

HAINES LAW GROUP, APC
Paul K. Haines (SBN 248226)
phaines@haineslawgroup.com
Sean M. Blakely (SBN 264384)
sblakely@haineslawgroup.com
Alexandra R. McIntosh (SBN 320904)
amcintosh@haineslawgroup.com
2155 Campus Drive, Suite 180
El Segundo, California 90245
Tel: (424) 292-2350
Fax: (424) 292-2355

Attorneys for Plaintiff

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ORANGE**

LUCIANO JIMENEZ, as an individual, and
on behalf of all others similarly situated,

Plaintiff,

vs.

ARCADIA CHAIR COMPANY, INC., a
California corporation; and DOES 1 through
100,

Defendants.

Case No. 30-2020-01175920-CU-OE-CXC

*[Assigned for all purposes to Hon. Lon
Hurwitz, Dept. CX-103]*

**DECLARATION OF PAUL K. HAINES
IN SUPPORT OF PLAINTIFF'S
MOTION FOR PRELIMINARY
APPROVAL OF CLASS ACTION
SETTLEMENT**

Date: February 16, 2024
Time: 1:30 p.m.
Dept.: CX-103

Complaint Filed: December 23, 2020
Trial Date: None set

1 I, PAUL K. HAINES, declare as follows:

2 1. I am a shareholder and principal of the law firm Haines Law Group, APC, and
3 counsel for the named Plaintiff Luciano Jimenez (“Plaintiff”) and the proposed Settlement Class
4 in the above-captioned matter. I am a member in good standing of the bar of the State of California
5 and am admitted to practice in this Court. I have personal knowledge of the facts stated in this
6 declaration and could testify competently to them if called upon to do so.

7 2. I am a 2006 graduate of Pepperdine University School of Law, where I graduated
8 cum laude. During law school, I worked as a law clerk for the appellate firm of Horvitz & Levy,
9 located in Encino, California. I also spent a semester in law school working as an extern for the
10 Honorable Edward Rafeedie, District Judge for the United States District Court for the Central
11 District of California.

12 3. Since graduating from law school, my practice has focused almost exclusively on
13 employment litigation. In September 2007, I began working as an associate attorney at the
14 international law firm of Littler Mendelson P.C., at its Los Angeles office, which according to its
15 website is the “largest U.S.-based law firm exclusively devoted to representing management in
16 every aspect of labor and employment law.” While at Littler Mendelson, I was primarily staffed
17 on wage and hour class actions venued in both state and federal courts, and I also worked on a
18 number of single and multi-plaintiff wage and hour matters as well.

19 4. During my employment at Littler Mendelson, I played a significant role in the
20 class actions that I was staffed on, as I was often the only associate staffed on such cases. In
21 particular, I received a wide-array of wage and hour class action experience performing the
22 following types of tasks: drafting demurrers, motions to strike and/or dismiss; removing actions
23 from state court to federal court; drafting and responding to written discovery; drafting and
24 opposing discovery related motions; arguing discovery related motions; drafting motions to
25 consolidate related matters; interviewing putative class members and obtaining declarations in
26 connection with class certification; drafting oppositions to motions for class certification; drafting
27 motions for decertification following class certification; conducting exposure analyses to assess
28 the strengths and weaknesses of asserted claims, the likelihood of prevailing at class certification

1 and potential damages resulting from such claims; drafting mediation briefs; serving as the
2 primary contact to in-house counsel; deposing named plaintiffs and putative class members;
3 deposing retained expert witnesses; and defending the depositions of corporate witnesses. In
4 short, I played an integral role in all aspects of litigation from the inception of a matter through
5 and beyond class certification. I also supervised the work of several junior attorneys who were
6 staffed on the same wage and hour class actions.

7 5. In June 2011, I voluntarily resigned from Littler Mendelson in order to accept an
8 associate attorney position with the international law firm of Morgan, Lewis & Bockius LLP, at
9 its Los Angeles office, where I began working in July 2011. During my employment at Morgan,
10 Lewis & Bockius LLP, I worked exclusively on the defense of wage and hour class and collective
11 actions. For the vast majority of these cases, I was the only associate staffed on the matter, and I
12 performed the same job duties as described in the immediately preceding paragraph. In addition
13 to working on wage and hour class actions, I also worked on a number of “hybrid” actions
14 asserting nationwide wage and hour claims under the Fair Labor Standards Act (“FLSA”), as well
15 as California-specific claims under Rule 23 of the Rules of Civil Procedure.

16 6. In July 2012, I transitioned into litigating wage and hour class actions from the
17 Plaintiff’s side, first as a Partner with the law firm of Boren, Osher & Luftman, LLP, and since
18 February 2016, as a Shareholder of the Haines Law Group, APC. Currently, over ninety percent
19 (90%) of my practice is dedicated exclusively to the prosecution of wage and hour class actions,
20 and I am currently responsible for prosecuting over one hundred (100) wage and hour class
21 actions filed in both State and Federal courts throughout California. I have been appointed as
22 Class Counsel in over two hundred (200) wage and hour class action settlements in state and
23 federal courts within California. A few examples of the matters in which I have been appointed
24 as Class Counsel, all of which have been granted final approval, include the following: *Sanchez*
25 *v. Res-Care, Inc.*, Case No. BC526175, California Superior Court, County of Los Angeles, Hon.
26 John Shepard Wiley, Jr., presiding; *Prado v. Warehouse Demo Services, Inc.*, Case No. CV14-
27 3170 JFW (Ex), United States District Court, Central District of California, Hon. John F. Walter
28 presiding; *Tesla Motors Wage and Hour Litigation*, JCCP 4792, California Superior Court, Santa

1 Clara County, Hon. Peter H. Kirwan presiding; *Bower v. Cycle Gear, Inc.*, Case No. CV14-2712
2 HSG, United States District Court, Northern District of California, Hon. Haywood S. Gilliam, Jr.
3 presiding; *Longstreth v. PAQ, Inc., dba Food 4 Less*, Case No. 15CV-0206, California Superior
4 Court, County of San Luis Obispo, Hon. Charles S. Crandall presiding; *Nunez v. CompuCom*
5 *Systems, Inc.*, Case No. BC618385, California Superior Court, County of Los Angeles, Hon. John
6 Shepard Wiley, Jr. presiding; *Mansilla v. Haeco Americas Line Services, LLC, et al*, Case No.
7 BC615310, Superior Court of California, County of Los Angeles, Hon. Elihu M. Berle presiding;
8 *Leverage, et al v. Traeger Pellet Grills, LLC, et al*, Case No. 4:16-cv-00784-KAW, United States
9 District Court, Northern District of California, Hon. Kandis A. Westmore presiding.

10 7. I have also moved to certify and have received an order certifying a class action
11 and/or conditionally certifying a collective action, in the following cases:

- 12 • *Medeiros v. Vortex Financial Management Inc.*, Case No. 30-2013-00644741-
13 CU-OE-CXC, California Superior Court, County of Orange, Honorable Judge
14 Gail A. Andler, presiding (certifying a class of employees who were misclassified
15 as independent contractors);
- 16 • *Javine v. San Luis Ambulance Service, Inc.*, Case No. CV13-07480 BRO (SSx),
17 United States District Court, Central District of California, Honorable Judge
18 Beverly Reid O'Connell, presiding (conditionally certifying an unpaid FLSA
19 overtime wage class);
- 20 • *Prado v. Warehouse Demo Services, Inc.*, Case No. CV14-3170 JFW (Ex), United
21 States District Court, Central District of California, Honorable Judge John F.
22 Walter, presiding (certifying a rest period violation class and conditionally
23 certifying a FLSA unpaid overtime wage class);
- 24 • *Bower v. Cycle Gear, Inc.*, Case No. CV14-2712 HSG, United States District
25 Court, Northern District of California, Honorable Judge Haywood S. Gilliam, Jr.,
26 presiding (conditionally certifying an unpaid FLSA overtime wage class);
- 27 • *Vega v. Weatherford U.S., Limited Partnership*, Case No. CV14-1790-JLT, United
28 States District Court, Eastern District of California, Honorable Jennifer L.

Thurston, presiding (conditionally certifying an unpaid FLSA overtime wage class);

- *Galvan v. AMVAC Chemical Corporation*, Case No. 30-2014-00716103-CU-OE-CXC, California Superior Court, County of Orange, Honorable Judge William Claster, presiding (certifying unpaid overtime wage class and waiting time penalty class);

- *Camacho v. Residential Fire Systems, Inc.*, Case No. 30-2015-775372-CU-OE-CXC, California Superior Court, County of Orange, Honorable Glenda Sanders, presiding (certifying piece rate pay plan classes, expense reimbursement class, wage statement class, and waiting time penalties class);

- *Ontiveros v. Safelite Fulfillment, Inc., et al*, Case No. CV 15-7118-DMG (RAOx), United States District Court, Central District of California, Honorable Dolly M. Gee presiding (certifying six classes of employees for rest period violations, wage statement violations, meal period violations, and overtime and double-time violations);

- *Vasquez v. Kraft Heinz Foods Company*, Case No. 16-cv-2749-WQH-BLM, United States District Court, Southern District of California, Honorable William Q. Hayes presiding (certifying classes for automatic meal period deductions, manual time deductions, late meal periods, and derivative wage statement and waiting time penalties);

- *Caudle, et al. v. Sprint/United Management Company, et al.* Case No. C 17-06874-WHA, United States District Court, Northern District of California, Honorable William H. Alsup presiding (certifying three classes of employees for unlawful wage deduction violations, wage statement violations, and waiting time violations);

- *Barbara J. Bowlin-Burdick v. Life Care Centers of America, Inc.*, Case No. BC657139, Los Angeles County Superior Court, Honorable Maren E. Nelson,

presiding (certifying classes for late meal period violations, on-remises rest period violations, wage statement violations, and waiting time violations);

- *Staublein v. Wells Fargo Bank, National Association*, Case No. CIVDS1712267, San Bernardino County Superior Court, Honorable David Cohn, presiding (certifying a wage statement class);
- *Danica N. Keich, et al. v. U.S. Healthworks, Inc., et al.*, Case No. 37-2017-00015343-CU-OE-CTL, San Diego County Superior Court, Honorable Eddie C. Sturgeon, presiding (certifying classes for rest period violations, meal period violations, on-call pay violations, wage statement violations, and waiting time violations);
- *George Gomez v. The Bedrock Company*, Case No. CIVDS1824255, San Bernardino County Superior Court, Honorable David Cohn, presiding (certifying claims for unpaid overtime and minimum wage violations, meal period violations, rest period violations, wage statement violations, and waiting time penalties);
- *McDonald, et al. v. Sierra Pacific Industries*, Case No. 191133, Shasta County Superior Court, Hon. Tamara L. Wood (certifying eight classes for meal period violations, rest period violations, unpaid wages, unreimbursed business expenses, wage statement violations, and waiting time penalties); and
- *Aurora Gatica v. Valley Ag, Inc. et al.*, Case No. 19CECG03018, Fresno County Superior Court, Honorable Tyler D. Tharpe, presiding (certifying claims for meal period violations, rest period violations, wage statement violations, and waiting time penalties).

8. In 2015-2017, Thomson Reuters recognized me as a Top Young Attorney in Southern California in the annual Rising Stars Edition of Super Lawyer. This is an honor awarded to no more than two-and-a-half percent of attorneys under the age of forty in Southern California each year. In 2018-2023, Thomson Reuters recognized me as a “Super Lawyer” in the annual Super Lawyer magazine, an honor awarded to no more than five percent of all attorneys in Southern California each year.

1 9. As counsel for Plaintiff and the proposed Settlement Class, I have been intimately
2 involved in every aspect of this case from its inception through the present, and I believe that the
3 proposed Settlement is an excellent result for the Settlement Class.

4 10. Defendant Arcadia Chair Company, Inc. (“Arcadia”) sells “contract furniture” to
5 commercial customers throughout the United States and internationally.

6 11. On December 23, 2020, Plaintiff filed his Class Action Complaint in Orange
7 County Superior Court, alleging causes of actions for: (i) failure to pay all overtime wages; (ii)
8 failure to pay all minimum wages; (iii) meal period violations; (iv) rest period violations; (v) wage
9 statement violations; (vi) waiting time penalties; and (vii) unfair competition in violation of
10 California Business & Professions Code § 17200 *et seq.* On March 1, 2021, Plaintiff filed a First
11 Amended Class and Representative Action Complaint (“FAC”) which added a cause of action for
12 civil penalties under the Private Attorneys General Act (“PAGA”). A true and correct copy of
13 Plaintiff’s December 24, 2020 PAGA letter is attached hereto as **Exhibit B**. As part of the
14 Settlement, the parties stipulate to the filing of a Second Amended Class and Representative
15 Action Complaint (“SAC”) which adds a cause of action for failure to reimburse employees for
16 necessary business expenditures. The parties are concurrently submitting a Joint Stipulation for
17 Leave to File Second Amended Class and Representative Action Complaint. A true and correct
18 copy of Plaintiff’s January 9, 2024 Supplemental PAGA letter is attached hereto as **Exhibit C**.

19 12. Prior to reaching the proposed Settlement, the parties engaged in significant formal
20 and informal discovery. The parties agreed to attend an early mediation, and in connection with
21 mediation, Arcadia produced a 25% sampling of timekeeping and payroll records for the putative
22 class. Arcadia also produced a “class list” with Settlement Class members’ hire, termination dates
23 (if applicable), and rates of pay, as well as its relevant written wage and hour policies, procedures
24 and employee handbooks. Plaintiff hired a labor economist with a Ph.D. in economics to analyze
25 and extrapolate the data to assist Plaintiff in calculating Arcadia’s potential exposure for each of
26 Plaintiff’s claims.

27 13. On December 8, 2021, the parties participated in a full-day mediation with Steven
28 G. Mehta, Esq., a well-respected wage and hour class action mediator. However, the parties were

1 not able to reach a settlement. Following the unsuccessful mediation, the parties engaged in
2 extensive formal discovery. The parties entered into a stipulation which allowed Plaintiff to use
3 the 25% sampling of time and payroll records produced in advance of the mediation in the formal
4 litigation. Plaintiff was also provided with the contact information for the putative class, and
5 Plaintiff's counsel interviewed dozens of Settlement Class members regarding their work
6 experiences at Arcadia. The parties agreed to exchange any and all signed witness declarations
7 obtained from Settlement Class members, and the parties agreed that each party would be entitled
8 to take the deposition of up to six (6) of the other party's declarants. Ultimately, the parties took
9 the deposition of eleven (11) declarants. Arcadia took the deposition of Plaintiff on April 8, 2022.
10 Plaintiff took the deposition of Arcadia's Person Most Knowledgeable ("PMK") on April 28,
11 2022.

12 14. After completing this formal discovery, the parties agreed to attend a second
13 mediation with Mr. Mehta. On May 3, 2022, the parties participated in a second mediation with
14 Mr. Mehta. During mediation, the parties vigorously debated their opposing legal positions, the
15 likelihood of certification of Plaintiff's claims, and the legal basis for the claims and defenses.
16 Ultimately, the parties were not able to reach a settlement at this second mediation. Following the
17 second mediation, Arcadia provided Plaintiff's counsel with three (3) years of financial records
18 and Plaintiff, with the help of his retained expert, who is a forensic accountant who has consulted
19 or provided expert testimony in dozens of litigation and insurance matters, reviewed the financial
20 documents provided by Arcadia.

21 15. Following the unsuccessful second mediation, on November 9, 2022, Plaintiff
22 filed his Motion for Class Certification. Arcadia filed its Opposition to Plaintiff's Motion for
23 Class Certification on February 17, 2023, and Plaintiff filed his Reply Brief on March 9, 2023.
24 After Plaintiff's Motion for Class Certification was fully briefed, the parties resumed settlement
25 negotiations with Mr. Mehta. Following these continued settlement discussions, Mr. Mehta issued
26 a mediator's proposal for a class-wide settlement, which was ultimately accepted by the parties.
27 Plaintiff's expert opines that Arcadia could not reasonably afford to pay more than the Gross
28 Settlement Amount, and that the requested payment schedule was necessary for Arcadia to remain

1 in business without dramatically impacting its operations. During the months that followed, the
2 parties negotiated and finalized the long-form Settlement Agreement now before this Court.

3 16. Plaintiff alleges that from June 28, 2016 to April 4, 2021, certain non-exempt
4 employees were provided with a first rest period that was 20-minutes in duration, as well as a
5 second rest period that was 10 minutes in duration. However, rather than pay these employees for
6 the entirety of their rest periods, Plaintiff alleges that Arcadia did not pay them for 10 minutes of
7 the 20-minute rest period. Plaintiff alleges that Arcadia recouped those 10 minutes of non-work
8 time on the back-end of the shift by, for example, requiring employees to work until 2:40 p.m.
9 rather than to 2:30 p.m., but only paying them up until 2:30 p.m. Plaintiff contends that Arcadia's
10 practice of requiring employees to work 10 minutes at the end of their shift without pay in order
11 to "pay back" the extra 10 minutes given to them for their first rest period violates California law.
12 Arcadia argues that it has always compensated its employees for all hours worked and that its rest
13 period policies and practices comply with California law. Arcadia further contends that its
14 practice of providing a 20-minute rest period in the morning, of which ten minutes were paid, and
15 ten minutes were not paid, is not unlawful. Arcadia contends that case law nor the applicable
16 Wage Order forecloses an employer from providing additional unpaid rest period time to benefit
17 the health of its employees. Indeed, Arcadia argues it provided employees a 20-minute rest period
18 in the morning based on employees' request for a longer break to enable them to eat breakfast or
19 purchase food from a nearby food truck. Arcadia contends that Plaintiff's theory of liability is
20 unsupported by California law and that its practice of providing a paid ten-minute rest period
21 supplemented by an additional ten minutes of unpaid break time is lawful and presents no
22 exposure to Arcadia.

23 17. Plaintiff alleges that from June 28, 2016 to April 4, 2021, Arcadia utilized a
24 timekeeping practice that grossly and systemically underpaid employees through a process of
25 unlawful rounding and/or time-shaving. Plaintiff alleges that Arcadia required Plaintiff and
26 putative class members to accurately record their time worked and meal periods by clocking in
27 and out using an electronic system that recorded their time to the minute; however, Arcadia would
28 thereafter round/shave employees' recorded time to their detriment, which resulted in the

1 consistent under-payment of employee wages. Plaintiff's expert's analysis revealed that during
2 the Class Period, Settlement Class members were clocked in for approximately 85,066 more hours
3 than they were paid due to Arcadia's policies/practices. Therefore, Plaintiff calculated Arcadia's
4 maximum exposure on these claims to be approximately \$1,313,419 (85,066 unpaid hours *
5 \$15.44 average rate of pay). Arcadia counters that it utilizes a fair and neutral time-rounding
6 mechanism that results, over time, in employees being paid for all hours worked. Arcadia further
7 argues that it simply allowed employees to clock-in up to six (6) minutes prior to their scheduled
8 start of shift, however, it was not possible for employees to begin working prior to the scheduled
9 start of shift, and therefore, employees could not perform compensable work prior to the start of
10 their scheduled shift. Arcadia argues that if employees did clock in prior to their scheduled shift,
11 they engaged in personal activities such as storing food in the breakroom, drinking coffee, and
12 socializing with other employees, and were not, and could not, perform compensable work.
13 Moreover, Arcadia asserts that Plaintiff would be unable to certify this claim since its timekeeping
14 policy/practice is facially neutral and some employees were *overpaid* due to rounding, and
15 individualized inquiries would be necessary as to whether employees were in fact underpaid or
16 overpaid for each workday in question (including whether they were actually working when they
17 were clocked in), resulting in an unmanageable series of mini-trials. Arcadia further contends that
18 employees worked across thirty (30) different departments with varying job duties,
19 responsibilities, and schedules, thereby making certification of any claim unlikely. In light of
20 Arcadia's defenses, Plaintiff discounted the maximum amount by 25% for risk of non-
21 certification and an additional 30% for risk of losing on the merits or failing to recover the full
22 amount sought, to arrive at an estimated exposure of approximately \$689,545.

23 18. Plaintiff alleges that Arcadia utilized a bell system to govern employees' meal
24 periods that worked at two of its locations. In accordance with Arcadia's bell system, a bell rings
25 at the beginning of the meal period, a warning bell at approximately the 28-minute mark of each
26 meal period, and a final bell at the 30-minute mark. After the 28-minute warning bell rings,
27 employees at these locations are then required to begin walking back toward the time clocks, so
28 that they can line-up in order to clock back in from lunch and be back at their workstations before

30 minutes has elapsed. Plaintiff contends that Arcadia’s bell schedules resulted in employees routinely receiving short first meal periods, because the warning bells impede upon their ability to take meal periods that are “net 30” minute in duration. Based on Plaintiff’s review and extrapolation of Arcadia’s timekeeping records, approximately 306,357 shifts during the Class Period reflected a non-compliant first meal period. Plaintiff further calculated that the average rate of pay for putative class members during the Class Period at approximately \$15.44. Therefore, assuming each non-compliant meal period in the timekeeping records represents a violation, Plaintiff estimated total maximum damages for first meal period violations at approximately \$4,730,152 (306,357 non-compliant first meal periods * \$15.44 average premium). Arcadia argues that it maintained compliant meal period policies and practices throughout the Class Period and provided compliant meal periods in line with those policies/practices. Arcadia further contends that its bell schedule for production employees provides for timely, full 30-minute meal periods that start before the end of the fifth hour of work. Arcadia vigorously disputes Plaintiff’s allegations that its bell schedule results in “short” meal periods as Arcadia argues that employees were not expected to strictly adhere to the bell schedule, and that employees understood that they were not required to resume working until the completion of the 30-minute meal period. Arcadia maintains Plaintiff’s meal period claim is not suited for class certification since individual inquiries would be needed to assess which employees, if any, took non-compliant or missed meal periods, how many meal periods were non-compliant or missed, each employee’s understanding of Arcadia’s bell schedule, and for second meal periods, whether they waived the meal period. Arcadia argues certification of this claim was also unlikely as Arcadia employs non-exempt employees across thirty (30) different departments with varying job duties, responsibilities, and work schedules. Based on these defenses, Plaintiff discounted the maximum amount by 35% for risk of non-certification and an additional 45% for risk of losing on the merits or failing to recover the full amount sought, to arrive at an estimated exposure of approximately \$1,691,029.

19. Plaintiff also alleges Arcadia failed to provide second meal periods during shifts in excess of 10.0 hours. Plaintiff’s analysis and extrapolation of the timekeeping data showed that

1 during the Class Period there were approximately 29,699 shifts worked in excess of 10.0 hours
2 that did not reflect a compliant second meal period and where there was no first meal period
3 violation. Plaintiff contends that Arcadia can only be liable for one meal period premium each
4 shift. Therefore, Plaintiff calculates Arcadia's maximum exposure for second meal period
5 violations at approximately \$458,553 (29,699 second meal period violations * \$15.44 average
6 premium). Arcadia asserts that many employees choose to waive their second meal periods on
7 shifts over 10.0 hours and under 12.0 hours, as they may do under Labor Code § 512(a), so that
8 they do not need to stay at work for an extra unpaid 30 minutes. In addition, as with first meal
9 periods, Arcadia argued this claim would not be certified as requiring individualized inquiries
10 into both the merits and damages. In light of these risks, Plaintiff discounted the maximum
11 amount that the class could potentially recover for second meal periods by 50% for a risk of non-
12 certification, and an additional 65% for the risk of losing on the merits, or having exposure
13 reduced due to Arcadia's waiver arguments, to arrive at an estimated exposure amount of
14 approximately \$80,247.

15 20. Similar to Plaintiff's meal period claims, Plaintiff alleges Arcadia rings warning
16 bells at two of its locations at the 8-minute mark of each 10-minute rest break, and that employees
17 at these locations are expected to be back at their workstations by the time the final bell rings at
18 the 10-minute mark. Plaintiff contends Arcadia's bell schedules resulted in rest periods that are
19 not "net 10" minutes in duration. Based on Plaintiff's analysis and extrapolation of Arcadia's
20 timekeeping records, Plaintiff estimated there were approximately 509,746 qualifying shifts (i.e.,
21 a shift over 6.0 hours in duration, as the second rest period was the 10-minute rest period
22 interrupted by the 8-minute Warning Bell). Therefore, Plaintiff estimated Arcadia's maximum
23 potential exposure for rest period violations at approximately \$7,870,478 (509,746 rest period
24 violations * \$15.44 average premium). Arcadia counters that it has maintained compliant written
25 rest period policies and has always authorized and permitted employees a 10-minute rest period
26 for each 4 hours worked, or major fraction thereof, as required under the Wage Order, and that
27 any failure to take rest periods was as a result of employee choice, rather than any Arcadia policy
28 and/or practice. As with its defenses to Plaintiff's meal period claim, Arcadia argues employees

1 were not required to strictly adhere to Arcadia's bell schedule for rest periods, and that employees
2 understood that they were not required to resume working until the completion of the 10-minute
3 rest break. Arcadia maintains the 8-minute bell was simply to let production employees who take
4 their rest period far outside of the facility where they worked know what time it is, and that the
5 end of the break was near. Arcadia further argues that Plaintiff's rest period claim is not amenable
6 to class treatment, since individual inquiries would be required to determine which employees
7 failed to take rest periods, how many rest periods they failed to take, each employee's
8 understanding of the bell schedule, and the reasons why each employee failed to take rest
9 period(s) on a particular shift. These manageability concerns are especially present with respect
10 to rest period claims, Arcadia argues, given that rest periods are not recorded. Given these
11 defenses, Plaintiff discounted this maximum amount by 35% for risk of non-certification and an
12 additional 65% for a risk of being unsuccessful on the merits or of failing to recover the full
13 amount sought, to arrive at an estimated realistic exposure of approximately \$1,790,533.

14 21. Plaintiff contends that Arcadia required Settlement Class members to use their
15 personal cellphones for a variety of work activities, including but not limited to, communicating
16 with supervisors, but were not reimbursed for these business expenses. Based on the analysis and
17 extrapolation of Arcadia's records, Plaintiff estimates that Settlement Class members have
18 worked a total of approximately 24,922 aggregate months during the Class Period. Using a
19 conservative estimate of \$20 per month reimbursement for personal cellular phone use, Plaintiff
20 calculates Arcadia's maximum exposure for this claim at approximately \$498,440 (\$20 per month
21 * 24,922 months). Arcadia maintains that Settlement Class members were not required to use
22 their personal cellular phones as part of their job. Arcadia further argues that any expenses
23 incurred by Settlement Class members were minimal, given the wide availability of low-cost
24 cellular phone plans. Lastly, Arcadia argues this claim is not suitable for class treatment, as it
25 would require individualized determinations as to whether each Settlement Class member used a
26 personal cellular phone for work-related purposes, and if so, how much of that use was a
27 reasonable percentage of their individual monthly phone bill. Based on these defenses, Plaintiffs
28 discounted the estimated maximum amount by 60% for risk of non-certification, and by an

1 additional 65% to account for risk of losing on the merits and/or failure to recover the maximal
2 amount sought, to arrive at an estimated exposure of approximately \$69,782.

3 22. As a result of Arcadia's alleged failure to pay all wages and all meal and rest period
4 premiums, Plaintiff asserts Arcadia failed to comply with its final payment obligations set forth
5 in Labor Code § 203. Arcadia's records reflected approximately 298 former Settlement Class
6 members who separated from their employment with Arcadia and are eligible for waiting time
7 penalties. Based on an hourly rate of \$15.44, Plaintiff estimated the average waiting time penalty
8 per former employee to be \$3,706 ($\$15.44 \times 8 \text{ hours per day} \times 30 \text{ days}$). Therefore, Plaintiff
9 calculated Arcadia's maximum exposure for potential waiting time penalties to be approximately
10 \$1,104,388 ($298 \text{ former employees} \times \$3,706 \text{ average penalty}$). Arcadia asserts it has strong, good-
11 faith defenses to Plaintiff's underlying claims, precluding the imposition of waiting time
12 penalties, which are only available for "willful" violations. Moreover, because the waiting time
13 penalty claim is derivative of Plaintiff's underlying wage claims, Plaintiff would need to
14 overcome Arcadia's defenses, both as to class certification and on the merits, as to his underlying
15 claims. Arcadia further asserts Plaintiff's waiting time penalty exposure was grossly inflated as
16 not every former employee experienced the alleged Labor Code violations. To account for
17 Arcadia's defenses, Plaintiff discounted the maximum exposure by 45% for the risk of non-
18 certification, and an additional 50% for risk of losing on the merits, and/or not receiving the
19 maximum penalties sought, to arrive at an estimated exposure of approximately \$303,707.

20 23. As a further result of Arcadia's alleged failure to pay all wages and all meal and
21 rest period premiums, Plaintiff asserts Arcadia failed to issue accurate and compliant wage
22 statements in violation of Labor Code § 226. Plaintiff's analysis reflected that there were
23 approximately 349 unique employees and approximately 31,134 pay periods worked during the
24 liability period applicable to Plaintiff's wage statement claim. Those penalties are calculated as
25 \$50 for each "initial" violation and \$100 for each "subsequent" violation, with a maximum of
26 \$4,000 per employee. *See* Labor Code § 226(e). In calculating potential exposure for this claim,
27 utilizing the "initial" and "subsequent" violation rates resulted in a number greater than the \$4,000
28 cap per employee. Plaintiff, therefore, calculated potential wage statement exposure at

1 approximately \$1,396,000 (349 employees * \$4,000 max. penalty). Arcadia contends any alleged
2 wage statement violations could not be shown to be “knowing and intentional” given its good-
3 faith defenses, and that Plaintiff cannot show he or other employees “suffer[ed] injury,” as
4 required by Labor Code § 226(e) for the imposition of penalties. Arcadia further argues that wage
5 statements always accurately reflected hours worked and amounts paid to employees. Moreover,
6 because the wage statement claim is derivative of Plaintiff’s underlying wage claims, Plaintiff
7 would need to overcome Arcadia’s defenses, both as to class certification and on the merits, as to
8 his underlying claims. In light of these risks, Plaintiff discounted the maximum exposure by 45%
9 for risk of non-certification, and by an additional 50% for risk of being unsuccessful on the merits,
10 for an estimated realistic exposure of approximately \$383,900.

11 24. As a result of the foregoing Labor Code violations, Plaintiff alleges that Arcadia
12 is liable for civil penalties under the PAGA. Plaintiff estimated a maximum total PAGA exposure
13 at \$7,332,400 (73,324 pay periods * \$100 “initial” penalty). Since Plaintiff’s PAGA claim is
14 derivative of Plaintiff’s underlying wage claims, Arcadia asserts the PAGA claim would fail with
15 those claims. Arcadia further maintains that, given its good faith defenses, this Court would
16 exercise its discretion to substantially reduce any PAGA penalties if it were to find Arcadia liable
17 for any of Plaintiff’s claims. Therefore, Plaintiff discounted the maximum figure by 75% for risk
18 of losing on the merits and manageability issues and/or not recovering a PAGA penalty for each
19 and every pay period, and an additional 85% to account for the possibility of this Court reducing
20 penalties, to arrive at an estimated exposure of approximately \$274,965.

21 25. Using these estimated figures for each of the claims described above, Plaintiff
22 predicted that the potential recovery for the Settlement Class would be approximately \$5,283,708.
23 The proposed settlement of \$4,350,000.00 therefore represents approximately 82.3% of the
24 reasonably forecasted recovery for the Settlement Class.

25 26. A true and correct copy of the Stipulation of Settlement is attached hereto as
26 **Exhibit A**. The proposed Class Notice, Request for Exclusion Form, and Notice of Estimated
27 Settlement Award are attached as **Exhibits 1, 2, and 3**, respectively, to the Settlement Agreement.

28 27. The monetary terms of the Settlement are summarized below:

• Gross Settlement Amount (“GSA”):	\$4,350,000.00
• Minus Court-approved attorneys’ fees:	\$1,450,000.00
• Minus Court-approved verified costs (up to):	\$100,000.00
• Minus Court-approved Enhancement Payment:	\$15,000.00
• Amount designated as PAGA penalties:	\$100,000.00
• <u>Minus estimated settlement administration costs:</u>	<u>\$19,000.00</u>
Net Settlement Amount (“NSA”):	\$2,666,000.00

28. Based on information from Arcadia, there are approximately 750 Settlement Class members. Therefore, the average Settlement Amount from the Net Settlement Amount is projected to be approximately \$3,554.67. There are also approximately 1,050 PAGA Aggrieved Employees. Therefore, the average payment from the PAGA Amount is estimated to be approximately \$23.81.

29. Although the parties engaged in significant informal and formal discovery prior to briefing class certification, the parties still had significant formal discovery to complete had the matter not settled. This would have required expenditure of substantial time and resources by both parties that would have very likely spanned several years. Even if Plaintiff was to certify the classes, the parties would incur considerably more attorneys’ fees and costs through a possible decertification motion, summary judgment motions, trial, and possible appeal. This Settlement avoids those risks and the accompanying expense.

30. My office will apply for an attorneys’ fees award of one-third of the Gross Settlement Amount, which is currently estimated to be \$1,450,000.00, and up to \$100,000.00 in verified costs reimbursement. Plaintiff submits the requested fee is fair compensation for undertaking complex, risky, expensive, and time-consuming litigation on a purely contingent fee basis, and in light of the extensive litigation and formal discovery conducted in this Action. Class Counsel has incurred substantial attorneys’ fees conducting pre-filing investigation, analyzing Plaintiff’s claims, conducting legal research, conducting extensive informal and formal discovery, interviewing Settlement Class members regarding their work experiences, analyzing Settlement Class members’ timekeeping and payroll records, working with its retained expert to create a comprehensive damages model, preparing for and attending two mediation sessions, taking declarant depositions, defending Plaintiff’s deposition and taking the deposition of

1 Arcadia's PMK, drafting and filing Plaintiff's Motion for Class Certification, reviewing
2 Arcadia's Opposition and preparing Plaintiff's Reply Brief in support of Class Certification,
3 conducting extensive settlement negotiations through Mr. Mehta, negotiating and preparing the
4 long-form Settlement Agreement, preparing this Motion, and otherwise litigating the case. Class
5 Counsel expect to expend additional attorney time in attending the hearing on this Motion,
6 overseeing the Notice process and fielding questions from Settlement Class members, preparing
7 the final approval papers, and attending the Final Approval hearing.

8 31. Plaintiff will apply for Class Representative Enhancement Payment at the time of
9 seeking final approval of the proposed class action settlement in the amount of \$15,000 for his
10 service to the Settlement Class. As will be fully briefed at the time of final approval, Plaintiff's
11 requested Enhancement Payment is intended to recognize the time and effort Plaintiff expended
12 on behalf of the Settlement Class, including providing substantial factual information and
13 documents to Class Counsel, discussing the claims and theories at issue in the litigation, actively
14 participating in the prosecution of his claims, preparing for and attending his deposition, as well
15 as the significant risks Plaintiff undertook by agreeing to serve as the named plaintiff in this case,
16 and the fact that Plaintiff agreed to a general release of all claims subject to a waiver of Civil
17 Code § 1542.

18 32. Plaintiff's counsel is not aware of any class, representative, or other collective
19 action in any other court involving claims similar to those alleged in this instant case.

20 I declare under penalty of perjury under the laws of the State of California and the United
21 States that the foregoing is true and correct. Executed on January 17, 2024, at El Segundo,
22 California.

23 
24 Paul K. Haines
25
26
27
28

EXHIBIT A

STIPULATION OF SETTLEMENT

This Stipulation of Settlement (“Settlement Agreement”) is reached by and between Plaintiff Luciano Jimenez (“Plaintiff” or “Class Representative”), as an individual and on behalf of all members of the Settlement Class (defined below), on one hand, and Defendant Arcadia Chair Company, Inc. (“Defendant”), on the other hand. Plaintiff and Defendant are referred to herein collectively as the “Parties.” Plaintiff and the Settlement Class are represented by Paul K. Haines and Sean M. Blakely of Haines Law Group, APC (collectively, “Class Counsel”). Defendant is represented by Shannon R. Finley and Christine Y. Clark of Pettit Kohn Ingrassia Lutz & Dolin PC.

On December 23, 2020, Plaintiff filed a class action complaint against Defendant in Orange County Superior Court, titled *Luciano Jimenez v. Arcadia Chair Company, Inc.*, Case No. 30-2020-01175920-CU-OE-CXC (the “Action”), alleging that Defendant failed to: (i) pay all overtime wages; (ii) pay all minimum wages; (iii) provide all lawful meal periods; (iv) authorize and permit all lawful rest periods; (v) issue accurate itemized wage statements; (vi) timely pay all final wages; and (vii) comply with California’s unfair competition laws. On March 1, 2021, Plaintiff filed the First Amended Class and Representative Action Complaint to add a cause of action for civil penalties under the Private Attorneys General Act, Labor Code § 2698, *et seq.* (“PAGA”). Concurrently with the filing of Plaintiff’s Motion for Preliminary Approval, the Parties stipulate to the filing of a Second Amended Class and Representative Action Complaint (“SAC”) to add a cause of action for failure to reimburse business expenses pursuant to California Labor Code section 2802 for damages on behalf of the Settlement Class and for civil penalties on behalf of the PAGA Aggrieved Employees. Additionally, Plaintiff will serve an amended PAGA letter.

Given the uncertainty of litigation, Plaintiff and Defendant wish to settle both individually and on behalf of the Settlement Class. Accordingly, Plaintiff and Defendant agree as follows:

1. **Settlement Class.** For the purposes of this Settlement Agreement only, Plaintiff and Defendant stipulate to the certification of the following Settlement Class:

All current and former non-exempt employees of Defendant Arcadia Chair Company, Inc. directly hired by Arcadia Chair Company, Inc. who worked in California at any time between June 23, 2016 through November 30, 2023 (the “Class Period”), and who did not sign a severance agreement.

The Parties agree that certification for purposes of settlement is in no way an admission that class certification of the defined Settlement Class is proper under the more stringent standard applied for litigation purposes under Section 382 of the Code of Civil Procedure. If, for any reason, this Settlement Agreement is not granted preliminary or final approval or is terminated, in whole or in part, this conditional agreement to class certification will be inadmissible in this or any other proceeding as evidence that a class should be certified as Plaintiff proposes or otherwise, or that Defendant is liable in any way to Plaintiff or the class that Plaintiff alleges, and will have no force or effect in this matter or in any claims brought on the same or similar allegations, and the Parties shall revert to the respective positions they held prior to entering into the Settlement Agreement.

Defendant expressly reserves its rights to oppose class and conditional certification of any purported class should this settlement fail to become final and effective.

Additionally, the “PAGA Aggrieved Employees” shall be defined as:

All current and former non-exempt employees in California who worked for Defendant Arcadia Chair Company, Inc., whether employed directly by Arcadia Chair Company, Inc. or through a staffing agency, at any time from December 24, 2019, until November 30, 2023 (the “PAGA Period”).

2. **Release by Settlement Class Members and Plaintiff.** Following entry of final judgment, and upon the Gross Settlement Amount being fully funded, as described below, Plaintiff and every member of the Settlement Class (except those who timely opt out) will fully release and discharge Defendant and any of its former or present parents, subsidiaries, affiliates, investors, partners, owners, related organizations, predecessors or successors, and all agents, employees, officers, directors, members, managers, holding companies, insurers, and attorneys thereof, (collectively, the “Released Parties”), as follows:

- A. All Settlement Class members who do not timely opt-out will release and discharge the Released Parties from all causes of action, claims, rights, or statutory damages, penalties, liabilities, expenses, and losses under California law that were alleged in the SAC in the Action or that could have been alleged based on the facts alleged in the SAC in the Action, including, but not limited to: any alleged failure by Defendant (1) to pay overtime wages; (2) to pay minimum wages; (3) to provide all lawful meal periods; (4) to authorize and permit all lawful rest periods; (5) to provide compliant wage statements; (6) to timely pay wages at the end of alleged employment; (7) failure to reimburse for necessary business expenses; (8) any right or claim for unfair business practices in violation of California Business & Professions Code sections 17200, *et seq.*, based on the alleged failures set forth in (1) through (7) above (“California Released Claims”). The period of the California Released Claims shall extend to the limits of the Class Period.
- B. Upon the occurrence of the Effective Date and the Settlement being fully funded, Plaintiff and all PAGA Aggrieved Employees release and forever discharge the Released Parties from all claims for civil penalties under California Labor Code Private Attorneys General Act of 2004 arising out of or based on the facts alleged in Plaintiff’s letter to the Labor & Workforce Development Agency (“LWDA”) dated December 24, 2020, including claims for civil penalties due to an alleged failure to pay all overtime and minimum wages; failure to provide all meal periods in accordance with California law; failure to authorize and permit all rest periods in accordance with California law; failure to furnish accurate and itemized wage statements; and failure to pay all wages owed upon separation of employment as well as failure to reimburse business expenses as alleged in the Second Amended Class and Representative Action Complaint (“PAGA Released Claims”). The period of the PAGA Released Claims shall extend to the limits of the PAGA Period.

- C. In light of Plaintiff's Class Representative Enhancement Payment, Plaintiff has agreed to release, as an individual and in addition to the California Released Claims and PAGA Released Claims described above, all claims, whether known or unknown, under federal law or state law against the Released Parties. Plaintiff understands that this release includes unknown claims, and that Plaintiff is, as a result, waiving all rights and benefits afforded by Section 1542 of the California Civil Code, which provides:

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

Nothing contained herein shall constitute a release of any rights or claims that cannot be waived as a matter of law (including but not limited to claims arising under workers' compensation laws or unemployment insurance). Nor shall anything contained herein be construed to exclude the filing of an administrative charge or complaint with the Equal Employment Opportunity Commission or National Labor Relations Board, or participation in an administrative investigation or proceeding.

3. **Gross Settlement Amount.** As consideration, Defendant agrees to pay a non-reversionary "Gross Settlement Amount" of Four Million Three Hundred Fifty Thousand Dollars and Zero Cents (\$4,350,000.00), in full and complete settlement of the Action, as follows:

- A. The Parties have agreed to engage Phoenix Settlement Administrators as the "Settlement Administrator" to administer this settlement.
- B. The Settlement will become final and effective when: (a) the Court's final approval of the Settlement (if no timely objections by or on behalf of Settlement Class members have been filed, or any timely objections have been withdrawn); or (b) the time for appeal has expired if an objection has been filed and no appeal has been filed or withdrawn; or (c) the final resolution of any appeal that has been filed ("Effective Date").
- C. The Gross Settlement Amount shall be deposited into an escrow account to be established by the Settlement Administrator as follows: Defendant will make a first installment of \$1,450,000.00 within thirty (30) days of execution of this Settlement Agreement; Defendant will make a second installment of \$1,450,000.00 within seven (7) months of execution of this Settlement Agreement; and Defendant will make a third and final installment of \$1,450,000.00 within fifteen (15) months of execution of this Settlement Agreement. Should this settlement not receive final approval by the Court, any monies deposited by Defendant will revert to Defendant.
- D. This is a non-reversionary settlement. The Gross Settlement Amount includes:

- i. All payments (including interest) to the Settlement Class members;
 - ii. All costs of the Settlement Administrator, which are anticipated to be no greater than Nineteen Thousand Dollars and Zero Cents (\$19,000.00);
 - iii. Up to Fifteen Thousand Dollars and Zero Cents (\$15,000.00) for Plaintiff's Class Representative Enhancement Payment in recognition of Plaintiff's contributions to the Action and Plaintiff's service to the Settlement Class. In the event that the Court reduces or does not approve the requested Class Representative Enhancement Payment, Plaintiff shall not have the right to revoke the Settlement Agreement for that reason, and the settlement will remain binding;
 - iv. Up to one-third (1/3) of the Gross Settlement Amount in Class Counsel's attorneys' fees (currently estimated at \$1,450,000.00), plus actual costs and expenses incurred by Class Counsel related to the Action as supported by declaration, which are currently estimated to be no greater than One Hundred Thousand Dollars and Zero Cents (\$100,000.00). In the event that the Court reduces or does not approve the requested Class Counsel attorneys' fees or costs, Class Counsel shall not have the right to revoke the Settlement Agreement based on that reason, and the settlement will remain binding; and
 - v. One Hundred Thousand Dollars and Zero Cents (\$100,000.00) of the Gross Settlement Amount has been set aside by the Parties as PAGA civil penalties. Per Labor Code section 2699(i), 75% of such penalties, or Seventy-Five Thousand Dollars and Zero Cents (\$75,000.00), will be payable to the California Labor & Workforce Development Agency ("LWDA"), and the remaining 25%, or Twenty-Five Thousand Dollars and Zero Cents (\$25,000.00), will be payable to the Settlement Class members as the "PAGA Amount," as described below.
 - vi. Defendant will not oppose the reasonableness of these requests. Any reduction by the Court of these requests will revert to the Net Settlement Amount for distribution to the Settlement Class members who do not opt-out.
- E. Defendant's share of employer payroll taxes shall be paid by Defendant separately from, and in addition to, the Gross Settlement Amount, at the time of the third and final installment.
- F. Excluded from receiving a Settlement Payment under the terms of this Agreement are those members of the Class who submit a valid and timely request for exclusion from the Settlement. If five percent (5%) or more of the members of the Settlement Class timely and affirmatively opt out of this Settlement, Defendant shall have the absolute right, in its sole discretion, and notwithstanding any other provisions of this Settlement, to withdraw from and cancel this Settlement in its entirety,

whereupon this Settlement will be null and void for all purposes, and may not be used or introduced in further litigation. This right can be exercised only by a writing stating clearly that Defendant is cancelling, and withdrawing from, this Settlement, which is sent by counsel for Defendant to Class Counsel, Haines Law Group, APC, Attn: Paul K. Haines, by facsimile and e-mail, no later than ten (10) calendar days after the claims administrator first notifies counsel of record for Defendant in writing of the total number of timely opt-outs. If the right provided in this paragraph is not so exercised, it shall be waived and cannot later be exercised. Should Defendant exercise this right, it shall pay all expenses incurred by the settlement administrator through the date of withdrawal.

- G. Escalator Clause. Defendant represents that there are approximately 107,997 aggregate workweeks worked by all Settlement Class members during the Class Period. If, as of the date of preliminary approval, the actual number of aggregate workweeks worked by all Settlement Class members exceeds the figure by more than 10% (i.e., if there are 118,797 or more aggregate workweeks worked by all Settlement Class members during the Class Period), then the Gross Settlement Amount shall increase on a proportional basis equal to the increase in aggregate workweeks (e.g., if the number of aggregate workweeks increases by 12%, Defendant will increase the Gross Settlement Amount by 12%).

4. **Payments to the Settlement Class Members.** Settlement Class members are not required to submit a claim form to receive a payment (“Settlement Award”) from the settlement. Settlement Awards will be determined and paid as follows:

- A. The Settlement Administrator shall first deduct from the Gross Settlement Amount the amounts approved by the Court for Class Counsel’s attorneys’ fees, Class Counsel’s costs and expenses, the Class Representative Enhancement Payment, the Settlement Administrator’s fees and expenses for administration, and the amount designated as PAGA civil penalties. The remaining amount shall be known as the “Net Settlement Amount.”
- B. From the Net Settlement Amount, the Settlement Administrator will calculate each Settlement Class member’s Settlement Award based on the following formula:
- i. Payments to all participating Settlement Class members: Eighty percent (80%) of the Net Settlement Amount will be distributed to all participating Settlement Class members based on each participating Settlement Class member’s proportionate workweeks worked during the Class Period, and will be calculated by multiplying 80% of the Net Settlement Amount by a fraction, the numerator of which is the participating Settlement Class member’s number of workweeks worked during the Class Period, and the denominator of which is the total workweeks worked by all participating Settlement Class members during the Class Period.
 - ii. Waiting Time Amount: Ten Percent (10%) of the Net Settlement Amount shall be designated as the “Waiting Time Amount.” Each participating

Settlement Class member whose employment with Defendant ended at any time from June 23, 2017 to November 30, 2023, shall receive an equal, pro-rata share of the Waiting Time Amount. In other words, the Waiting Time Amount will be divided equally among all participating Settlement Class members whose employment with Defendant ended at any time from June 23, 2017 to November 30, 2023.

- iii. Wage Statement Amount: Ten percent (10%) of the Net Settlement Amount shall be designated as the “Wage Statement Amount.” Each participating Settlement Class member who was employed by Defendant at any time from June 23, 2019 to November 30, 2023 shall receive a portion of the Wage Statement Amount proportionate to the number of workweeks that he or she worked during the period from June 28, 2019 to November 30, 2023, and which will be calculated by multiplying 10% of the Net Settlement Amount by a fraction, the numerator of which is the participating Settlement Class member’s number of workweeks worked from June 23, 2019 to November 30, 2023, and the denominator of which is the total number of workweeks worked by all participating Settlement Class members during the time period from June 23, 2019 to November 30, 2023.
- iv. PAGA Amount: In addition to the Net Settlement Amount, each PAGA Aggrieved Employee (including those who submit a valid and timely Request for Exclusion from the class action settlement) shall receive a portion of the Twenty-Five Thousand Dollars and Zero Cents (\$25,000.00) of the Gross Settlement Amount that has been designated as the “PAGA Amount” proportionate to the number of workweeks that he or she worked during the PAGA Period, and which will be calculated by multiplying the PAGA Amount by a fraction, the numerator of which is the PAGA Aggrieved Employee’s number of workweeks worked during the PAGA Period, and the denominator of which is the total number of workweeks worked by all PAGA Aggrieved Employees during the PAGA Period (including those who submit a valid and timely Request for Exclusion from the class action settlement).

- C. Within ten (10) calendar days following Defendant’s third and final installment with the Settlement Administrator, the Settlement Administrator will calculate Settlement Award amounts and provide the same to counsel for review and approval. Within seven (7) calendar days of approval by counsel, the Settlement Administrator will prepare and mail Settlement Awards, less applicable taxes and withholdings, to participating Settlement Class members. The Settlement Administrator shall simultaneously pay the withholdings to the applicable authorities with the necessary reports, submitting copies to Defendant’s counsel. After Settlement Awards are mailed to Settlement Class members, the Settlement Administrator shall distribute the amounts approved for Class Counsel’s attorneys’ fees and litigation costs, Plaintiff’s Enhancement Payment, payment to the LWDA for its share of PAGA civil penalties, and settlement administration expenses.

- D. Each Settlement Award from the Net Settlement Amount shall be allocated as 20% wages and 80% penalties and interest. Any payment from the PAGA Amount shall be allocated as 100% penalties. The Settlement Administrator will be responsible for issuing to participating Settlement Class members an IRS Form W-2 (for amounts paid as wages) and an IRS Form 1099 (for amounts paid as penalties and interest). The Settlement Administrator shall be responsible for calculating and withholding all employment taxes and other legally required withholdings from each Settlement Award. Notwithstanding the treatment of the payments to each Settlement Class member above, none of the payments called for by this Settlement Agreement, including the wage portion, are to be treated as earnings, wages, pay or compensation for any purpose of any applicable benefit or retirement plan, unless required by such plans.
- E. Neither Plaintiff, Defendant, nor their respective counsel are giving any tax advice in connection with the settlement or any payments to be made pursuant to this settlement.
 - a. Each Settlement Class member who receives a Settlement Award must cash that check within 180 days from the date the Settlement Administrator mails it. For any Settlement Class member whose check for their Settlement Award is uncashed and cancelled after the void date, the Settlement Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Settlement Class member thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure § 384(b).
- F. Neither Plaintiff nor Defendant shall bear any liability for lost or stolen checks, forged signatures on checks, or unauthorized negotiation of checks. Unless responsible by its own acts of omission or commission, the same is true for the Settlement Administrator.

5. **Attorneys' Fees and Costs.** Defendant will not object to Class Counsel's request for a total award of attorneys' fees of up to one-third of the Gross Settlement Amount, which is currently estimated to be \$1,450,000.00. Additionally, Class Counsel will request an award of actual costs and expenses as supported by declaration, in an amount not to exceed \$100,000.00 from the Gross Settlement Amount. These amounts will cover any and all work performed and any and all costs incurred in connection with the Action, including without limitation: all work performed and all costs incurred to date; and all work to be performed and costs to be incurred in connection with obtaining the Court's approval of this Settlement Agreement, including any objections raised and any appeals necessitated by those objections. Class Counsel will be issued an IRS Form 1099 by the Settlement Administrator for the fees and costs award approved by the Court.

6. **Class Representative Enhancement Payment.** Defendant will not object to a request for Class Representative Enhancement Payment of \$15,000.00 for Plaintiff's time and risk in prosecuting the Action and Plaintiff's service to the Settlement Class. This award will be in addition to Plaintiff's respective individual Settlement Award as a Settlement Class member and shall be reported on an IRS Form 1099 issued by the Settlement Administrator.

7. **Settlement Administrator.** Defendant will not object to the appointment of Phoenix Settlement Administrator as Settlement Administrator. Defendant will not object to Plaintiff seeking approval to pay up to \$19,000.00 for the administration services from the Gross Settlement Amount. The Settlement Administrator shall be responsible for depositing into an account and holding the payments from Defendant comprising the Gross Settlement Amount, sending Notice Packets in English and Spanish to the Settlement Class members, calculating Settlement Awards and preparing all checks and mailings, and other duties as described in this Settlement Agreement. The Settlement Administrator shall be authorized to pay itself from the Gross Settlement Amount only after Settlement Awards have been mailed to all participating Settlement Class members.

8. **Preliminary Approval.** Within thirty (30) days after execution of this Settlement Agreement by the Parties, Plaintiff shall apply to the Court for the entry of an Order:

- A. Conditionally certifying the Settlement Class for settlement purposes only;
- B. Appointing Paul K. Haines and Sean M. Blakely of Haines Law Group, APC as Class Counsel;
- C. Appointing Plaintiff as Class Representatives for the Settlement Class;
- D. Approving Phoenix Settlement Administrators as Settlement Administrator;
- E. Preliminarily approving this Settlement Agreement and its terms as fair, reasonable, and adequate;
- F. Approving the form and content of the Notice Packet (which is comprised of the Class Notice, Notice of Estimated Settlement Award, and Request for Exclusion Form), and directing the mailing of same in English and Spanish; and
- G. Scheduling a Final Approval hearing.

9. **Notice to Settlement Class.** Following preliminary approval, the Settlement Class shall be notified as follows:

- A. Within ten (10) business days after the Court signs an order preliminarily approving this Settlement Agreement and appointing the Settlement Administrator, Defendant will provide the Settlement Administrator with a confidential class list containing the names, ID numbers, last known addresses and telephone number(s), dates of employment, number of workweeks worked in California during the Class Period as a non-exempt employee, number of pay periods worked in California during the PAGA Period, and social security numbers for all Settlement Class members, for the Settlement Administrator to use to facilitate the administration of the Settlement (the "Class Data"). The Class Data shall be provided to the Settlement Administrator in an electronic format reasonably satisfactory to the Settlement Administrator.
- B. Within ten (10) business days from receipt of this information, the Settlement Administrator shall (i) run the names of all Settlement Class members through the

National Change of Address (“NCOA”) database to determine any updated addresses for Settlement Class members; (ii) update the address of any Settlement Class member for whom an updated address was found through the NCOA search; (iii) calculate the estimated Settlement Award for each Settlement Class member; and (iv) mail a Notice Packet to each Settlement Class member in English and Spanish at his or her last known address or at the updated address found through the NCOA search, and retain proof of mailing.

- C. Any Notice Packets returned to the Settlement Administrator as non-delivered on or before the Response Deadline shall be re-mailed to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator shall make reasonable efforts, including utilizing a “skip trace,” to obtain an updated mailing address within five (5) business days of receiving the returned Notice Packet. If an updated mailing address is identified, the Settlement Administrator shall resend the Notice Packet to the Settlement Class member immediately, and in any event within five (5) business days of obtaining the updated address. The address identified by the Settlement Administrator as the current mailing address shall be presumed to be the best mailing address for each Settlement Class member. Settlement Class members to whom Notice Packets are re-mailed after having been returned as undeliverable to the Settlement Administrator shall have an additional fourteen (14) calendar days after the Response Deadline to opt-out, object, or dispute their Settlement Award. Notice Packets that are re-mailed shall inform the recipient of this adjusted deadline.
- D. Counsel for the parties will work cooperatively to agree on the form and content of all documents included in the Notice Packets.
- E. Requests for Exclusion. Any Settlement Class member who wishes to opt-out of the Settlement must complete and mail a Request for Exclusion Form to the Settlement Administrator within sixty (60) calendar days of the date of the initial mailing of the Notice Packets (the “Response Deadline”).
 - i. The Notice Packet shall state that Settlement Class members who wish to exclude themselves from the Settlement must submit a Request for Exclusion by the Response Deadline. The Request for Exclusion must: (1) contain the name, address, telephone number and the last four digits of the Social Security number of the Settlement Class member; (2) contain a statement that the Settlement Class member wishes to be excluded from the Settlement; (3) be signed by the Settlement Class member; and (4) be postmarked by the Response Deadline and mailed to the Settlement Administrator at the address specified in the Class Notice. If the Request for Exclusion does not contain the information listed in (1)-(3), it will not be deemed valid for exclusion from the Settlement, except a Request for Exclusion not containing a Settlement Class member’s telephone number and/or last four digits of the Social Security number will be deemed valid. The date of the postmark on the Request for Exclusion shall be the exclusive means used to determine whether a Request for Exclusion has been timely submitted. Untimely Requests for Exclusion will be void. Any

Settlement Class member who requests to be excluded from the Settlement Class will not be entitled to any recovery under this Settlement Agreement and will not be bound by the terms of the settlement or have any right to object, appeal or comment thereon. Notwithstanding the foregoing, the PAGA settlement and release provisions will apply to all PAGA Aggrieved Employees employed during the PAGA Period, whether or not they exclude themselves from the class action settlement. PAGA Aggrieved Employees who were employed by Defendant at any time during the PAGA Period and submit a valid and timely Request for Exclusion shall still be entitled to their portion of the PAGA Amount described above, and will release the PAGA Released Claims.

- ii. At no time will the Parties or their counsel seek to solicit or otherwise encourage any Settlement Class member to object to the Settlement or opt-out of the Settlement Class, or encourage any Settlement Class member to appeal from the final judgment.
- F. Objections. Members of the Settlement Class who do not opt-out may object to this Settlement Agreement as explained in the Class Notice by filing a written objection with the Settlement Administrator (who shall serve all objections as received on Class Counsel and Defendant's counsel, as well as file all such objections with the Court) within the Response Deadline. Defendant's counsel and Class Counsel shall file any responses to objections no later than the deadline to file the Motion for Final Approval, unless the objections are filed within ten (10) days of the Motion for Final Approval filing deadline, in which case Defendant's counsel and Class Counsel shall have ten (10) days from the date of service to the objections by the Settlement Administrator to file a response to the objections. All objections should contain the objecting Settlement Class member's full name and current address, as well as contact information for any attorney representing the objecting Settlement Class member for purposes of the objection. Late written objections will not be considered. Settlement Class members may also appear at the final approval hearing to orally object, even if they have not submitted a written objection.
- G. Notice of Estimated Settlement Award / Disputes. Each Notice Packet mailed to a Settlement Class member shall disclose the amount of the Settlement Class member's estimated Settlement Award as well as all of the information that was used to calculate the Settlement Award. Settlement Class members will have the opportunity, should they disagree with Defendant's records regarding the information stated in the Notice of Estimated Settlement Award, to provide documentation and/or an explanation to show contrary information. Any such dispute, including any supporting documentation, must be mailed to the Settlement Administrator and postmarked by the Response Deadline. If there is a dispute, the Settlement Administrator will consult with the Parties to determine whether an adjustment is warranted. The Settlement Administrator shall determine the eligibility for, and the amounts of, any Settlement Awards under the terms of this Settlement Agreement. However, if the Settlement Administrator and the Parties cannot agree on a resolution, the Parties will submit the dispute to the Court for a final determination.

10. **Final Approval.** Following preliminary approval and the close of the period for filing requests for exclusion, objections, or disputes under this Settlement Agreement, Plaintiff shall apply to the Court for entry of an Order:

- A. Granting final approval to the Settlement Agreement and adjudging its terms to be fair, reasonable, and adequate;
- B. Approving Plaintiff's and Class Counsel's application for attorneys' fees and costs, Class Representative enhancement payment, LWDA payment, and settlement administration costs; and
- C. Entering judgment pursuant to California Rule of Court 3.769. Said judgment shall be posted on the website of the Settlement Administrator.

11. **Non-Admission of Liability.** Nothing in this Settlement Agreement shall operate or be construed as an admission of any liability or that class certification is appropriate in any context other than this settlement. Each of the Parties has entered into this Settlement Agreement to avoid the burden and expense of further litigation. Pursuant to California Evidence Code Section 1152, this Settlement Agreement is inadmissible in any proceeding, except a proceeding to approve, interpret, or enforce this Settlement Agreement. If Final Approval does not occur, the Parties agree that this Settlement Agreement is void, but remains protected by California Evidence Code Section 1152.

12. **Non-Disclosure and Non-Publication.** Plaintiff and Class Counsel agree that they have not and will not publish the Settlement Agreement, except to Settlement Class members and as shall be contractually required to effectuate the terms of the Settlement Agreement as set forth herein. Class Counsel shall not report the Settlement Agreement in any medium or in any publication, shall not post or report anything regarding the claims of Plaintiff, the Settlement Class, or the settlement on their website, and shall not contact any reporters or media regarding the settlement. However, for the limited purpose of allowing Class Counsel to prove adequacy as class counsel in other actions, Class Counsel may disclose the names of the Parties in this Action, the venue/case number of this Action, and a general description of the Action, to a court in a declaration by Class Counsel.

13. **Waiver and Amendment.** The Parties may not waive, amend, or modify any provision of this Settlement Agreement except by a written agreement signed by all of the Parties, and subject to any necessary Court approval. A waiver or amendment of any provision of this Settlement Agreement will not constitute a waiver of any other provision.

14. **Notices.** All notices, demands, and other communications to be provided concerning this Settlement Agreement shall be in writing and delivered by receipted delivery and by e-mail at the addresses set forth below, or such other addresses as either Party may designate in writing from time to time:

if to Plaintiff:

Paul K. Haines of Haines Law Group, APC
2155 Campus Drive, Suite 180, El Segundo, CA 90245
phaines@haineslawgroup.com

if to Defendant: Shannon R. Finley of Pettit Kohn Ingrassia Lutz & Dolin
11622 El Camino Real, Suite 300, San Diego, CA 92130
sfinley@pettitkohn.com

15. **Stay of Proceedings.** The Parties agree to stay all proceedings in the Action, except such proceedings necessary to implement and complete the Settlement, pending the Final Settlement Hearing to be conducted by the Court.

16. **Entire Agreement.** This Settlement Agreement contains the entire agreement between the Parties with respect to the transactions contemplated hereby, and supersedes all negotiations, presentations, warranties, commitments, offers, contracts, and writings prior to the date hereof relating to the subject matters hereof.

17. **Enforcement Action.** The Parties agree that the Orange County Superior Court shall have continuing jurisdiction to enforce this Settlement Agreement pursuant to California Code of Civil Procedure Section 664.6 and California Rules of Court Rule 3.769. In the event that one or more of the Parties institutes any legal action or other proceeding against any other party to enforce the provisions of this Settlement Agreement or to declare rights and/or obligations under this settlement, the successful party will be entitled to recover from the unsuccessful party reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

18. **Counterparts.** This Settlement Agreement may be executed by one or more of the Parties on any number of separate counterparts and delivered electronically, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

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

Dated: Oct 27, 2023

PLAINTIFF LUCIANO JIMENEZ

By: 
Luciano Jimenez Ramos (Oct 27, 2023 11:41 MDT)
Plaintiff and Settlement Class Representative

Dated: _____

DEFENDANT ARCADIA CHAIR COMPANY, INC.

By: _____
Name: _____
Title: _____

if to Defendant: Shannon R. Finley of Pettit Kohn Ingrassia Lutz & Dolin
11622 El Camino Real, Suite 300, San Diego, CA 92130
sfinley@pettitkohn.com

15. **Stay of Proceedings.** The Parties agree to stay all proceedings in the Action, except such proceedings necessary to implement and complete the Settlement, pending the Final Settlement Hearing to be conducted by the Court.

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18. **Counterparts.** This Settlement Agreement may be executed by one or more of the Parties on any number of separate counterparts and delivered electronically, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

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

Dated: _____

PLAINTIFF LUCIANO JIMENEZ

By: _____
Plaintiff and Settlement Class Representative

Dated: 10/26/23

DEFENDANT ARCADIA CHAIR COMPANY, INC.

By: Chris Burgess
Name: Chris Burgess
Title: Exec. Vice President

APPROVED AS TO FORM:

Dated: 10/27/23

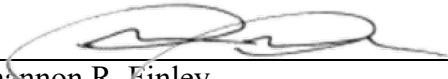
HAINES LAW GROUP, APC

By: 

Paul K. Haines
Sean M. Blakely
Attorneys for Plaintiff

Dated: October 26, 2023

PETTIT KOHN INGRASSIA LUTZ & DOLIN PC

By: 

Shannon R. Finley
Christine Y. Clark
Attorneys for Defendant

EXHIBIT 1

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF ORANGE

LUCIANO JIMENEZ, as an individual, and on behalf
of all others similarly situated,

Plaintiff,

vs.

ARCADIA CHAIR COMPANY, INC., a California
corporation; and DOES 1 through 100,

Defendants.

Case No. 30-2020-01175920-CU-OE-CXC

**NOTICE OF PENDENCY OF CLASS AND
PAGA ACTION AND PROPOSED
SETTLEMENT**

To: All current and former non-exempt employees of Defendant Arcadia Chair Company, Inc. directly hired by Arcadia Chair Company, Inc. who worked in California at any time between June 23, 2016 through November 30, 2023 (the “Class Period”), and who did not sign a severance agreement. Additionally, all current and former non-exempt employees in California who worked for Arcadia Chair Company, Inc., whether employed directly by Arcadia Chair Company, Inc. or through a staffing agency, at any time from December 24, 2019 until November 30, 2023 (the “PAGA Period”) are “PAGA Aggrieved Employees.” Collectively, these employees will be referred to as “Settlement Class members.”

**PLEASE READ CAREFULLY
YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR NOT
THIS NOTICE IS BEING PROVIDED TO YOU IN ENGLISH AND SPANISH**

Why should you read this Notice?

The Court has granted preliminary approval of a proposed class and Private Attorneys General Act (“PAGA”) action settlement (the “Settlement”) in the matter of *Luciano Jimenez v. Arcadia Chair Company, Inc.*, Orange County Superior Court Case No. 30-2020-01175920-CU-OE-CXC (the “Action”). Because your rights may be affected by the Settlement, it is important that you read this Notice carefully.

You may be entitled to money from this Settlement. Arcadia Chair Company, Inc.’s (“Arcadia Chair”) records show that you were directly hired by Arcadia Chair and worked in California as a non-exempt employee in California between June 23, 2016 through November 30, 2023 (the “Class Period”). The Court ordered that this Notice be sent to you because you may be entitled to money under the Settlement and because the Settlement affects your legal rights.

The purpose of this Notice is to provide you with a brief description of the Action, to inform you of the terms of the Settlement, to describe your rights in connection with the Settlement, and to explain what steps you may take to participate in, object to, or exclude yourself from the Settlement. If you do not exclude yourself from the Settlement and the Court finally approves the Settlement, you will be bound to the terms of the Settlement and any final judgment.

What is this case about?

Plaintiff Luciano Jimenez (“Plaintiff”) brought this Action against Arcadia Chair on a class and representative action basis on behalf of a class of non-exempt employees directly hired by Arcadia Chair who worked in California during the Class Period. Plaintiff is known as the “Class Representative,” and his attorneys, who also represent the interests of all Settlement Class members, are known as “Class Counsel.”

Plaintiff alleges that Arcadia Chair failed to pay Settlement Class members all minimum and overtime wages owed; failed to provide all meal periods in accordance with California law; failed to authorize and permit all rest periods in accordance with California law; failed to reimburse for necessary business expenditures; failed to furnish accurate and itemized wage statements to Settlement Class members; and failed to timely pay all wages owed upon separation of

employment. As a result of the foregoing alleged violations, Plaintiff alleges that Arcadia Chair engaged in unfair business practices and is liable for civil penalties under the PAGA.

Arcadia Chair denies Plaintiff's claims and denies that it has violated any laws or done anything wrong. Arcadia Chair also denies that it owes Settlement Class members any wages, restitution, penalties, damages, or other amounts. Accordingly, the Settlement constitutes a compromise of disputed claims and should not be construed as an admission of liability on the part of Arcadia Chair, by whom all liability is expressly denied.

The Court has not ruled on the merits of Plaintiff's claims. However, to avoid additional expense, inconvenience, and interference with Arcadia Chair's business operations, the parties have agreed to settle the Action on the terms summarized in this Notice. After Class Counsel had the opportunity to review certain relevant information, the Settlement was reached after multiple mediation sessions and arm's length negotiations between the parties.

The Class Representative and Class Counsel support the Settlement. Among the reasons for support are the defenses to liability potentially available to Arcadia Chair, the risk of denial of class certification, the inherent risk of trial on the merits, and the delays and uncertainties associated with ongoing litigation.

If you are still employed by Arcadia Chair, your decision about whether to participate in the Settlement will not affect your employment. California law strictly prohibits unlawful retaliation. Arcadia Chair will not take any adverse employment action against or otherwise target, retaliate, or discriminate against any Settlement Class member because of his/her decision to either participate or not participate in the Settlement.

Who are the Attorneys?

Attorneys for Plaintiff/Settlement Class: HAINES LAW GROUP, APC Paul K. Haines phaines@haineslawgroup.com Sean M. Blakely sblakely@haineslawgroup.com 2155 Campus Drive, Suite 180 El Segundo, California 90245 Tel: (424) 292-2350 Fax: (424) 292-2355 haineslawgroup.com	Attorneys for Arcadia Chair: PETTIT KOHN INGRASSIA LUTZ & DOLIN PC Shannon R. Finley sfinley@pettitkohn.com Christine Y. Clark cyclark@pettitkohn.com 11622 El Camino Real, Suite 300 San Diego, CA 92130 Tel.: (858) 755-8500 Fax: (858) 755-8504 pettitkohn.com
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What are the terms of the Settlement?

On <<PRELIM APPROVAL DATE>>, the Court preliminarily certified a class, for settlement purposes only, of all current and former non-exempt employees of Arcadia Chair directly hired by Arcadia Chair who worked in California at any time between June 23, 2016 through November 30, 2023. Settlement Class members who do not opt out of the Settlement pursuant to the procedures set forth in this Notice will be bound by the Settlement and will release their claims against Arcadia Chair as described below.

Arcadia Chair has agreed to pay \$4,350,000.00 (the "Gross Settlement Amount") to fully resolve all claims in the Action, including payments to Settlement Class members, Class Counsel's attorneys' fees and expenses, settlement administration costs, payment to the Labor & Workforce Development Agency ("LWDA") for its share of civil penalties under the PAGA, and the Class Representative enhancement payment.

The following deductions from the Gross Settlement Amount will be requested by the parties:

Attorneys' Fees and Expenses. Class Counsel have been prosecuting the Action on behalf of Settlement Class members on a contingency fee basis (that is, without being paid any money to date) and have been paying all litigation costs and expenses. The Court will determine the actual amount awarded to Class Counsel as attorneys' fees and expenses which will be paid from the Gross Settlement Amount. Settlement Class members are not personally responsible for any of Class Counsel's attorneys' fees or expenses. Class Counsel will ask for up to one-third of the Gross Settlement Amount, which is currently estimated at \$1,450,000.00, as reasonable compensation for the work Class Counsel performed and will continue to perform in this Action through Settlement finalization. Class Counsel also will ask for reimbursement of up to \$100,000.00 in verified costs incurred in connection with the Action.

Settlement Administration Costs. The Court has approved Phoenix Settlement Administrators to act as the "Settlement Administrator," who is sending this Notice to you and will perform many other duties relating to the Settlement. The Parties request setting aside up to \$19,000.00 from the Gross Settlement Amount to pay the settlement administration costs.

Class Representative Enhancement Payment. Class Counsel will ask the Court to award the Class Representative an enhancement payment in the amount of \$15,000.00 to compensate him for his service and extra work provided on behalf of the Settlement Class.

PAGA Payment to State of California. The parties have agreed to allocate \$100,000.00 towards the settlement of the PAGA claims in the Action. \$75,000.00 will be paid to the State of California Labor & Workforce Development Agency, representing its 75% share of the civil penalties. The remaining \$25,000.00 will be allocated to Settlement Class members as described below.

Calculation of Individual Settlement Class Members' Settlement Awards. After deducting the Court-approved amounts above, the balance of the Gross Settlement Amount will form the Net Settlement Amount, which will be distributed to all Settlement Class members who do not submit a valid and timely Request for Exclusion from the Settlement. The Net Settlement Amount is estimated at approximately \$2,666,000, and will be divided as follows:

- (i) 80% of the Net Settlement Amount will be allocated to all participating Settlement Class members in proportion to the number of workweeks that he or she worked during the Class Period.
- (ii) 10% of the Net Settlement Amount shall be designated as the "Waiting Time Amount" and will be allocated in equal amounts to all participating Settlement Class members whose employment with Arcadia Chair ended at any time between June 23, 2017 through November 30, 2023.
- (iii) 10% of the Net Settlement Amount shall be designated as the "Wage Statement Amount." Each participating Settlement Class member who was employed by Arcadia Chair at any time from June 23, 2019 to November 30, 2023 shall receive a portion of the Wage Statement Amount proportionate to the number of workweeks that he or she worked during that time period.

Payment from PAGA Amount: In addition to the Net Settlement Amount, \$25,000.00 of the Gross Settlement Amount has been designated as the "PAGA Amount." All current and former non-exempt employees in California who worked for Arcadia Chair, whether employed directly by Arcadia Chair or through a staffing agency, at any time from December 24, 2019 until November 30, 2023 (the "PAGA Period") (including those who opt out of the class action settlement) are "PAGA Aggrieved Employees" and shall receive a portion of the PAGA Amount proportionate to the number of workweeks he or she worked during the PAGA Period.

Payments to Settlement Class members. If the Court grants final approval of the Settlement, individual Settlement Awards will be mailed to all Settlement Class members who did not submit a valid and timely Request for Exclusion from the Settlement. PAGA Aggrieved Employees may not opt-out of the release of PAGA claims (as described in the "Release" Paragraph on page 4) and will thus receive payment for their share of the PAGA Amount even if they opt out of the Settlement.

Settlement checks will be valid for 180 days. Any funds payable to Settlement Class members whose checks were not cashed within 180 days after mailing shall be distributed to the California Controller's Unclaimed Property Fund in the name of the Settlement Class member.

Allocation and Taxes. For tax purposes, each Settlement Award shall be treated as follows: 20% as "wages," for which an IRS Form W-2 will be issued; and 80% as "penalties" and "interest" for which an IRS Form 1099 will be issued. Any payment from the PAGA Amount shall be allocated as 100% penalties. Settlement Class members are responsible for the proper income tax treatment of the individual Settlement Awards. The Settlement Administrator, Arcadia Chair and its counsel, and Class Counsel cannot provide tax advice. Accordingly, Settlement Class members should consult with their tax advisors concerning the tax consequences and treatment of payments they receive under the Settlement.

Release. Following entry of final judgment, and upon Arcadia Chair's complete funding of the Gross Settlement Amount, Plaintiff and every member of the Settlement Class will fully release and discharge Arcadia Chair, and any of its former or present parents, subsidiaries, affiliates, investors, partners, owners, related organizations, predecessors or successors, and all agents, employees, officers, directors, members, managers, holding companies, insurers, and attorneys thereof (collectively, the "Released Parties") from all causes of action, claims, rights, or statutory damages, penalties, liabilities, expenses, and losses under California law that were alleged in the Second Amended Class and Representative Action Complaint ("SAC") in the Action or that could have been alleged based on the facts alleged in the SAC in the Action, including, but not limited to: any alleged failure by Arcadia Chair (1) to pay overtime wages; (2) to pay minimum wages; (3) to provide all lawful meal periods; (4) to authorize and permit all lawful rest periods; (5) to provide compliant wage statements; (6) to timely pay wages at the end of alleged employment; (7) failure to reimburse for necessary business expenses; (8) any right or claim for unfair business practices in violation of California Business & Professions Code sections 17200, *et seq.*, based on the alleged failures set forth in (1) through (7) above ("California Released Claims"). The period of the California Released Claims shall extend to the limits of the Class Period.

Additionally, upon the occurrence of the Effective Date and the Settlement being fully funded, Plaintiff and all PAGA Aggrieved Employees release and forever discharge the Released Parties from all claims for civil penalties under California Labor Code Private Attorneys General Act of 2004 arising out of or based on the facts alleged in Plaintiff's letter to the Labor & Workforce Development Agency ("LWDA") dated December 24, 2020, including claims for civil penalties due to an alleged failure to pay all overtime and minimum wages; failure to provide all meal periods in accordance with California law; failure to authorize and permit all rest periods in accordance with California law; failure to furnish accurate and itemized wage statements; and failure to pay all wages owed upon separation of employment as well as failure to reimburse business expenses as alleged in the SAC ("PAGA Released Claims"). The period of the PAGA Released Claims shall extend to the limits of the PAGA Period.

Conditions of Settlement. The Settlement is conditioned upon the Court entering an order at or following the Final Approval Hearing finally approving the Settlement as fair, reasonable, adequate, and in the best interests of the Settlement Class, and the entry of a Judgment.

How can I claim money from the Settlement?

Do Nothing. If you do nothing, you will be entitled to your share of the Settlement based on the proportionate number of workweeks you worked during the Class Period; whether you have separated employment from Arcadia Chair between June 23, 2017 and November 30, 2023; the proportionate number of workweeks you worked between June 23, 2019 to November 30, 2023; and the proportionate number of workweeks you worked during the PAGA Period, as stated in the accompanying Notice of Estimated Settlement Award. You also will be bound by the Settlement, including the release of claims stated above.

What other options do I have?

Dispute Information in Notice of Estimated Settlement Award. Your award is based on the proportionate number of workweeks you worked during the Class Period; whether you have separated employment from Arcadia Chair between June 23, 2017 and November 30, 2023; the proportionate number of workweeks you worked between June 23, 2019 to November 30, 2023; and the proportionate number of workweeks you worked during the PAGA Period. The information contained in Arcadia Chair's records regarding each of these factors, along with your estimated Settlement

Award, is listed on the accompanying Notice of Estimated Settlement Award. If you disagree with the information in your Notice of Estimated Settlement Award, you may submit a dispute, along with any supporting documentation, in accordance with the procedures stated in the Notice of Estimated Settlement Award. Any disputes, along with supporting documentation, must be postmarked no later than <<RESPONSE DEADLINE>>. **DO NOT SEND ORIGINALS; DOCUMENTATION SENT TO THE SETTLEMENT ADMINISTRATOR WILL NOT BE RETURNED OR PRESERVED.**

The Parties and the Settlement Administrator will evaluate the evidence submitted and discuss in good faith how to resolve any disputes submitted by Settlement Class members. The Settlement Administrator shall determine the eligibility for, and the amounts of, any Settlement Awards. However, if the Settlement Administrator and the Parties cannot agree on a resolution, the Parties will submit the dispute to the Court for a final determination.

Exclude Yourself from the Settlement. If you **do not** wish to take part in the Settlement, you may exclude yourself by sending to the Settlement Administrator an executed Request for Exclusion Form no later than <<RESPONSE DEADLINE>>, with your name, address, telephone number, last four digits of your social security number, and your signature. A Request for Exclusion Form is included with this Notice.

Send the Request for Exclusion Form directly to the Settlement Administrator at <<INSERT ADMINISTRATOR CONTACT INFO>>. Any person who submits a timely Request for Exclusion Form shall, upon receipt by the Settlement Administrator, no longer be a Settlement Class member, shall be barred from participating in any portion of the class action Settlement, and shall receive no benefits from the class action Settlement. However, all PAGA Aggrieved Employees who worked during the PAGA Period, including those who opt out, will be bound by the PAGA portion of the Settlement and will receive a portion from the PAGA Amount. **Do not submit both a Dispute and a Request for Exclusion.** If you do, the Request for Exclusion will be invalid, you will be included in the Settlement Class, and you will be bound by the terms of the Settlement.

Objecting to the Settlement. You also have the right to object to the terms of the Settlement. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement. If you wish to object to the Settlement, or any portion of it, you may mail a written objection to the Settlement Administrator at <<INSERT ADMINISTRATOR CONTACT INFO>>. All objections and correspondence must be sent directly to the Settlement Administrator, please do not send objections or correspondence to the Court. Any objections will be provided to the Court by Plaintiff in connection with the Final Approval Hearing. Your written objection should include your name, address, as well as contact information for any attorney representing you regarding your objection, and the case name and number. Objections should be in writing and must be postmarked on or before <<RESPONSE DEADLINE>>. Notwithstanding the foregoing, you do not need to object in writing to be heard at the Final Approval Hearing.

You may also appear at the Final Approval Hearing scheduled for <INSERT DATE>, at <INSERT TIME> in Department CX103 of the Orange County Superior Court, located at 751 West Santa Ana Boulevard, Santa Ana, California 92701. You have the right to appear either in person or through your own attorney at this hearing. All objections or other correspondence must state the name and number of the case, which is *Luciano Jimenez v. Arcadia Chair Company, Inc.*, Orange County Superior Court Case No. 30-2020-01175920-CU-OE-CXC.

If you object to the Settlement, you will remain a member of the Settlement Class, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Settlement Class members who do not object.

What is the next step?

The Court will hold a Final Approval Hearing on the adequacy, reasonableness, and fairness of the Settlement on <INSERT DATE>, at <INSERT TIME> in Department CX103 of the Orange County Superior Court, located at 751 West Santa Ana Boulevard, Santa Ana, California 92701. The Court will also be asked to rule on Class Counsel's request for attorneys' fees and reimbursement of documented costs and expenses, and the Class Representative enhancement payment. The Final Approval Hearing may be postponed without further notice to Settlement Class members. You may contact Class Counsel using the contact information provided above to confirm the address and time of the hearing. **You are not required to attend the Final Approval Hearing, although any Settlement Class member is welcome to attend the hearing.**

If the Court grants Final Approval, the Court will issue a final judgment which shall be posted on the Settlement Administrator's website (<http://www.phoenixclassaction.com>).

How can I get additional information?

This Notice is only a summary of the Action and the Settlement. For more information, you may inspect the Court's files and the Settlement Agreement at the Office of the Clerk of the Orange County Superior Court, located at 751 West Santa Ana Boulevard, Santa Ana, California 92701, during regular court hours. You may also visit the Orange County Superior Court website at www.occourts.org to inspect the Court's files by going to the "Case Access" tab under "Online Services," selecting "Civil Case & Document Access," and entering the case number information for this case, which is Case No. 30-2020-01175920-CU-OE-CXC. If you wish to download documents from the Court's website, you may watch the video tutorial "How to order documents online" for more information about how to download documents from the Court's website. You may also contact Class Counsel using the contact information listed above for more information.

PLEASE DO NOT CALL OR WRITE TO THE COURT FOR INFORMATION ABOUT THIS SETTLEMENT OR THE SETTLEMENT PROCESS

REMINDER AS TO TIME LIMITS

The deadline for submitting any Disputes, Requests for Exclusion, or Objections is <<RESPONSE DEADLINE>>. These deadlines will be strictly enforced.

EXHIBIT 2

REQUEST FOR EXCLUSION FORM

Luciano Jimenez v. Arcadia Chair Company, Inc.
Orange County Superior Court
Case No. 30-2020-01175920-CU-OE-CXC

IF YOU DO NOT WISH TO BE PART OF THE CLASS ACTION SETTLEMENT, YOU MUST COMPLETE, SIGN AND MAIL THIS FORM, POSTMARKED ON OR BEFORE [INSERT DATE], ADDRESSED AS FOLLOWS:

**PHOENIX SETTLEMENT ADMINISTRATORS
LUCIANO JIMENEZ V. ARCADIA CHAIR COMPANY, INC.
SETTLEMENT ADMINISTRATOR**

**ADDRESS
ADDRESS
PHONE
FAX**

DO NOT SUBMIT THIS FORM IF YOU WISH TO RECEIVE A PAYMENT UNDER THE SETTLEMENT.

By signing, filling out, and returning this form, I confirm that I **do not** want to be included in the Settlement of the lawsuit entitled *Luciano Jimenez v. Arcadia Chair Company, Inc.*, Orange County Superior Court Case No. 30-2020-01175920-CU-OE-CXC.

I wish to be excluded from the Settlement Class in the *Luciano Jimenez v. Arcadia Chair Company, Inc.* Lawsuit. I understand that if I ask to be excluded from the Settlement Class, I will not receive money from the class settlement of this lawsuit. However, I may still be entitled to receive a portion of the settlement of the claims brought pursuant to the Labor Code Private Attorneys General Act of 2004 ("PAGA") as described in the accompanying notice of pendency of class and PAGA action and proposed settlement because I cannot opt out of the PAGA Settlement.

Name

Telephone Number

Address

Date

Signature

Last Four Digits of Social Security Number: _____

EXHIBIT 3

NOTICE OF ESTIMATED SETTLEMENT AWARD

LUCIANO JIMENEZ v. ARCADIA CHAIR COMPANY, INC.
ORANGE COUNTY SUPERIOR COURT CASE NO. 30-2020-01175920-CU-OE-CXC

Please complete and return this Form to **<<ADMINISTRATOR CONTACT INFO>>** **ONLY IF** (1) your personal contact information has changed, and/or (2) you wish to dispute any of the items listed in Section (III), below. It is your responsibility to keep a current address on file with the Settlement Administrator.

(I) Please type or print your name:

(First, Middle, Last)

(II) Please type or print the following identifying information if your contact information has changed:

Former Names (if any)

New Street Address

City

State

Zip Code

(III) Information Used to Calculate Your Settlement Award:

According to Arcadia Chair Company, Inc.'s ("Arcadia Chair") records:

- (a)** you worked [REDACTED] Workweeks between June 23, 2016 through November 30, 2023 for Arcadia Chair in California as a non-exempt direct hire;
- (b)** you worked [REDACTED] Workweeks between June 23, 2019 through November 30, 2023 for Arcadia Chair in California as a non-exempt direct hire;
- (c)** you worked [REDACTED] Workweeks between December 24, 2019 through November 30, 2023, as a direct hire of Arcadia Chair or through a staffing agency; and
- (d)** your employment with Arcadia Chair as a non-exempt direct hire **<<DID/DID NOT>>** end between June 23, 2017 and November 30, 2023.

Based on the above, your Settlement Award is estimated at \$ [REDACTED].

(IV) If you disagree with items (a), (b), (c), and/or (d) in Section (III) above, please explain why in the space provided below and include copies of any supporting evidence or documentation with this Form:

If you dispute the above information from Arcadia Chair's records, please provide documentation that establishes that Arcadia Chair's records are mistaken. If there is a dispute about whether Arcadia Chair's information or yours is accurate, the dispute will be submitted to the Parties and the Settlement Administrator as described in the "Notice of Pendency of Class and PAGA Action and Proposed Settlement" that accompanies this Form. The Settlement Administrator shall determine the eligibility for, and the amounts of, any Settlement Awards. However, if the

Settlement Administrator and the Parties cannot agree on a resolution, the Parties will submit the dispute to the Court for a final determination.

**ANY DISPUTES, ALONG WITH ANY SUPPORTING DOCUMENTATION, MUST BE POSTMARKED
NO LATER THAN <<RESPONSE DEADLINE>>.**

EXHIBIT B

HAINES LAW GROUP
EMPLOYMENT ATTORNEYS

December 24, 2020

VIA LWDA WEBSITE

Labor & Workforce Development Agency
Attn: PAGA Administrator
1515 Clay Street, Suite 801
Oakland, CA 94612

Re: *Luciano Jimenez v. Arcadia Chair Company, Inc., et al.*

To Whom It May Concern:

Please be advised that this law firm represents Luciano Jimenez in claims arising from his employment with Arcadia Chair Company, Inc. and Does 1 through 100 (collectively, "Arcadia"). Mr. Jimenez is an "aggrieved employee" as defined by Labor Code § 2698, *et seq.* due to Arcadia's numerous violations of the Labor Code as set forth below. The purpose of this letter is to comply with Labor Code § 2699.3, which requires aggrieved employees to notify their employer and the Labor & Workforce Development Agency ("LWDA") of the specific provisions of the Labor Code allegedly violated.

Pursuant to California Judicial Council Emergency Rule 9, statutes of limitations of more than 180 days were suspended for 178 days, from April 6, 2020 through October 1, 2020. Accordingly, for purposes of this letter, "aggrieved employees" refers to all of Arcadia's non-exempt employees who have worked for Arcadia in California at any time in the one-year plus 178 days preceding the submission of this letter to the LWDA through the present.

Arcadia is a manufacturer of chairs, tables, and other furniture products. Mr. Jimenez was employed by Arcadia as a non-exempt employee from approximately January 2018 to on or about October 29, 2020, at Arcadia's La Palma, CA facility. Mr. Jimenez's job duties included assembling chair-backs and working on the finishing line.

During at least a portion of Mr. Jimenez's employment, Arcadia utilized a timekeeping system which resulted in Mr. Jimenez and other aggrieved employees not being compensated for all hours actually worked, by rounding, time-shaving, or otherwise. Specifically, although Mr. Jimenez and other aggrieved employees recorded their hours worked using a fingerprint scanner that recorded their hours worked to the minute, Arcadia regularly, systematically, and impermissibly rounded, shaved, or otherwise altered the time worked by Mr. Jimenez and other aggrieved employees in Arcadia's favor, such that the time shaving/rounding practice utilized by Arcadia was not even-handed over time and would round and shave in Arcadia's favor such that Mr. Jimenez and other aggrieved employees were routinely underpaid for their time worked. Due to Arcadia's timekeeping policies and practices that fail to compensate for all hours worked, Mr. Jimenez and other

aggrieved employees have been deprived of all required minimum wages. Further, on occasions when Mr. Jimenez and other non-exempt employees worked over eight hours in a workday and/or forty hours in a workweek, this process of time-shaving or rounding also deprived them of all overtime wages owed. Accordingly, Mr. Jimenez and other aggrieved employees have not been compensated for all earned minimum and overtime wages.

Mr. Jimenez and other aggrieved employees also have not been provided with legally compliant meal periods. Specifically, although Arcadia utilizes a bell to announce the beginning and end of 30-minute meal periods, Arcadia also required Mr. Jimenez and other aggrieved employees to clock out for meal periods. Because there were only two timeclocks and hundreds of employees were required to clock out for lunch at the same time, employees would routinely spend approximately 3-4 minutes of their "meal period" walking to and lining up at the timeclocks and waiting for their turn to clock out, resulting in off-duty meal periods that were less than 30 minutes. In addition, at the end of meal periods, Mr. Jimenez's and other aggrieved employees' meal periods were regularly cut short by an additional approximately 2 minutes because a warning bell would ring to tell employees to return to work on or about 28 minutes after the bell signifying the beginning of the meal period, and again at the 30-minute mark, by which time employees were required to back at their work stations, ready to work. Thus, employees spent the last 2 minutes of their meal period returning to their work stations. Further, when Mr. Jimenez and other aggrieved employees worked shifts in excess of 10.0 hours, Arcadia did not provide a second duty-free 30-minute meal period. On occasions when Mr. Jimenez and/or other aggrieved employees did not receive all legally compliant meal periods, Arcadia did not pay the meal period premium wages required by Labor Code § 226.7. Upon information and belief, during at least a portion of the relevant time period, Arcadia did not maintain any pay code for the payment of meal period premiums when they failed to provide Mr. Jimenez and other aggrieved employees with legally compliant meal periods.

Throughout Mr. Jimenez's employment with Arcadia, Mr. Jimenez and other aggrieved employees were not authorized and permitted to take all required rest periods, as Arcadia's rest period policies/practices fail to authorize and permit all rest periods for every four hours worked, or major fraction thereof. Similar to meal periods, Mr. Jimenez's and other aggrieved employees' rest periods were regularly cut short by approximately two (2) minutes because a warning bell rings to tell employees to return to work on or about eight (8) minutes into their rest periods. In addition, on occasions when Mr. Jimenez and other aggrieved employees worked shifts in excess of 10.0 hours, Arcadia did not provide a third rest period. Arcadia also would unlawfully combine rest periods, such that, for example, Mr. Jimenez and other aggrieved employees would receive one 20-minute rest period rather than two 10-minute rest periods. Further, on those occasions when Mr. Jimenez and/or other aggrieved employees have not been authorized and permitted to take all legally-compliant rest periods to which they were entitled, Arcadia has failed to compensate them with the required rest period premium for each workday in which they experienced a rest period violation as mandated by Labor Code § 226.7. Upon information and belief, during at least a portion of the relevant time period, Arcadia did not maintain any pay code for the payment of rest period premiums when it failed to authorize and permit Mr. Jimenez and other aggrieved employees all legally compliant rest periods.

As a result of the aforementioned violations, Arcadia has also issued inaccurate wage statements to Mr. Jimenez and other aggrieved employees because, among other things, the wage statements issued do not include all overtime and/or minimum wages earned, fail to accurately include all hours worked, and fail to reflect meal and rest period premium pay for all meal and rest period violations. In addition, Arcadia has failed to pay all final wages to former aggrieved employees as a result of its failure to pay, *inter alia*, all minimum and overtime wages and meal and rest period premium wages owed.

Mr. Jimenez is informed and believes, and based thereon alleges, that the violations described herein continue to be committed by Arcadia to the present. As described above, Arcadia committed, and continues to commit, the following violations of the Labor Code and Industrial Welfare Commission Wage Order No. 1 (“Wage Order 1”):

Overtime Violations

Arcadia was, and is, required to properly pay Mr. Jimenez and other aggrieved employees, overtime wages for all hours worked in excess of eight hours per workday and/or forty hours per workweek. *See* Labor Code §§ 510, 558, 1194(a) and 1198; Wage Order 1, § 3. Wage Order 1, § 3 requires an employer to pay an employee “one and one-half (1½) times the employee’s regular rate of pay” for work in excess of eight hours per workday and/or in excess of forty hours of work in the workweek. Wage Order 1, § 3 also requires an employer to pay an employee double the employee’s regular rate of pay for work in excess of twelve hours each work day and/or for work in excess of eight hours on the seventh consecutive day of work in the workweek. As described herein, Arcadia caused Mr. Jimenez and other aggrieved employees to work overtime and/or double-time hours but did not compensate Mr. Jimenez or other aggrieved employees at one and one-half times (or two times) their regular rate of pay for such hours.

Minimum Wage Violations

Arcadia was, and is, required to pay Mr. Jimenez and other aggrieved employees an hourly rate at least equal to the minimum wage for each hour worked. *See* Labor Code §§ 558, 1182.12, 1194, 1194.2, 1197, 1198, and Wage Order 1, § 4. As alleged above, Arcadia maintained, and continues to maintain, timekeeping policies/practices and pay policies/practices that regularly, systematically, and impermissibly fail to compensate Mr. Jimenez and other aggrieved employees at least the minimum wage for all hours worked. As a result of these policies/practices, Mr. Jimenez and other aggrieved employees have been, and continue to be, deprived of all required minimum wages.

Meal Period Violations

As alleged above, Arcadia failed, and continues to fail, to provide Mr. Jimenez and other aggrieved employees with all required and compliant meal periods, due to Arcadia’s meal period policies/practices that fail to provide legally-compliant first meal periods and/or second meal periods, to Mr. Jimenez and other aggrieved employees. *See* Labor Code §§ 226.7 512, 558, 1198; Wage Order 1, § 11. As a result, Mr. Jimenez and other aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday they experienced a meal period violation. *See* Labor Code

§ 226.7 (“If an employer fails to provide an employee a meal or rest or recovery period in accordance with...[an] order of the Industrial Welfare Commission...the employer shall pay the employee one additional hour of pay at the employee’s regular rate of compensation for each workday that the meal or rest period is not provided.”). As alleged above, Arcadia has failed to pay them the premium wages to which they are legally entitled.

Rest Period Violations

As alleged above, Arcadia also failed, and continues to fail, to authorize and permit Mr. Jimenez and other aggrieved employees to take all rest periods to which they are legally entitled. See Labor Code §§ 226.7, 516, 558, 1198; Wage Order 1, § 12. As a result, Mr. Jimenez and other aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday that they were not authorized and permitted to take all legally required rest periods. See Labor Code § 226.7 (“If an employer fails to provide an employee a meal period or rest period in accordance with an applicable order of the Industrial Welfare Commission, the employer shall pay the employee one additional hour of pay at the employee’s regular rate of compensation for each workday that the meal or rest period is not provided.”). As alleged above, Arcadia has failed to pay them the premium wages to which they are legally entitled.

Wage Statement Violations

Arcadia has knowingly and intentionally, as a matter of uniform policy and practice, failed to furnish Mr. Jimenez and other aggrieved employees with complete and accurate wage statements with respect to their total hours worked, total gross wages earned, and total net wages earned in violation of Labor Code § 226 *et seq.* Arcadia’s failure in furnishing Mr. Jimenez and other aggrieved employees with complete and accurate itemized wage statements resulted in injury, as said failures led to, among other things, the non-payment of all earned wages and deprived them of the information necessary to identify the discrepancies in Arcadia’s reported data.

Failure to Pay Final Wages to Former Employees

As a result of the above alleged violations, Arcadia has failed to timely pay Mr. Jimenez and other aggrieved former employees all final wages due at the time of separation of employment, including but not limited to all earned minimum wages, overtime wages, and meal and rest period premiums wages, as required under Labor Code §§ 201-203.

Arcadia’s failure to pay all final wages due to Mr. Jimenez and other aggrieved former employees was willful and, consequently, entitles them to waiting time penalties equal to one day of wages at their regular hourly rate of pay for each day that Arcadia failed to pay final wages after separation of employment, accruing up to a maximum of thirty days. See Labor Code §§ 203 and 256.

As an “aggrieved employee,” Mr. Jimenez will initiate a civil action on behalf of himself, the State of California, and other aggrieved employees to recover civil penalties resulting from the wage and hour violations alleged herein. Based on Mr. Jimenez’s own

investigation, and on information and belief, Arcadia has committed and continues to commit the following Labor Code violations:

- a. Arcadia has violated Labor Code §§ 204, 510, 558, 1194, and 1198 by failing to pay Mr. Jimenez and other aggrieved employees all overtime and/or double-time compensation earned;
- b. Arcadia has violated Labor Code §§ 204, 558, 1182.12, 1194, 1194.2, 1197, and 1198 by failing to pay Mr. Jimenez and other aggrieved employees at least the statutory minimum wage for all hours worked;
- c. Arcadia has violated Labor Code §§ 226.7, 512, 558, and 1198 by failing to provide all legally required meal periods and by failing to pay meal period premiums to Mr. Jimenez and other aggrieved employees;
- d. Arcadia has violated Labor Code §§ 226.7, 516, 558, and 1198 by failing to authorize and permit all legally required rest periods and by failing to pay rest period premiums to Mr. Jimenez and other aggrieved employees;
- e. Arcadia has violated Labor Code § 226 by failing to furnish Mr. Jimenez and other aggrieved employees with accurate and complete itemized wage statements;
- f. Arcadia has violated Labor Code §§ 201-203 by failing to pay Mr. Jimenez and other aggrieved former employees all wages due at the end of their employment;
- g. Arcadia has violated Labor Code § 204 by failing to pay Mr. Jimenez and other aggrieved employees all earned wages at least twice during each calendar month; and
- h. Arcadia has violated Labor Code § 1174 by failing to maintain accurate records on behalf of Mr. Jimenez and other aggrieved employees.

Pursuant to Labor Code section 2699.3, please notify us and Arcadia if the LWDA intends to investigate these alleged violations of the Labor Code. Please contact me should you require additional information.

Very truly yours,
HAINES LAW GROUP, APC


Paul K. Haines

cc: Arcadia Chair Company, Inc., c/o Casey Journigan, Agent for Service of Process
(via certified mail)

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
■ Complete items 1, 2, and 3. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: Arcadia Chair Company c/o Casey Journigan, Agent of Service of Process 5692 Fresca Drive La Palma, CA 90623 2. Article Number (Transfer from service label) 7020 1290 0001 3320 0309		A. Signature X <u>Su Linde</u> ☐ Agent ☐ Addressee B. Received by (Printed Name) <u>Su Linde</u> C. Date of Delivery <u>12/28/20</u> D. Is delivery address different from item 1? ☐ Yes ☒ No If YES, enter delivery address below:	
3. Service Type ☐ Adult Signature ☐ Adult Signature Restricted Delivery ☒ Certified Mail® ☐ Certified Mail Restricted Delivery ☐ Collect on Delivery ☐ Collect on Delivery Restricted Delivery 1st class Restricted Delivery		☐ Priority Mail Express® ☐ Registered Mail™ ☐ Registered Mail Restricted Delivery ☒ Signature Confirmation™ ☐ Signature Confirmation Restricted Delivery	

PS Form 3811, July 2020 PSN 7530-02-000-9053

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☐ Certified Mail Restricted Delivery \$
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 Postage \$
 Total \$
 Sent \$
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 Arcadia Chair Company
 c/o Casey Journigan, Agent of
 Service of Process
 5692 Fresca Drive
 La Palma, CA 90623

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7020 1290 0001 3320 0309

EL SEGUNDO, CA
DEC 28 2020
1535 90245-9998

EXHIBIT C

HAINES LAW GROUP
EMPLOYMENT ATTORNEYS

January 9, 2024

VIA LWDA WEBSITE

Labor and Workforce Development Agency
Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612

Re: *Luciano Jimenez v. Arcadia Chair Company, Inc.*
LWDA Case No. LWDA-CM-816389-20

To Whom It May Concern:

Please be advised that this law firm represents Luciano Jimenez in claims arising from his employment with Arcadia Chair Company, Inc. and Does 1 through 100 (collectively, “Arcadia”). Mr. Jimenez is an “aggrieved employee” as defined by Labor Code § 2698, *et seq.* due to Arcadia’s numerous violations of the Labor Code as set forth below. The purpose of this letter is to comply with Labor Code § 2699.3, which requires aggrieved employees to notify their employer and the Labor & Workforce Development Agency (“LWDA”) of the specific provisions of the Labor Code allegedly violated.

This letter is an amendment to Mr. Jimenez’s correspondence of December 23, 2020, which is attached hereto as Exhibit A for your reference.

In addition to the allegations included in Mr. Jimenez’s December 23, 2020 letter, Arcadia failed to reimburse Mr. Jimenez and other aggrieved employees for use of their personal cellular phones for work activities. Specifically, Arcadia required Mr. Jimenez and other aggrieved employees to among other things, communicate with their co-workers and/or supervisors; however, Arcadia failed to reimburse Mr. Jimenez and other aggrieved employees for the use of their personal cellular phones for business purposes.

Failure to Reimburse Employees for Necessary Business Expenditures

Arcadia failed to reimburse Mr. Jimenez and other aggrieved employees for necessary work expenses, including the use of their personal cellular for business purposes. Arcadia’s policy of not providing reimbursement for necessary work-related expenses is in violation of Wage Order 1, § 9, and Labor Code §§ 2802 and 2804 (“An employer shall indemnify his or her employees for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or obedience to the directions of the employer.”). Mr. Jimenez and other aggrieved employees are therefore entitled to reimbursement of such unpaid work expenses with interest.

Mr. Jimenez is informed and believes, and based thereon alleges, that the violations alleged herein are continuing to the present. As an “aggrieved employee,” Mr. Jimenez will initiate a civil action on behalf of himself, the State of California, and other aggrieved employees to recover civil penalties resulting from the wage and hour violations alleged herein. Based on Mr. Jimenez’s own investigation, and on information and belief, Arcadia have committed the following additional Labor Code violations:

- a. Arcadia has violated Labor Code §§ 2802 and 2804 by failing to reimburse Mr. Jimenez and other aggrieved employees for all necessary expenditures incurred.

Very truly yours,
HAINES LAW GROUP, APC



Paul K. Haines

cc: Arcadia Chair Company, Inc., c/o Shannon R. Finley of Pettit Kohn Ingrassia
Lutz & Dolin, counsel for Arcadia (via certified mail)

EXHIBIT A

HAINES LAW GROUP
EMPLOYMENT ATTORNEYS

December 24, 2020

VIA LWDA WEBSITE

Labor & Workforce Development Agency
Attn: PAGA Administrator
1515 Clay Street, Suite 801
Oakland, CA 94612

Re: *Luciano Jimenez v. Arcadia Chair Company, Inc., et al.*

To Whom It May Concern:

Please be advised that this law firm represents Luciano Jimenez in claims arising from his employment with Arcadia Chair Company, Inc. and Does 1 through 100 (collectively, "Arcadia"). Mr. Jimenez is an "aggrieved employee" as defined by Labor Code § 2698, *et seq.* due to Arcadia's numerous violations of the Labor Code as set forth below. The purpose of this letter is to comply with Labor Code § 2699.3, which requires aggrieved employees to notify their employer and the Labor & Workforce Development Agency ("LWDA") of the specific provisions of the Labor Code allegedly violated.

Pursuant to California Judicial Council Emergency Rule 9, statutes of limitations of more than 180 days were suspended for 178 days, from April 6, 2020 through October 1, 2020. Accordingly, for purposes of this letter, "aggrieved employees" refers to all of Arcadia's non-exempt employees who have worked for Arcadia in California at any time in the one-year plus 178 days preceding the submission of this letter to the LWDA through the present.

Arcadia is a manufacturer of chairs, tables, and other furniture products. Mr. Jimenez was employed by Arcadia as a non-exempt employee from approximately January 2018 to on or about October 29, 2020, at Arcadia's La Palma, CA facility. Mr. Jimenez's job duties included assembling chair-backs and working on the finishing line.

During at least a portion of Mr. Jimenez's employment, Arcadia utilized a timekeeping system which resulted in Mr. Jimenez and other aggrieved employees not being compensated for all hours actually worked, by rounding, time-shaving, or otherwise. Specifically, although Mr. Jimenez and other aggrieved employees recorded their hours worked using a fingerprint scanner that recorded their hours worked to the minute, Arcadia regularly, systematically, and impermissibly rounded, shaved, or otherwise altered the time worked by Mr. Jimenez and other aggrieved employees in Arcadia's favor, such that the time shaving/rounding practice utilized by Arcadia was not even-handed over time and would round and shave in Arcadia's favor such that Mr. Jimenez and other aggrieved employees were routinely underpaid for their time worked. Due to Arcadia's timekeeping policies and practices that fail to compensate for all hours worked, Mr. Jimenez and other

aggrieved employees have been deprived of all required minimum wages. Further, on occasions when Mr. Jimenez and other non-exempt employees worked over eight hours in a workday and/or forty hours in a workweek, this process of time-shaving or rounding also deprived them of all overtime wages owed. Accordingly, Mr. Jimenez and other aggrieved employees have not been compensated for all earned minimum and overtime wages.

Mr. Jimenez and other aggrieved employees also have not been provided with legally compliant meal periods. Specifically, although Arcadia utilizes a bell to announce the beginning and end of 30-minute meal periods, Arcadia also required Mr. Jimenez and other aggrieved employees to clock out for meal periods. Because there were only two timeclocks and hundreds of employees were required to clock out for lunch at the same time, employees would routinely spend approximately 3-4 minutes of their "meal period" walking to and lining up at the timeclocks and waiting for their turn to clock out, resulting in off-duty meal periods that were less than 30 minutes. In addition, at the end of meal periods, Mr. Jimenez's and other aggrieved employees' meal periods were regularly cut short by an additional approximately 2 minutes because a warning bell would ring to tell employees to return to work on or about 28 minutes after the bell signifying the beginning of the meal period, and again at the 30-minute mark, by which time employees were required to back at their work stations, ready to work. Thus, employees spent the last 2 minutes of their meal period returning to their work stations. Further, when Mr. Jimenez and other aggrieved employees worked shifts in excess of 10.0 hours, Arcadia did not provide a second duty-free 30-minute meal period. On occasions when Mr. Jimenez and/or other aggrieved employees did not receive all legally compliant meal periods, Arcadia did not pay the meal period premium wages required by Labor Code § 226.7. Upon information and belief, during at least a portion of the relevant time period, Arcadia did not maintain any pay code for the payment of meal period premiums when they failed to provide Mr. Jimenez and other aggrieved employees with legally compliant meal periods.

Throughout Mr. Jimenez's employment with Arcadia, Mr. Jimenez and other aggrieved employees were not authorized and permitted to take all required rest periods, as Arcadia's rest period policies/practices fail to authorize and permit all rest periods for every four hours worked, or major fraction thereof. Similar to meal periods, Mr. Jimenez's and other aggrieved employees' rest periods were regularly cut short by approximately two (2) minutes because a warning bell rings to tell employees to return to work on or about eight (8) minutes into their rest periods. In addition, on occasions when Mr. Jimenez and other aggrieved employees worked shifts in excess of 10.0 hours, Arcadia did not provide a third rest period. Arcadia also would unlawfully combine rest periods, such that, for example, Mr. Jimenez and other aggrieved employees would receive one 20-minute rest period rather than two 10-minute rest periods. Further, on those occasions when Mr. Jimenez and/or other aggrieved employees have not been authorized and permitted to take all legally-compliant rest periods to which they were entitled, Arcadia has failed to compensate them with the required rest period premium for each workday in which they experienced a rest period violation as mandated by Labor Code § 226.7. Upon information and belief, during at least a portion of the relevant time period, Arcadia did not maintain any pay code for the payment of rest period premiums when it failed to authorize and permit Mr. Jimenez and other aggrieved employees all legally compliant rest periods.

As a result of the aforementioned violations, Arcadia has also issued inaccurate wage statements to Mr. Jimenez and other aggrieved employees because, among other things, the wage statements issued do not include all overtime and/or minimum wages earned, fail to accurately include all hours worked, and fail to reflect meal and rest period premium pay for all meal and rest period violations. In addition, Arcadia has failed to pay all final wages to former aggrieved employees as a result of its failure to pay, *inter alia*, all minimum and overtime wages and meal and rest period premium wages owed.

Mr. Jimenez is informed and believes, and based thereon alleges, that the violations described herein continue to be committed by Arcadia to the present. As described above, Arcadia committed, and continues to commit, the following violations of the Labor Code and Industrial Welfare Commission Wage Order No. 1 (“Wage Order 1”):

Overtime Violations

Arcadia was, and is, required to properly pay Mr. Jimenez and other aggrieved employees, overtime wages for all hours worked in excess of eight hours per workday and/or forty hours per workweek. *See* Labor Code §§ 510, 558, 1194(a) and 1198; Wage Order 1, § 3. Wage Order 1, § 3 requires an employer to pay an employee “one and one-half (1½) times the employee’s regular rate of pay” for work in excess of eight hours per workday and/or in excess of forty hours of work in the workweek. Wage Order 1, § 3 also requires an employer to pay an employee double the employee’s regular rate of pay for work in excess of twelve hours each work day and/or for work in excess of eight hours on the seventh consecutive day of work in the workweek. As described herein, Arcadia caused Mr. Jimenez and other aggrieved employees to work overtime and/or double-time hours but did not compensate Mr. Jimenez or other aggrieved employees at one and one-half times (or two times) their regular rate of pay for such hours.

Minimum Wage Violations

Arcadia was, and is, required to pay Mr. Jimenez and other aggrieved employees an hourly rate at least equal to the minimum wage for each hour worked. *See* Labor Code §§ 558, 1182.12, 1194, 1194.2, 1197, 1198, and Wage Order 1, § 4. As alleged above, Arcadia maintained, and continues to maintain, timekeeping policies/practices and pay policies/practices that regularly, systematically, and impermissibly fail to compensate Mr. Jimenez and other aggrieved employees at least the minimum wage for all hours worked. As a result of these policies/practices, Mr. Jimenez and other aggrieved employees have been, and continue to be, deprived of all required minimum wages.

Meal Period Violations

As alleged above, Arcadia failed, and continues to fail, to provide Mr. Jimenez and other aggrieved employees with all required and compliant meal periods, due to Arcadia’s meal period policies/practices that fail to provide legally-compliant first meal periods and/or second meal periods, to Mr. Jimenez and other aggrieved employees. *See* Labor Code §§ 226.7 512, 558, 1198; Wage Order 1, § 11. As a result, Mr. Jimenez and other aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday they experienced a meal period violation. *See* Labor Code

§ 226.7 (“If an employer fails to provide an employee a meal or rest or recovery period in accordance with...[an] order of the Industrial Welfare Commission...the employer shall pay the employee one additional hour of pay at the employee’s regular rate of compensation for each workday that the meal or rest period is not provided.”). As alleged above, Arcadia has failed to pay them the premium wages to which they are legally entitled.

Rest Period Violations

As alleged above, Arcadia also failed, and continues to fail, to authorize and permit Mr. Jimenez and other aggrieved employees to take all rest periods to which they are legally entitled. See Labor Code §§ 226.7, 516, 558, 1198; Wage Order 1, § 12. As a result, Mr. Jimenez and other aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday that they were not authorized and permitted to take all legally required rest periods. See Labor Code § 226.7 (“If an employer fails to provide an employee a meal period or rest period in accordance with an applicable order of the Industrial Welfare Commission, the employer shall pay the employee one additional hour of pay at the employee’s regular rate of compensation for each workday that the meal or rest period is not provided.”). As alleged above, Arcadia has failed to pay them the premium wages to which they are legally entitled.

Wage Statement Violations

Arcadia has knowingly and intentionally, as a matter of uniform policy and practice, failed to furnish Mr. Jimenez and other aggrieved employees with complete and accurate wage statements with respect to their total hours worked, total gross wages earned, and total net wages earned in violation of Labor Code § 226 *et seq.* Arcadia’s failure in furnishing Mr. Jimenez and other aggrieved employees with complete and accurate itemized wage statements resulted in injury, as said failures led to, among other things, the non-payment of all earned wages and deprived them of the information necessary to identify the discrepancies in Arcadia’s reported data.

Failure to Pay Final Wages to Former Employees

As a result of the above alleged violations, Arcadia has failed to timely pay Mr. Jimenez and other aggrieved former employees all final wages due at the time of separation of employment, including but not limited to all earned minimum wages, overtime wages, and meal and rest period premiums wages, as required under Labor Code §§ 201-203.

Arcadia’s failure to pay all final wages due to Mr. Jimenez and other aggrieved former employees was willful and, consequently, entitles them to waiting time penalties equal to one day of wages at their regular hourly rate of pay for each day that Arcadia failed to pay final wages after separation of employment, accruing up to a maximum of thirty days. See Labor Code §§ 203 and 256.

As an “aggrieved employee,” Mr. Jimenez will initiate a civil action on behalf of himself, the State of California, and other aggrieved employees to recover civil penalties resulting from the wage and hour violations alleged herein. Based on Mr. Jimenez’s own

investigation, and on information and belief, Arcadia has committed and continues to commit the following Labor Code violations:

- a. Arcadia has violated Labor Code §§ 204, 510, 558, 1194, and 1198 by failing to pay Mr. Jimenez and other aggrieved employees all overtime and/or double-time compensation earned;
- b. Arcadia has violated Labor Code §§ 204, 558, 1182.12, 1194, 1194.2, 1197, and 1198 by failing to pay Mr. Jimenez and other aggrieved employees at least the statutory minimum wage for all hours worked;
- c. Arcadia has violated Labor Code §§ 226.7, 512, 558, and 1198 by failing to provide all legally required meal periods and by failing to pay meal period premiums to Mr. Jimenez and other aggrieved employees;
- d. Arcadia has violated Labor Code §§ 226.7, 516, 558, and 1198 by failing to authorize and permit all legally required rest periods and by failing to pay rest period premiums to Mr. Jimenez and other aggrieved employees;
- e. Arcadia has violated Labor Code § 226 by failing to furnish Mr. Jimenez and other aggrieved employees with accurate and complete itemized wage statements;
- f. Arcadia has violated Labor Code §§ 201-203 by failing to pay Mr. Jimenez and other aggrieved former employees all wages due at the end of their employment;
- g. Arcadia has violated Labor Code § 204 by failing to pay Mr. Jimenez and other aggrieved employees all earned wages at least twice during each calendar month; and
- h. Arcadia has violated Labor Code § 1174 by failing to maintain accurate records on behalf of Mr. Jimenez and other aggrieved employees.

Pursuant to Labor Code section 2699.3, please notify us and Arcadia if the LWDA intends to investigate these alleged violations of the Labor Code. Please contact me should you require additional information.

Very truly yours,
HAINES LAW GROUP, APC


Paul K. Haines

cc: Arcadia Chair Company, Inc., c/o Casey Journigan, Agent for Service of Process
(via certified mail)

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
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1. Article Addressed to: Arcadia Chair Company c/o Casey Journigan, Agent of Service of Process 5692 Fresca Drive La Palma, CA 90623		B. Received by (Printed Name) <u>Su Linde</u>	C. Date of Delivery <u>12/28/20</u>
2. Article Number (Transfer from service label) 7020 1290 0001 3320 0309		D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☒ No	
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Total	\$
Arcadia Chair Company c/o Casey Journigan, Agent of Service of Process 5692 Fresca Drive La Palma, CA 90623	
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions	

7020 1290 0001 3320 0309



PROOF OF ACCEPTANCE (ELECTRONIC)

PRODUCED DATE: 01/10/2024

HAINES LAW GROUP:

The following is information for Certified Mail™/RRE item number:

9214 8901 9403 8344 4596 96

Our records indicate that this item was accepted by the USPS at:

SHIPMENT RECEIVED ACCEPTANCE PENDING EL SEGUNDO,CA 90245 01/09/2024

ORIGINAL INTENDED RECIPIENT:

ARCADIA CHAIR COMPANY INC

PETTIT KOHN INGRASSIA LUTZ & DOLIN PC

C/O: SHANNON R FINLEY

11622 EL CAMINO REAL STE 300

SAN DIEGO CA 92130-2051

Mailer: Haines Law Group

Date Produced: 01/12/2024

ConnectSuite Inc.:

The following is the delivery information for Certified Mail™/RRE item number 9214 8901 9403 8344 4596 96. Our records indicate that this item was delivered on 01/11/2024 at 11:34 a.m. in SAN DIEGO, CA 92130. The scanned image of the recipient information is provided below.

Signature of Recipient :



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Sincerely,
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The customer reference number shown below is not validated or endorsed by the United States Postal Service. It is solely for customer use.

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ARCADIA CHAIR COMPANY INC
PETTIT KOHN INGRASSIA LUTZ & DOLIN PC
C/O: SHANNON R FINLEY
STE 300
11622 EL CAMINO REAL
SAN DIEGO CA 92130-2051

Customer Reference Number: C4717190.28309083