaining un-cashed
8 for more than One Hundred and Eighty (180) days after issuance shall be voided and then shall
9 be transmitted to the Controller of the State of California to be held pursuant to the Unclaimed
10 Property Law, California Code of Civil Procedure sections 1300, *et seq.* in the names of those
11 Aggrieved Employees who did not cash their settlement checks until such time they claim their
12 property.

13 d. Tax Treatment of the Aggrieved Employee Payments. The entirety of
14 PAGA Penalties paid to individual Aggrieved Employees shall be considered miscellaneous
15 income and shall not be subject to withholdings. The Settlement Administrator shall be
16 responsible for timely issuing an appropriate IRS Form 1099 to each Aggrieved Employee.

17 e. Costs of Settlement Administrator. The Settlement Administrator has
18 agreed to perform all necessary administration duties for no more than Ten Thousand Dollars
19 and Zero Cents (\$10,000). These administration duties shall include, without limitation, the
20 translation of the Notice, the calculation, processing, and mailing of all settlement checks, tax
21 forms, and notices to all Aggrieved Employees, the LWDA, Plaintiffs' Counsel and any tax
22 authorities, performing address updates and verifications as necessary prior to the mailing, and
23 performing an address follow up on any returned mail. The Settlement Administrator will also
24 be responsible for establishing a qualified settlement fund ("QSF"). All administration costs
25 approved by the Court shall be paid out of the Gross Settlement Amount. If the actual costs of
26 administration are less than Ten Thousand Dollars and Zero Cents (\$10,000), the difference
27 shall be reallocated by the Settlement Administrator to the Net PAGA Settlement Amount.

28 f. Funding the Settlement and Timing of Payment. Defendant shall make a

1 one-time deposit of the Gross Settlement Amount of Six Hundred Ninety Thousand Dollars and
2 Zero Cents (\$690,000.00) into a Qualified Settlement Account (to be established by the
3 Settlement Administrator). The Gross Settlement Amount shall be paid by Defendant on the
4 *earlier* date of either (1) 120 calendar days after the Court has approved the PAGA settlement,
5 or (2) November 15, 2022. If the Court has not approved the PAGA settlement by November
6 15, 2022, Defendant shall pay the Gross Settlement Amount to a mutually agreed upon escrow
7 account on November 15, 2022, and the Gross Settlement Amount will be paid out of the
8 escrow account only upon Court approval of the PAGA settlement. Within fourteen (14)
9 calendar days of the deposit *and* the Court's approval of the PAGA settlement, the Settlement
10 Administrator will issue payments to: (a) Aggrieved Employees, along with the Notice; (b) the
11 LWDA; (c) Plaintiffs; (d) Plaintiffs' Counsel; and (e) itself. Plaintiffs' Counsel will each
12 provide the Settlement Administrator with fully executed W-9 forms within five (5) calendar
13 days of the Effective Date.

14 g. Within ten (10) calendar days after either (1) the Settlement is approved
15 or (2) entry of order denying the Settlement if the Court does not approve the Settlement,
16 Plaintiffs' Counsel will provide a copy of the superior court's judgment, order, or both (if there
17 is both an order and judgment) to the LWDA pursuant to Labor Code section 2698(I)(3). In
18 addition, concurrent with the filing for approval of the Settlement Agreement, Plaintiffs'
19 Counsel shall also take all necessary steps to inform the LWDA of the Settlement Agreement

20 42. No ERISA Impact. None of the payments made pursuant to the Settlement
21 Agreement shall be considered for purposes of determining eligibility for, vesting or
22 participation in, or contributions to any benefit plan, including, without limitation, all plans
23 subject to the Employee Retirement and Income Security Act of 1974 ("ERISA"). Any
24 distribution of payments to Plaintiffs or PAGA Aggrieved Employees shall not be considered as
25 a payment of wages or compensation under the terms of any applicable benefit plan and shall
26 not affect participation in, eligibility for, vesting in, the amount of any past or future
27 contribution to, or level of benefits under any applicable benefit plan. Any amounts paid will not
28 impact or modify any previously credited hours of service or compensation taken into account

1 under any benefit plan sponsored or contributed to by Defendant or any jointly-trusted benefit
2 plan. For purposes of this Settlement, “benefit plan” means each and every “employee benefit
3 plan,” as defined in 29 U.S.C. § 1002(3), and, even if not included, any 401(k) plan, bonus,
4 pension, stock option, stock purchase, stock appreciation, welfare, profit sharing, retirement,
5 disability, vacation, severance, hospitalization, insurance, incentive, deferred compensation, or
6 any other similar benefit plan, practice, program, or policy.

7 43. Non-Approval of the Settlement Agreement. If the Court should, for any reason,
8 not approve of any material portion of the settlement as set forth in this Settlement Agreement,
9 then this Settlement Agreement shall be considered null and void, and neither this Settlement
10 Agreement, nor any of the related negotiations or proceedings shall be of any force or effect and
11 shall be inadmissible for any purpose in any proceeding, and all Parties to this Settlement
12 Agreement shall stand in the same position, without prejudice, as if the Settlement Agreement
13 had been neither entered into nor filed with the Court, unless the Parties jointly agree to seek
14 reconsideration of the ruling or Court approval of a renegotiated settlement. If not approved,
15 Defendant retains the right to contest whether any aspect of the Action should be maintained as
16 a representative action, or to contest the merits of the claims being asserted in the Action.
17 Invalidation of any material portion of this Settlement Agreement shall invalidate this
18 Settlement Agreement in its entirety, unless the Parties subsequently agree in writing that the
19 remaining provisions of the Settlement Agreement are to remain in full force and effect. As of
20 January 5, 2022, the five-year statute of limitations set forth in California Code of Civil
21 Procedure section 583.310 is tolled, and all pending deadlines to bring motions to compel
22 discovery are tolled until sixty (60) days after a court order approving or disapproving this
23 Settlement Agreement.

24 44. Proportional Increase to Gross Settlement Amount. The Gross Settlement
25 Amount was calculated based on the understanding that there are 22,830 pay periods in the
26 PAGA Period worked by Aggrieved Employees. If the number of pay periods worked by the
27 Aggrieved Employees during the PAGA Period is greater than 23,972, then the Gross
28 Settlement Amount shall be increased proportionately for each additional pay period worked

1 above 23,972.

2 45. Taxes. Plaintiffs, Defendant, and their respective counsel make no
3 representations as to the tax consequences or characterization of the nature of any payment
4 made pursuant to this Settlement Agreement.

5 46. **Circular 230 Disclaimer:** EACH PARTY TO THIS AGREEMENT
6 ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT,
7 AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE
8 PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO
9 BE, NOR WILL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE
10 CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF
11 UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS
12 AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY
13 UPON HIS, HER OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR
14 ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS AGREEMENT,
15 (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE
16 RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO
17 ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY
18 COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO ANY
19 OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE
20 ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER
21 PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY
22 OF ANY SUCH ATTORNEY'S OR ADVISER'S TAX STRATEGIES (REGARDLESS OF
23 WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE
24 ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF
25 ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS
26 AGREEMENT.

27 47. Attorneys' Fees and Costs. Except as provided in Paragraph 41 above, Plaintiffs,
28 on the one hand, and Defendant, on the other, each agree to bear their own costs and attorneys'

1 fees and waive any statute, rule of court, provision or legal proposition which might otherwise
2 be relied upon to obtain costs, fees or expenses in connection with Plaintiffs' allegations and
3 causes of action released in this Settlement Agreement. Plaintiffs' Counsel acknowledges that if
4 this settlement is approved they will have no claim for or legal right to attorneys' fees or costs
5 except as provided for in this Settlement Agreement. For purposes of the approval of Attorneys'
6 Fees and Costs and/or the Approval of this Settlement, Defendant will not oppose Plaintiffs'
7 Counsels' argument that the Actions were a catalyst for policy changes that occurred during the
8 pendency of the Action. The Settlement Administrator (and not Defendant) shall issue an IRS
9 Form 1099 to Plaintiffs' Counsel reflecting the awarded attorneys' fees and costs.

10 48. Liens. Plaintiffs acknowledge that they are solely responsible for the resolution,
11 waiver, satisfaction, and/or discharge of any equitable or contractual claims, subrogation claims
12 or liens, known or unknown, past or future, asserted against the settlement proceeds of this
13 settlement by any person or entity that provided benefits or payments of any kind to Plaintiffs.
14 Plaintiffs agree to indemnify Defendant and the Released Parties from and against any and all
15 claims, judgments, or suits for any such claims, subrogation claims or liens.

16 49. Release of Claims by the State and Aggrieved Employees. Upon the approval by
17 the Court of this Settlement Agreement, and except as to such rights or claims as may be created
18 by this Settlement Agreement, the State of California and each and every Aggrieved Employee
19 (which includes any legal heirs and/or successors-in-interest of each and every Aggrieved
20 Employee), fully releases and discharges the Released Parties from the Released Claims during
21 the Release Period (which is also the PAGA Period). Aggrieved Employees, other than
22 Plaintiffs, will not be deemed to have released any individual wage and hour claims based on
23 alleged violations of the Labor Code or of a California Wage Order, for which they have a
24 private right of action, by virtue of this Settlement Agreement during the Release Period.

25 50. Complete And General Release of Claims by Plaintiff Martha Mejia and Plaintiff
26 Lindsey Devaney. In consideration for receiving the Service Award Payments described above,
27 each Plaintiff binds themselves, and all of their respective heirs, beneficiaries, trustees,
28 administrators, executors, assigns, agents and legal representatives, and releases, waives and

1 forever discharges Defendant and the Released Parties from, and acknowledges full accord and
2 satisfaction of, any and all claims, demands, causes of action, rights, and liabilities of any kind
3 whatsoever (upon any legal or equitable theory, whether contractual, common law or statutory,
4 under federal, state or local law or otherwise) by reason of any act, omission, transaction,
5 agreement or occurrence, that they have ever had, now has against Defendant and the Released
6 Parties up to and including the date the Court approves this Settlement (“Plaintiffs’ Released
7 Claims”) arising under federal, state or local laws, rules, or regulations, whether known or
8 unknown, unforeseen, unanticipated, unsuspected or latent, that have been or could have been
9 asserted by Plaintiffs, or their heirs, successors and/or assigns of Plaintiffs. Notwithstanding any
10 other provision of this Settlement Agreement, this general release does not release any claims
11 that cannot lawfully be released. This general release is not intended to limit Plaintiffs from
12 filing a charge with, or participating in an investigation conducted by, the Equal Employment
13 Opportunity Commission; provided, however, that Plaintiffs expressly waive and relinquish any
14 rights they might have to recover damages, monetary or other relief, whether equitable or legal,
15 in any such proceeding concerning events or actions that arose on or before the date that they
16 sign this Settlement Agreement. Plaintiffs are not waiving any rights they may have to (i)
17 Plaintiffs’ own vested accrued employee benefits under any health, welfare, or retirement
18 benefits plans as of the date of execution of this Settlement Agreement; (ii) any benefits or
19 rights to seek benefits under applicable workers’ compensation (except as to claims under Labor
20 Code sections 132a and 4553) or unemployment insurance or indemnification statutes; (iii)
21 pursue claims which by law cannot be waived by signing this Settlement Agreement; (iv)
22 enforce this Settlement Agreement; and (v) challenge the validity of this Settlement Agreement.

23 51. Waiver of Unknown Claims by Plaintiffs. With respect to Plaintiffs’ Complete
24 and General Release, Plaintiffs acknowledge the language of Section 1542 of the California
25 Civil Code, which provides:

26 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS
27 THAT THE CREDITOR OR RELEASING PARTY DOES NOT
28 KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT
THE TIME OF EXECUTING THE RELEASE AND THAT, IF

1 KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY
2 AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR
OR RELEASED PARTY.

3 Plaintiffs expressly waive the protection of Section 1542. This release excludes any release of
4 any claims not permitted to be released by law.

5 52. No Admission of Liability. By entering into this Settlement, Defendant in no way
6 admits any violation of law or any liability whatsoever to Aggrieved Employees, individually or
7 collectively, and expressly deny all such liability.

8 53. Standing and No Transfer of Claims. Plaintiffs expressly represent and warrant
9 that they have standing to dismiss any and all claims they have or may have against Defendant
10 and the Released Parties, and that they are not a “debtor” within the meaning of the federal
11 bankruptcy statutes. Plaintiffs further represent and warrant that they have not assigned,
12 transferred or conveyed to any person or entity any claim, demand, liability, obligation or cause
13 of action released by this Settlement Agreement. Plaintiffs agree to indemnify, defend and hold
14 harmless Defendant and the Released Parties from any claims which may be asserted against
15 them based on, or arising out of, any such assignment, transfer, or conveyance.

16 54. Within seven (7) calendar days after the Court’s signature of the Order and
17 Judgment, Defendant will compile and provide to the Settlement Administrator the Employee
18 List. The Settlement Administrator shall run all the addresses of Aggrieved Employees through
19 the United States Postal Service National Change of Address database (which provides updated
20 addresses for any individual who has moved in the previous four years who has notified the U.S.
21 Postal Service of a forwarding address) to obtain current address information. Within fourteen
22 (14) calendar days after receipt of the list of Aggrieved Employees, the deposit, and the
23 Judgment or Order approving the Settlement, the Settlement Administrator will mail a
24 settlement Notice (in the form attached as Exhibit A) and check to each Aggrieved Employee by
25 first class mail. The Settlement Administrator will perform an address follow-up on returned
26 mail, and will re-mail the Notice and check to an updated address (if any) within ten (10)
27 calendar days of receipt of the returned mail. The Parties intend that reasonable, but not
28 extraordinary, means are to be used to locate Aggrieved Employees. If no other address is

1 found, no further action is required. If a current address for an Aggrieved Employee cannot be
2 found by the Settlement Administrator, the Aggrieved Employee will nevertheless be bound by
3 the terms of the Release in this Settlement Agreement, whether or not he or she receives actual
4 notice from the Settlement Administrator.

5 55. The Settlement Administrator shall also be responsible for taking care of all
6 required tax reporting and issuing IRS Form 1099s with the settlement payments. Upon
7 completion of its calculation of payments, the Settlement Administrator shall provide
8 Defendant's counsel with a report listing the amount of all payments made to each Aggrieved
9 Employee. Upon completion of its calculation of payments, the Settlement Administrator shall
10 provide Plaintiffs' Counsel with a report listing only each Aggrieved Employee's (i) employee
11 ID or last four digits of the Aggrieved Employee's Social Security Number and (ii) individual
12 settlement payment. Plaintiffs' Counsel shall not receive any identifying information, including
13 but not limited to names, addresses, and Social Security Numbers, for any of the Aggrieved
14 Employees, except for Plaintiffs.

15 56. Certification of Completion. Upon completion of administration of the
16 Settlement, the Settlement Administrator shall provide a written declaration(s) under oath to
17 certify such completion to the Court and counsel for all Parties.

18 57. Non-Monetary Terms of Settlement:

19 a. Filing of First Amended Consolidated Complaint in *Mejia*/Consolidation.

20 The Parties agree that Plaintiffs will file, as a condition to the Settlement, a First Amended
21 Consolidated Complaint in *Martha Mejia v. Coast to Coast Commercial, LLC dba Sonic Drive-*
22 *In*, San Bernardino County Superior Court Case No. CIVSB2105311, that contains the claims
23 and allegations currently in *Lindsey Devaney v. Coast to Coast Commercial, LLC*, Orange
24 County Superior Court, Case No. 30-2021-01209196-CU-OE-CXC, in addition to those claims
25 and allegations already alleged in *Mejia* ("First Amended Consolidated Complaint"). The First
26 Amended Consolidated Complaint will also add Plaintiff Devaney and her Counsel MLG. It is
27 the understanding of the Parties that the Settlement shall cover all claims in *Mejia* and *Devaney*
28 including expressly all claims in the First Amended Consolidated Complaint. In the event that

1 the Court fails to approve the Settlement for any reason, the First Amended Consolidated
2 Complaint shall be withdrawn without prejudice to Plaintiffs seeking leave to amend their
3 complaints and the Parties will return to their original positions and venues as if the First
4 Amended Consolidated Complaint had not been filed. By stipulating to the filing of an amended
5 complaint for the purpose of Settlement, Defendant is in no way agreeing that an amendment
6 would be appropriate outside the context of this Settlement. Plaintiffs do not agree that the
7 matter is or would be removable to federal court or that federal jurisdiction is proper.
8 Notwithstanding the amendment, Defendant agrees that the First Amended Consolidated
9 Complaint in *Mejia* does not confer jurisdiction to any federal court, and therefore agrees not to
10 remove the Action to federal court.

11 b. Non-Monetary/Prospective Terms of Settlement. For purposes of this
12 Settlement Agreement only, this litigation was a catalyst to Defendant revising its written
13 policies related to meal periods, rest periods, as well as the timely payment of wages. Defendant
14 revised such written policies during the pendency of the Actions. Plaintiffs and Defendant
15 acknowledge and agree that Defendant is not admitting any violations of applicable law or any
16 unlawful conduct or liability whatsoever by or in connection with revising such policies or
17 otherwise. Instead, the statement regarding the revision of the policies is only made for purposes
18 of this Settlement Agreement and shall be void should this Settlement Agreement not be
19 approved and/or voided.

20 **SETTLEMENT APPROVAL PROCEDURE**

21 58. Settlement Approval. Plaintiffs shall submit to the Court a Motion for Approval
22 of Settlement. This motion shall seek an order to approve the proposed Settlement. This motion
23 shall include the basis for the Gross Settlement Amount and why the amount is reasonable in
24 light of the facts and controlling authorities pertaining to the claims alleged.

25 59. Entry of Judgment. Upon issuance of the Approval Order, the Parties shall
26 request the Court enter Judgment in the case.

27 **ADDITIONAL PROVISIONS**

28

1 60. Interim Stay of Proceedings. Prior to the hearing on the Motion to Approve the
2 Settlement, the Parties agree to refrain from further litigation not in furtherance of this
3 Settlement Agreement, e.g., such proceedings necessary to implement and to obtain an
4 Approval Order of the terms of the Settlement. If the Settlement is not finally approved, the
5 Parties agree that they will revert to their positions in the lawsuit prior to the time the Settlement
6 was reached, and no agreements set forth in this Settlement or any documents generated or
7 orders issued related to the Settlement will be admissible in any future proceeding in this or any
8 other action.

9 61. Construction. The Parties agree that the terms and conditions of this Settlement
10 Agreement are the result of lengthy, intensive arm's-length negotiations between the Parties,
11 and that this Settlement Agreement shall not be construed in favor of or against any Party by
12 reason of the extent to which any Party or any Party's counsel participated in the drafting of this
13 Settlement Agreement.

14 62. Choice of Law. This Settlement Agreement shall in all respects be interpreted,
15 enforced and governed by and under the laws of the State of California.

16 63. Captions and Interpretations. Paragraph titles or captions contained in this
17 Settlement Agreement are inserted as a matter of convenience and for reference only and in no
18 way define, limit, extend, or describe the scope of this Settlement Agreement or any provision
19 in this Settlement Agreement. Each term of this Settlement Agreement is contractual and not
20 merely a recital.

21 64. Modification. This Settlement Agreement may not be changed, altered, or
22 modified, except in a writing signed by counsel for all Parties. Any material changes,
23 alternations, or modifications to the provisions of this Settlement Agreement must be approved
24 by the Court. No rights under this Settlement may be waived except in writing.

25 65. Integration Clause. This Settlement Agreement contains the entire agreement
26 among the Parties relating to the settlement and transaction contemplated, and all prior or
27 contemporaneous agreements, understandings, representations, and statements, whether oral or
28 written and whether by a Party or that Party's legal counsel, are merged into this Settlement

1 Agreement.

2 66. Counterparts. This Settlement Agreement may be executed in counterparts with
3 the same force and effect as if all signatures were obtained in one document. Execution of a
4 facsimile copy shall have the same force and effect as execution of an original, and a facsimile
5 signature shall be deemed an original and valid signature. This Settlement Agreement is subject
6 only to the execution of all Parties. The Settlement Agreement may be executed in one or more
7 counterparts. All executed counterparts and each of them, including electronic, facsimile,
8 DocuSign, and scanned copies of the signature page, will be deemed to be one and the same
9 instrument and shall have the same force and effect as execution of an original, and shall be
10 deemed an original and valid signature.

11 67. Parties' Authority. The signatories to the Settlement Agreement represent that
12 they are fully authorized to enter into this Settlement and are fully authorized to bind the Parties
13 to all terms stated in this Settlement Agreement.

14 68. Materiality of Terms. Except as otherwise stated in this Settlement Agreement,
15 all terms and conditions of this Settlement in the exact form set forth in this Settlement are
16 material to this Settlement and have been relied upon by the Parties in entering into this
17 Settlement.

18 69. Invalidity of Any Provision. Before declaring any provision of this Settlement
19 Agreement invalid, the Court shall first attempt to construe the provisions valid to the fullest
20 extent possible consistent with applicable precedents so as to render all provisions of this
21 Settlement Agreement valid and enforceable.

22 70. Further Acts and Cooperation Between the Parties. The Parties shall cooperate
23 fully with each other and shall use their best efforts to obtain the Court's approval of this
24 Settlement Agreement and all of its terms. Each of the Parties, upon the request of another,
25 agrees to perform such further acts and to execute and to deliver such other documents as are
26 reasonably necessary to carry out the provisions of this Settlement Agreement.

27 71. No Media Announcements. Plaintiffs, Plaintiffs' Counsel, Defendant and
28 Defendant's Counsel, shall not publicize the terms or existence of the Settlement on their

1 websites, in advertising/marketing materials or on social media, other than filing documents
2 with the Court. The Parties and their counsel agree that they will not issue any press releases or
3 initiate any contact with the media about the fact, amount, or terms of the Settlement. If counsel
4 for any Party receives an inquiry about the Settlement from the media, counsel may respond
5 only after motion for approval of the Settlement has been filed. Nothing in this provision shall
6 prevent the Parties from making any required disclosure.

7 72. Waiver of Certain Appeals. The Parties agree to waive appeals except, however,
8 that Plaintiffs or Plaintiffs' Counsel may appeal any reduction in the Attorneys' Fees and Costs
9 below the amount they request from the Court, and either party may appeal any court order that
10 materially alters the Settlement Agreement's terms.

11 73. Continuing Jurisdiction. The Court shall retain jurisdiction over the
12 implementation of this Settlement as well as any and all matters arising out of, or related to, the
13 implementation of this Settlement. The Court shall not have jurisdiction to modify the terms of
14 the Settlement without the consent of all of the Parties. Should any party be required to enforce
15 the terms of this Settlement, the prevailing party shall be entitled to reasonable attorneys' fees
16 and costs.

17 74. Enforcement of Settlement Agreement. Pursuant to Labor Code section 2699,
18 this Settlement Agreement must be approved by the Court and will be enforceable by the Court
19 pursuant to Code of Civil Procedure section 664.6. Even after the entry of judgment, the Parties
20 jointly request and reserve the Court's continuing jurisdiction under section 664.6.

21 75. Effect of Signatures. By their signatures, the Parties acknowledge and warrant
22 that their respective counsel will abide by and adhere to the specific obligations and actions
23 required of them in this Settlement Agreement.

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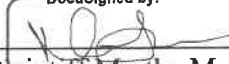
SIGNATURES

READ CAREFULLY BEFORE SIGNING

THE PARTIES HAVE READ THE SETTLEMENT AGREEMENT. THEY HAVE
CONSULTED WITH LEGAL COUNSEL REGARDING THE SETTLEMENT AGREEMENT
AND KNOW THE CONTENTS IN THE SETTLEMENT AGREEMENT AND SIGN THE
SAME AS THEIR FREE, KNOWING, AND VOLUNTARY ACT AND DEED, BEING
FULLY AWARE OF ITS CONSEQUENCES AND ITS FINAL AND BINDING EFFECT.

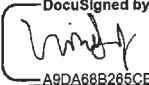
PLAINTIFF

Dated: 4/13/2022

DocuSigned by:

Plaintiff Martha Mejia

PLAINTIFF

Dated: 4/14/2022

DocuSigned by:

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Plaintiff Lindsey Devaney

**DEFENDANT COAST TO COAST
COMMERCIAL, LLC DBA SONIC DRIVE-
IN**

Dated: 5/10/2022


Clinton Wesselink
Please Print Name of Authorized Signatory

EXHIBIT A

Mejia v. Coast to Coast Commercial, LLC dba Sonic Drive-In , Case No. CIVSB2105311

<<DATE>>

<<FIRST_NAME>> <<LAST_NAME>>
<<ADDRESS 1>>
<<ADDRESS 2>>

Re: PAGA Settlement Payment from *Martha Mejia and Lindsey Devaney v. Coast to Coast Commercial, LLC dba Sonic Drive-In* Lawsuit

Dear <<FIRST_NAME>> <<LAST_NAME>>:

A settlement ("the Settlement") has been reached in a representative action lawsuit titled *Martha Mejia and Lindsey Devaney v. Coast to Coast Commercial, LLC dba Sonic Drive-In*, San Bernardino County Superior Court Case No. CIVSB2105311 (the "Lawsuit"). Enclosed is your settlement payment from the Settlement.

1. What is this lawsuit about and why should you read this notice?

On March 3, 2021 and September 7, 2021, Plaintiffs Martha Mejia and Lindsey Devaney ("Plaintiffs") filed lawsuits against Coast to Coast Commercial, LLC dba Sonic Drive-In ("Sonic") pursuant to the Labor Code Private Attorneys General Act of 2004, Cal. Lab. Code § 2698 *et seq.* (called "PAGA"). The lawsuits, which have been combined, were brought by former employees of Sonic on behalf of the State of California and all similarly situated non-exempt hourly-paid employees of Sonic from December 28, 2019 to January 4, 2022 ("PAGA Members"). The Lawsuit alleged that Sonic did not lawfully pay PAGA Members minimum wages, overtime and reporting time pay as well as all wages due during and upon termination from employment. The lawsuits further alleged that Sonic did not lawfully provide meal periods, rest periods, and accurate wage statements, and did not maintain accurate payroll and time records, provide suitable seating, and reimburse business expenses to PAGA Members.

The Plaintiffs sought civil penalties against Sonic under PAGA for the alleged above labor code violations. Sonic denies that it did anything wrong or that it owes any civil penalties.

Sonic's employment records indicate that you are a PAGA Member. The Court directed that this notice be sent to PAGA Members, such as yourself, to inform you about the case and your rights. This notice explains the Lawsuit, the Settlement, and generally about your rights.

2. Why is there a Settlement?

The parties agreed to resolve the Lawsuit, and as part of that settlement, Sonic agreed to pay a certain amount of money categorized as PAGA civil penalties. The Court has not ruled on the merits of the Lawsuit and did not decide in favor of Plaintiffs or Sonic. Instead, both sides agreed to a Settlement, which avoids the risk and uncertainty of trial. The Court has approved the Settlement of PAGA civil penalties.

3. What are the terms of the Settlement?

Sonic will pay Six Hundred Ninety Thousand Dollars and Zero Cents (\$690,000.00) to settle the Lawsuit ("Gross Settlement Amount"). The Gross Settlement Amount includes: (a) all Individual PAGA Settlement Payments to PAGA Members, (b) Plaintiffs' PAGA Service Award Payments, (c) Plaintiffs' Counsel attorneys' fees and costs; (d) a payment to the California Labor and Workforce Development Agency ("LWDA") for civil penalties under PAGA; and (e) the reasonable fees and costs of the Settlement Administrator.

After these costs, fees, and payments have been deducted, the remaining money (the "Net PAGA Settlement Amount") has been split between the LWDA and the PAGA Members. The law requires that 75% of the Net PAGA Settlement Amount, or _____ Dollars and _____ Cents (\$____.____), be paid to the LWDA. The remaining 25% of the Net PAGA Settlement Amount, or _____ Dollars and _____ Cents (\$____.____) ("PAGA Payment"), be paid out to the PAGA Members. No portion of the Gross Settlement Amount will be returned to Sonic.

4. What is your payment?

Enclosed is a check made out to you. The check reflects your pro rata share of the settlement for PAGA civil penalties (\$ _____). This amount is calculated based on the number of pay periods you worked for Sonic as a non-exempt hourly employee in California during the period from December 28, 2019 to January 4, 2022 ("the PAGA Period"). The PAGA Payment has been divided by the total number of pay periods of all PAGA Members resulting in the "Pay Period Value." Your Individual PAGA Settlement Payment has been calculated by multiplying your total number of pay periods during the PAGA Period by the Pay Period Value.

Your Pay Periods are: _____

Your Individual PAGA Settlement Payment is: \$ _____

Individual PAGA Settlement Payments are subject to taxation. This Notice does not serve as tax advice. Consult your tax advisors concerning the tax consequences of the payments you receive. You will receive an IRS Form 1099 for your Individual PAGA Settlement Payment, unless your Individual PAGA Settlement Payment is \$600 or less.

You can cash or deposit your Individual PAGA Settlement Payment within One-Hundred and Eighty (180) days from issuance. If you do not cash/deposit your check within One Hundred and Eighty (180) days after issuance, then the check will be voided and transmitted to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Code of Civil Procedure Section 1500, *et seq.*, in your name.

5. What Claims are being released by this Settlement?

A Judgment has been entered by the Court. PAGA Members have released the Released Parties¹ from the Released Claims for the PAGA Period.

The Released Claims are all claims for PAGA civil penalties under the California Labor Code sections 201, 202, 203, 204, 210, 223, 226, 226.3, 226.7, 510, 512, 558, 1174, 1174.5, 1182.12, 1185, 1194, 1194.2, 1197, 1197.1, 1198, 1198.5, 1199, 2800, 2802, 2804, California Code of Regulations, Title 8, section 11050, all applicable IWC Wage Orders, and/or other provisions of law alleged to have been violated in the operative Complaints and Plaintiffs' LWDA letters with respect to Aggrieved Employees and attorneys' fees and costs permissible under PAGA which Plaintiffs and/or the Aggrieved Employees had or may claim to have, against the Released Parties arising out of the Complaints and Plaintiffs' LWDA letters.

You are not a party to this lawsuit, but you and the state government are bound by the settlement in this matter as to civil penalties. However, PAGA Members, other than Plaintiffs, will not be deemed to have released any individual wage and hour claims, by virtue of the settlement, based on alleged violations of the Labor Code or of a California Wage Order for which they have a private right of action.

If you have any questions, you can contact the settlement administrator (whose contact information is at the top of this letter), or contact Plaintiff's counsel below:

LAW OFFICES OF MARK YABLONOVICH
Mark Yablonovich
Tony Roberts
9595 Wilshire Boulevard, Suite 900
Beverly Hills, California 90212-2511
Telephone: (310) 286-0246

MELMED LAW GROUP, P.C.
Jonathan Melmed
Laura Supanich
1801 Century Park East, Suite 850
Los Angeles, California 90067
Telephone: (310) 824-3828

PLEASE DO NOT CONTACT THE COURT

¹ The Released Parties are Sonic and Sonic's parents, subsidiaries, affiliated corporations and entities, predecessors or successors, current and former officers, directors, members, managers, employees, consultants, partners, shareholders, joint venturers, and agents, as well as any successors, assigns, or legal representatives/attorneys