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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SACRAMENTO

DONNA MARSHALL, ADAM EASTHAM,
and JIMMY AGUILAR individually, and on
behalf of other members of the general public
similarly situated, and as aggrieved employees
pursuant to the California Labor Code Private
Attorneys General Act ("PAGA"),

Plaintiffs,

vs.

FANEUIL, INC., a Delaware corporation; ALJ
REGIONAL HOLDINGS, INC., a Delaware
corporation; and DOES 1 through 10, inclusive,

Defendants.

Case No.: 34-2017-00216580-CU-OE-GDS

**JOINT STIPULATION OF CLASS ACTION
SETTLEMENT AND RELEASE**

1 **JOINT STIPULATION OF CLASS ACTION SETTLEMENT AND RELEASE**

2 This Joint Stipulation of Class Action Settlement and Release (“Settlement” or “Settlement
3 Agreement”) is made and entered into by and between Plaintiffs Donna Marshall, Adam Eastham, and
4 Jimmy Aguilar (“Plaintiffs” or “Class Representatives”), as individuals and on behalf of all others
5 similarly situated, and Defendants Faneuil, Inc. and ALJ Regional Holdings, Inc. (“Defendants”)
6 (collectively with Plaintiffs, the “Parties”).

7 **DEFINITIONS**

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

10 1. “Action” means *Marshall v. Faneuil, Inc.*, No. 34-2017-00216580-CU-OE-GDS
11 (Sacramento County Superior Court).

12 2. “Attorneys’ Fees and Costs” means attorneys’ fees agreed upon by the Parties and
13 approved by the Court for Class Counsel’s litigation and resolution of the Action, and all out-of-pocket
14 costs incurred and to be incurred by Class Counsel in the Action, including but not limited to
15 expert/consultant fees, investigation costs, and costs associated with documenting the Settlement,
16 providing any notices required as part of the Settlement or Court order, securing the Court’s approval of
17 the Settlement, administering the Settlement, and obtaining entry of a Judgment terminating the Action.
18 Class Counsel will request attorneys’ fees not in excess of one-third (1/3) of the Gross Settlement
19 Amount, or Six Hundred Fifty-Three Thousand Three Hundred Thirty-Three Dollars (\$653,333). The
20 Attorneys’ Fees and Costs will also mean and include the additional reimbursement of any costs and
21 expenses associated with Class Counsel’s litigation and settlement of the Action, up to Sixty Thousand
22 Dollars (\$60,000), subject to the Court’s approval. Defendants have agreed not to oppose Class
23 Counsel’s request for fees and reimbursement of costs as set forth above.

24 3. “Class Counsel” means Capstone Law APC.

25 4. “Class List” means a complete list of all Class Members that Defendants will diligently
26 and in good faith compile from their records and provide to the Settlement Administrator within twenty
27 (20) calendar days after Preliminary Approval of this Settlement. The Class List will be formatted in
28 Microsoft Office Excel and will include each Class Member’s full name; most recent mailing address

1 and telephone number; Social Security number; dates of employment; the respective number of
2 Workweeks that each Class Member worked during the Class Period and PAGA Period; and any other
3 relevant information needed to calculate settlement payments.

4 5. "Class Member(s)" or "Settlement Class" means all Persons who performed work for
5 Defendants in non-exempt, hourly-paid positions in the State of California at any time during the period
6 from July 31, 2013 to December 31, 2021.

7 6. "Class Period" means the period from July 31, 2013 to December 31, 2021.

8 7. "Class Representative Enhancement Payments" means the amounts to be paid to
9 Plaintiffs in recognition of their effort and work in prosecuting the Action on behalf of Class Members,
10 and for their general release of claims. Subject to the Court granting final approval of this Settlement
11 Agreement and subject to the exhaustion of any and all appeals, Plaintiffs will request Court approval of
12 Class Representative Enhancement Payments of Ten Thousand Dollars (\$10,000), each.

13 8. "Court" means the Sacramento County Superior Court.

14 9. "Defendants" means Defendants Faneuil, Inc. and ALJ Regional Holdings, Inc.

15 10. "Effective Date" means the later of: (i) if no timely objections are filed, or are withdrawn
16 prior to Final Approval, then the date of Final Approval; or (ii) if a Class Member files an objection to
17 the Settlement, the Effective Date shall be the sixty-first (61) calendar day after the date of Final
18 Approval, provided no appeal is initiated by an objector; or (iii) if a timely appeal is initiated by an
19 objector, then the Effective Date will be the date of final resolution of that appeal (including any requests
20 for rehearing and/or petitions for certiorari), resulting in final judicial approval of the Settlement.

21 11. "Final Approval" means the date on which the Court enters an order granting final
22 approval of the Settlement Agreement.

23 12. "Gross Settlement Amount" means the Gross Settlement Amount of One Million Nine
24 Hundred Sixty Thousand Dollars (\$1,960,000), to be paid by Defendants in full satisfaction of all
25 Released Class Claims and Released PAGA Claims, which includes all Individual Settlement Payments,
26 Attorneys' Fees and Costs, the Class Representative Enhancement Payments, the PAGA Settlement
27 Amount, and Settlement Administration Costs. This Gross Settlement Amount has been agreed to by
28 Plaintiffs and Defendants based on the aggregation of the agreed-upon settlement value of individual

1 claims. In no event will Defendants be liable for more than the Gross Settlement Amount except as
2 otherwise explicitly set forth herein. There will be no reversion of the Gross Settlement Amount to
3 Defendants. Defendants will be separately responsible for any employer payroll taxes required by law,
4 including the employer FICA, FUTA, and SDI contributions, which shall not be paid from the Gross
5 Settlement Amount.

6 13. "Individual Settlement Payment" means each Participating Class Member's and PAGA
7 Member's respective shares of the Net Settlement Fund and PAGA Fund.

8 14. "Net Settlement Fund" means the portion of the Gross Settlement Amount remaining
9 after deducting the Attorneys' Fees and Costs, the Class Representative Enhancement Payments, the
10 PAGA Settlement Amount, and Settlement Administration Costs. The Net Settlement Fund will be
11 distributed to Participating Class Members. There will be no reversion of the Net Settlement Fund to
12 Defendants.

13 15. "Notice of Objection" means a Class Member's valid and timely written objection to the
14 Settlement Agreement. For the Notice of Objection to be valid, it must include: (i) the objector's full
15 name, signature, address, and telephone number, (ii) a written statement of all grounds for the objection
16 accompanied by any legal support for such objection; (iii) copies of any papers, briefs, or other
17 documents upon which the objection is based; and (iv) a statement whether the objector intends to appear
18 at the final fairness hearing. Any Class Member who does not submit a timely written objection to the
19 Settlement, or who fails to otherwise comply with the specific and technical requirements of this section,
20 will be foreclosed from objecting to the Settlement and seeking any adjudication or review of the
21 Settlement, by appeal or otherwise.

22 16. "Notice Packet" means the Notice of Class Action Settlement, substantially in the form
23 attached as Exhibit A.

24 17. "PAGA Members" means all Persons who worked for Defendants in non-exempt,
25 hourly-paid positions in the State of California at any time during the period from December 3, 2019 to
26 December 31, 2021.

27 18. "PAGA Period" means the period from December 3, 2019 to December 31, 2021.

28 19. "PAGA Settlement Amount" means the amount that the Parties have agreed to pay to

1 the Labor and Workforce Development Agency (“LWDA”) and PAGA Members in connection with
2 Plaintiffs’ claim under the Labor Code Private Attorneys General Act of 2004 (Cal. Lab. Code §§ 2698,
3 *et seq.*, “PAGA”) (“PAGA Settlement”). The Parties have agreed that One Hundred Thousand Dollars
4 (\$100,000) of the Gross Settlement Amount will be allocated to the PAGA Settlement. Pursuant to
5 PAGA, Seventy-Five Percent (75%), or Seventy Five Thousand Dollars (\$75,000), of the PAGA
6 Settlement Amount will be paid to the LWDA (“LWDA Payment”), and Twenty-Five Percent (25%), or
7 Twenty Five Thousand Dollars (\$25,000), of the PAGA Settlement will be disbursed to PAGA
8 Members, and regardless whether they request to be excluded from the Settlement Class.

9 20. “Parties” means Plaintiffs and Defendants collectively.

10 21. “Participating Class Members” means all Class Members who do not submit timely and
11 valid Requests for Exclusion.

12 22. “Persons” means individuals employed (i) directly by Defendants anywhere in the State
13 of California or (ii) by Defendants’ third-party staffing agencies and who specifically performed work at
14 Defendants’ Sacramento, California Call Centers (including individuals who were assigned to positions
15 at Defendant’s Sacramento Call Centers, but performed their work remotely after March 15, 2020).

16 23. “Plaintiffs” means Plaintiffs Donna Marshall, Adam Eastham, and Jimmy Aguilar.

17 24. “Preliminary Approval” means the date on which the Court enters an order granting
18 preliminary approval of the Settlement Agreement.

19 25. “Released Class Claims” means all claims, rights, demands, liabilities, and causes of
20 action, reasonably arising from, or related to, the same set of operative facts as those set forth in the
21 operative complaint during the Class Period, including: (i) all claims for unpaid overtime; (ii) all claims
22 for meal and rest break violations; (iii) all claims for unpaid minimum wages; (iv) all claims for the
23 failure to timely pay wages upon termination based on the preceding claims; (v) all claims for the failure
24 to timely pay wages during employment based on the preceding claims; (vi) all claims for the failure to
25 reimburse for necessary business expenses; (vii) all claims for the unlawful discounting of wages and
26 secret payment of lower wages; (viii) all claims for the failure to provide sick leave benefits and written
27 notice of paid sick leave benefits; (ix) failure to provide safety devices and safeguards; (x) all claims for
28 wage statement violations based on the preceding claims; (vi) all claims for failure to maintain

1 employment records and/or to timely produce employment records upon request; and (xii) all claims
2 asserted through California Business & Professions Code §§ 17200, *et seq.*

3 26. “Released PAGA Claims” means all claims asserted through California Labor Code §§
4 2698, *et seq.*, that arise out of or are related to the Released Class Claims during the PAGA Period.

5 27. “Released Parties” means Defendants, their past or present officers, directors,
6 shareholders, employees, agents, third-party staffing agencies, principals, heirs, representatives,
7 accountants, auditors, consultants, insurers and reinsurers, and their respective successors and
8 predecessors in interest, subsidiaries, affiliates, parents and attorneys, if any.

9 28. “Request for Exclusion” means a timely letter submitted by a Class Member indicating a
10 request to be excluded from the Settlement Class. The Request for Exclusion must: (i) set forth the name,
11 address, telephone number and last four digits of the Social Security Number of the Class Member
12 requesting exclusion; (ii) be signed by the Class Member; (iii) be returned to the Settlement
13 Administrator; (iv) clearly state that the Class Member does not wish to be included in the Settlement;
14 and (v) be faxed or postmarked on or before the Response Deadline.

15 29. “Response Deadline” means the deadline by which Class Members must postmark or
16 fax to the Settlement Administrator Requests for Exclusion, postmark or fax disputes concerning the
17 calculation of Individual Settlement Payments, or postmark Notices of Objection to the Settlement
18 Administrator. The Response Deadline will be forty-five (45) calendar days from the initial mailing of
19 the Notice Packet by the Settlement Administrator, unless the forty-fifth (45th) calendar day falls on a
20 Sunday or State holiday, in which case the Response Deadline will be extended to the next day on which
21 the U.S. Postal Service is open.

22 30. “Settlement Administration Costs” means the costs payable from the Gross Settlement
23 Amount to the Settlement Administrator for administering this Settlement, including, but not limited to,
24 printing, distributing, and tracking documents for this Settlement, tax reporting, distributing the Gross
25 Settlement Amount, and providing necessary reports and declarations, as requested by the Parties. The
26 Settlement Administration Costs will be paid from the Gross Settlement Amount, including, if necessary,
27 any such costs in excess of the amount represented by the Settlement Administrator as being the
28 maximum costs necessary to administer the Settlement. Based on an estimated Settlement Class of

1 approximately 4,000 Class Members, the Settlement Administration Costs are estimated to be Twenty-
2 Five Thousand Dollars (\$25,000).

3 31. "Settlement Administrator" means CPT Group, Inc., or any other third-party class action
4 settlement administrator agreed to by the Parties and approved by the Court for the purposes of
5 administering this Settlement. The Parties each represent that they do not have any financial interest in
6 the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that
7 could create a conflict of interest.

8 32. "Workweeks" means the number of days of employment for each Class Member during
9 the Class Period, subtracting days on leave of absence (if any), dividing by seven (7), and rounding up to
10 the nearest whole number. All Class Members will be credited with at least one Workweek during the
11 Class Period, and all PAGA Members will be credited with at least one Workweek during the PAGA
12 Period.

13 TERMS OF AGREEMENT

14 The Plaintiffs, on behalf of themselves and the Settlement Class, and Defendants agree as
15 follows:

16 33. Funding of the Gross Settlement Amount. Defendants will make a one-time deposit of
17 the Gross Settlement Amount of One Million Nine Hundred Sixty Thousand Dollars (\$1,960,000) into a
18 Qualified Settlement Account to be established by the Settlement Administrator. Defendants will pay the
19 employer's share of payroll taxes separately. After the Effective Date, the Gross Settlement Amount will
20 be used for: (i) Individual Settlement Payments; (ii) the LWDA Payment; (iii) the Class Representative
21 Enhancement Payments; (iv) Attorneys' Fees and Costs; and (v) Settlement Administration Costs.
22 Defendants will deposit the Gross Settlement Amount and the employer's share of payroll taxes within
23 ten (10) calendar days after the Effective Date ("Funding Date").

24 34. Attorneys' Fees and Costs. Defendants agree not to oppose or impede any application or
25 motion by Class Counsel for Attorneys' Fees and Costs of not more than Six Hundred Fifty-Three
26 Thousand Three Hundred Thirty-Three Dollars (\$653,333), plus the reimbursement of all out-of-pocket
27 costs and expenses associated with Class Counsel's litigation and settlement of the Action (including
28 expert/consultant fees, investigations costs, etc.), not to exceed Sixty Thousand Dollars (\$60,000), both

of which will be paid from the Gross Settlement Amount.

35. Class Representative Enhancement Payment. In exchange for general releases, and in recognition of their effort and work in prosecuting the Action on behalf of Class Members, Defendants agree not to oppose or impede any application or motion for Class Representative Enhancement Payments of Ten Thousand Dollars (\$10,000), each, to Plaintiffs. The Class Representative Enhancement Payments will be paid from the Gross Settlement Amount and will be in addition to Plaintiffs' Individual Settlement Payments paid pursuant to the Settlement. Plaintiffs will be solely and legally responsible to pay any and all applicable taxes on the Class Representative Enhancement Payments.

36. Settlement Administration Costs. The Settlement Administrator will be paid for the reasonable costs of administration of the Settlement and distribution of payments from the Gross Settlement Amount, which is estimated to be Twenty-Five Thousand Dollars (\$25,000). These costs, which will be paid from the Gross Settlement Amount, will include, *inter alia*, the required tax reporting on the Individual Settlement Payments, the issuing of 1099 and W-2 IRS Forms, distributing Notice Packets, calculating and distributing the Gross Settlement Amount, and providing necessary reports and declarations.

37. PAGA Settlement Amount. Subject to Court approval, the Parties agree that the amount of One Hundred Thousand Dollars (\$100,000) from the Gross Settlement Amount will be designated for satisfaction of Plaintiffs' PAGA claim. Pursuant to PAGA, Seventy-Five Percent (75%), or Seventy-Five Thousand Dollars (\$75,000), of this sum will be paid to the LWDA, and Twenty-Five Percent (25%), or Twenty Five Thousand Dollars (\$25,000), will be paid to PAGA Members in proportion to the number of Workweeks worked during the PAGA Period.

38. No Right to Exclusion or Objections by Representative Action Members. Because this settlement resolves claims and actions brought pursuant to PAGA by Plaintiffs acting as proxies and as Private Attorneys General of, and for, the State of California and the LWDA, the Parties agree that no PAGA Member has the right to exclude himself or herself from the Settlement. PAGA Members will be bound by the terms of the Settlement Agreement, upon its approval by the Court, regardless of whether he or she cashes any payment received as a result of this Settlement. The Parties also agree that no

PAGA Member has the right to object to the terms of the Settlement Agreement.

39. Net Settlement Fund. The entire Net Settlement Fund will be distributed to Participating Class Members. No portion of the Net Settlement Fund will revert to or be retained by Defendants.

40. PAGA Fund. The entire PAGA Fund will be distributed to all PAGA Members. No portion of the PAGA Fund will revert to or be retained by Defendants.

41. Individual Settlement Payment Calculations. Individual Settlement Payments will be calculated and apportioned from the Net Settlement Fund and PAGA Fund based on the number of Workweeks a Class Member worked during the Class Period and PAGA Period. Specific calculations of Individual Settlement Payments will be made as follows:

41(a) Payments from the Net Settlement Fund. Defendants will calculate the total number of Workweeks worked by each Class Member during the Class Period and the aggregate total number of Workweeks worked by all Class Members during the Class Period. To determine each Class Member's estimated "Individual Settlement Payment" from the Net Settlement Fund, the Settlement Administrator will use the following formula: The Net Settlement Fund will be divided by the aggregate total number of Workweeks, resulting in the "Workweek Value." Each Class Member's "Individual Settlement Payment" will be calculated by multiplying each individual Class Member's total number of Workweeks by the Workweek Value. The Individual Settlement Payment will be reduced by any required deductions for each Participating Class Member as specifically set forth herein, including employee-side tax withholdings or deductions. The entire Net Settlement Fund will be disbursed to all Class Members who do not submit timely and valid Requests for Exclusion. If there are any valid and timely Requests for Exclusion, the Settlement Administrator shall proportionately increase the Individual Settlement Payment for each Participating Class Member according to the number of Workweeks worked, so that the amount actually distributed to the Settlement Class

1 equals 100% of the Net Settlement Fund.

2 41(b) Payments from the PAGA Fund. Defendants will calculate the total number
3 of Workweeks worked by each PAGA Member during the PAGA Period
4 and the aggregate total number of Workweeks worked by all PAGA
5 Members during the PAGA Period. To determine each PAGA Member's
6 estimated "Individual Settlement Payment," the Settlement Administrator
7 will use the following formula: The PAGA Fund will be divided by the
8 aggregate total number of Workweeks, resulting in the "PAGA Workweek
9 Value." Each PAGA Member's "Individual Settlement Payment" will be
10 calculated by multiplying each individual PAGA Member's total number of
11 Workweeks by the PAGA Workweek Value. The entire PAGA Fund will
12 be disbursed to all PAGA Members.

13 42. No Credit Toward Benefit Plans. The Individual Settlement Payments made to
14 Participating Class Members under this Settlement, as well as any other payments made pursuant to this
15 Settlement, will not be utilized to calculate any additional benefits under any benefit plans to which any
16 Class Members may be eligible, including, but not limited to profit-sharing plans, bonus plans, 401(k)
17 plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan.
18 Rather, it is the Parties' intention that this Settlement Agreement will not affect any rights, contributions,
19 or amounts to which any Class Members may be entitled under any benefit plans.

20 43. Administration Process. The Parties agree to cooperate in the administration of the
21 settlement and to make all reasonable efforts to control and minimize the costs and expenses incurred in
22 administration of the Settlement.

23 44. Delivery of the Class List. Within thirty (30) calendar days after Preliminary Approval
24 or December 31, 2021, whichever is later, Defendants will provide the Class List to the Settlement
25 Administrator.

26 45. Notice by First-Class U.S. Mail. Within ten (10) calendar days after receiving the Class
27 List from Defendants, the Settlement Administrator will mail a Notice Packet to all Class Members via
28 regular First-Class U.S. Mail, using the most current, known mailing addresses identified in the Class

1 List.

2 46. Confirmation of Contact Information in the Class Lists. Prior to mailing, the Settlement
3 Administrator will perform a search based on the National Change of Address Database for information
4 to update and correct for any known or identifiable address changes. Any Notice Packets returned to the
5 Settlement Administrator as non-deliverable on or before the Response Deadline will be sent promptly
6 via regular First-Class U.S. Mail to the forwarding address affixed thereto and the Settlement
7 Administrator will indicate the date of such re-mailing on the Notice Packet. If no forwarding address is
8 provided, the Settlement Administrator will promptly attempt to determine the correct address using a
9 skip-trace, or other search using the name, address and/or Social Security number of the Class Member
10 involved, and will then perform a single re-mailing. Those Class Members who receive a re-mailed
11 Notice Packet, whether by skip-trace or by request, will have either (i) an additional fifteen (15) calendar
12 days or (ii) until the Response Deadline, whichever is later, to submit a Request for Exclusion or an
13 objection to the Settlement.

14 47. Notice Packets. All Class Members will be mailed a Notice Packet. Each Notice Packet
15 will provide: (i) information regarding the nature of the Action; (ii) a summary of the Settlement's
16 principal terms; (iii) the Settlement Class and PAGA Member definitions; (iv) the total number of
17 Workweeks each respective Class Member and PAGA Member worked for Defendants during the Class
18 Period and PAGA Period; (v) each Class Member's and PAGA Member's estimated Individual
19 Settlement Payment and the formula for calculating Individual Settlement Payments; (vi) the dates which
20 comprise the Class Period and PAGA Period; (vii) instructions on how to submit Requests for Exclusion
21 or Notices of Objection; (viii) the deadlines by which the Class Member must postmark or fax Request
22 for Exclusions, or postmark Notices of Objection to the Settlement; and (ix) the claims to be released.

23 48. Disputed Information on Notice Packets. Class Members will have an opportunity to
24 dispute the information provided in their Notice Packets. To the extent Class Members dispute their
25 employment dates or the number of Workweeks on record, Class Members may produce evidence to the
26 Settlement Administrator showing that such information is inaccurate. Defendants' records will be
27 presumed correct, but the Settlement Administrator shall contact the Parties regarding the dispute and the
28 Parties will work in good faith to resolve it. All disputes must be submitted by the Response Deadline,

1 and will be decided within ten (10) business days after the Response Deadline.

2 49. Defective Submissions. If a Class Member's Request for Exclusion is defective as to the
3 requirements listed herein, that Class Member will be given an opportunity to cure the defect(s). The
4 Settlement Administrator will mail the Class Member a cure letter within three (3) business days of
5 receiving the defective submission to advise the Class Member that his or her submission is defective
6 and that the defect must be cured to render the Request for Exclusion valid. The Class Member will have
7 until (i) the Response Deadline or (ii) fifteen (15) calendar days from the date of the cure letter,
8 whichever date is later, to postmark or fax a revised Request for Exclusion. If the revised Request for
9 Exclusion is not postmarked or received by fax within that period, it will be deemed untimely.

10 50. Request for Exclusion Procedures. Any Class Member wishing to opt-out from the
11 Settlement Agreement must sign and fax or postmark a written Request for Exclusion to the Settlement
12 Administrator within the Response Deadline. In the case of Requests for Exclusion that are mailed to the
13 Settlement Administrator, the postmark date will be the exclusive means to determine whether a Request
14 for Exclusion has been timely submitted.

15 51. Escalator. If, as of December 31, 2021, the total number of Workweeks worked during
16 the Class Period is greater than 335,500, then Defendants will proportionally increase the Gross
17 Settlement Amount according to the following formula: Proportionally Increased Gross Settlement
18 Amount = Total Number of Workweeks During the Class Period ÷ 335,500 × \$1,960,000.

19 52. Settlement Terms Bind All Class Members Who Do Not Opt-Out. Any Class Member
20 who does not affirmatively opt-out of the Settlement Agreement by submitting a timely and valid
21 Request for Exclusion will be bound by all of its terms, including those pertaining to the Released Class
22 Claims, as well as any Judgment that may be entered by the Court if it grants final approval to the
23 Settlement.

24 53. Releases by Participating Class Members. Upon the Funding Date, and except as to such
25 rights or claims as may be created by this Settlement Agreement, each Participating Class Member,
26 together and individually, on their behalf and on behalf of their respective heirs, executors,
27 administrators, agents, and attorneys, shall fully and forever release and discharge all of the Released
28 Parties, or any of them, from each of the Released Class Claims arising during the Class Period. For the

1 avoidance of doubt, the Released Class Claims are limited to those claims arising from work performed
2 by Participating Class Members specifically for Defendants in non-exempt positions in the State of
3 California during the Class Period.

4 54. Releases by PAGA Members. Upon the Funding Date, and except as to such rights or
5 claims as may be created by this Settlement Agreement, each PAGA Member, together and individually,
6 on their behalf and on behalf of their respective heirs, executors, administrators, agents, and attorneys,
7 shall fully and forever release and discharge all of the Released Parties, or any of them, from each of the
8 Released PAGA Claims during the PAGA Period. For the avoidance of doubt, the Released PAGA
9 Claims are limited to those claims arising from work performed by PAGA Members specifically for
10 Defendants in non-exempt positions in the State of California during the PAGA Period.

11 55. Defendants' Right to Rescind. Defendants will have, in their sole discretion, the right to
12 void and withdraw from the Settlement if, at any time prior to Final Approval, Five Percent (5%) or
13 more of Class Members opt out of the Settlement Class. Defendants must exercise this right of rescission
14 in writing to Class Counsel within fourteen (14) calendar days after the Response Deadline. If the option
15 to rescind is exercised, then Defendants will be solely responsible for all Settlement Administration
16 Costs incurred to the date of rescission.

17 56. Objection Procedures. To object to the Settlement Agreement, a Class Member may
18 either postmark a valid Notice of Objection to the Settlement Administrator on or before the Response
19 Deadline, or appear in person at the Final Approval Hearing. Class Members who fail to object either by
20 submitting a valid Notice of Objection or appearing in person at the Final Approval Hearing will be
21 deemed to have waived all objections to the Settlement and will be foreclosed from making any
22 objections, whether by appeal or otherwise, to the Settlement Agreement. At no time will any of the
23 Parties or their counsel seek to solicit or otherwise encourage Class Members to submit written
24 objections to the Settlement Agreement or appeal from the final approval order and judgment. Class
25 Counsel will not represent any Class Members with respect to any such objections to this Settlement. If a
26 Class Member timely submits both a Notice of Objection and a Request for Exclusion, the Request for
27 Exclusion will be given effect and considered valid, the Notice of Objection shall be rejected, and the
28 Class Member shall not participate in or be bound by the Settlement.

1 57. Certification Reports Regarding Individual Settlement Payment Calculations. The
2 Settlement Administrator will provide Defendants' counsel and Class Counsel a weekly report that
3 certifies the number of Class Members who have submitted valid Requests for Exclusion or objections to
4 the Settlement, and whether any Class Member has submitted a challenge to any information contained
5 in their Notice Packet. Additionally, the Settlement Administrator will provide to counsel for both Parties
6 any updated reports regarding the administration of the Settlement Agreement as needed or requested.

7 58. Distribution Timing of Individual Settlement Payments. Within ten (10) calendar days
8 of the Funding Date, the Settlement Administrator will issue payments to: (i) Participating Class
9 Members and PAGA Members; (ii) the LWDA; (iii) Plaintiffs; and (iv) Class Counsel. The Settlement
10 Administrator will also issue a payment to itself for Court-approved services performed in connection
11 with the Settlement.

12 59. Un-cashed Settlement Checks. Funds represented by Individual Settlement Payment
13 checks returned as undeliverable and Individual Settlement Payment checks remaining un-cashed for
14 more than one hundred and eighty (180) calendar days after issuance will be tendered to Worksafe.

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

18 61. Treatment of Individual Settlement Payments. All Individual Settlement Payments will
19 be allocated as follows: (i) Twenty Percent (20%) of each Individual Settlement Payment will be
20 allocated as wages for which IRS Forms W-2 will be issued; and (ii) Eighty (80%) will be allocated as
21 non-wages (e.g., statutory penalties and interest) for which IRS Forms 1099-MISC will be issued.

22 62. Administration of Taxes by the Settlement Administrator. The Settlement Administrator
23 will be responsible for issuing to Plaintiffs, Participating Class Members, PAGA Members, and Class
24 Counsel any W-2, 1099, or other tax forms as may be required by law for all amounts paid pursuant to
25 this Settlement. The Settlement Administrator will also be responsible for forwarding all payroll taxes
26 and penalties to the appropriate government authorities.

27 63. Tax Liability. Defendants make no representation as to the tax treatment or legal effect
28 of the payments called for hereunder, and Plaintiffs and Participating Class Members are not relying on

1 any statement, representation, or calculation by Defendants or by the Settlement Administrator in this
2 regard.

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

26 65. No Prior Assignments. The Parties and their counsel represent, covenant, and warrant
27 that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign,
28 transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of

1 action or right herein released and discharged.

2 66. Nullification of Settlement Agreement. In the event that: (i) the Court does not finally
3 approve the Settlement as provided herein; or (ii) the Settlement does not become final for any other
4 reason, then this Settlement Agreement, and any documents generated to bring it into effect, will be null
5 and void. Any order or judgment entered by the Court in furtherance of this Settlement Agreement will
6 likewise be treated as void from the beginning.

7 67. Preliminary Approval Hearing. Plaintiffs will obtain a hearing before the Court to
8 request the Preliminary Approval of the Settlement Agreement, and the entry of a Preliminary Approval
9 Order for: (i) conditional certification of the Settlement Class for settlement purposes only, (ii)
10 preliminary approval of the proposed Settlement Agreement, (iii) setting a date for a final fairness
11 hearing. The Preliminary Approval Order will provide for the Notice Packet to be sent to all Class
12 Members as specified herein. In conjunction with the Preliminary Approval hearing, Plaintiffs will
13 submit this Settlement Agreement, which sets forth the terms of this Settlement, and will include the
14 proposed Notice of Class Action Settlement, attached as Exhibit A. Class Counsel will be responsible for
15 drafting all documents necessary to obtain preliminary approval.

16 68. Final Settlement Approval Hearing and Entry of Judgment. Upon expiration of the
17 deadlines to postmark Requests for Exclusion or objections to the Settlement Agreement, and with the
18 Court's permission, a final fairness hearing will be conducted to determine the Final Approval of the
19 Settlement Agreement along with the amounts properly payable for: (i) Attorneys' Fees and Costs; (ii)
20 the Class Representative Enhancement Payments; (iii) Individual Settlement Payments; (iv) the LWDA
21 Payment; (v) all Settlement Administration Costs. The final fairness hearing will not be held earlier than
22 thirty (30) calendar days after the Response Deadline. Class Counsel will be responsible for drafting all
23 documents necessary to obtain final approval. Class Counsel will also be responsible for drafting the
24 attorneys' fees and costs application to be heard at the final approval hearing.

25 69. Judgment and Continued Jurisdiction. Upon final approval of the Settlement by the
26 Court or after the final fairness hearing, the Parties will present the Judgment to the Court for its
27 approval. After entry of the Judgment, the Court will have continuing jurisdiction solely for purposes of
28 addressing: (i) the interpretation and enforcement of the terms of the Settlement, (ii) Settlement

1 administration matters, and (iii) such post-Judgment matters as may be appropriate under court rules or
2 as set forth in this Settlement Agreement. A copy of the Judgment will be posted to the Settlement
3 Administrator's website.

4 70. Release by Plaintiffs. Upon the Funding Date, in addition to the claims being released by
5 all Participating Class Members, Plaintiffs will release and forever discharge the Released Parties, to the
6 fullest extent permitted by law, of and from any and all claims, known and unknown, asserted and not
7 asserted, which Plaintiffs have or may have against the Released Parties as of the date of execution of
8 this Settlement Agreement. To the extent the foregoing release is a release to which Section 1542 of the
9 California Civil Code or similar provisions of other applicable law may apply, Plaintiffs expressly waive
10 any and all rights and benefits conferred upon them by the provisions of Section 1542 of the California
11 Civil Code or similar provisions of applicable law which are as follows:

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

18 71. Exhibits Incorporated by Reference. The terms of this Settlement Agreement include the
19 terms set forth in any attached Exhibits, which are incorporated by this reference as though fully set forth
20 herein. Any Exhibits to this Settlement Agreement are an integral part of the Settlement.

21 72. Entire Agreement. This Settlement Agreement and any attached Exhibits constitute the
22 entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral agreements
23 may be deemed binding on the Parties. The Parties expressly recognize California Civil Code Section
24 1625 and California Code of Civil Procedure Section 1856(a), which provide that a written agreement is
25 to be construed according to its terms and may not be varied or contradicted by extrinsic evidence, and
26 the Parties agree that no such extrinsic oral or written representations or terms will modify, vary or
27 contradict the terms of this Settlement Agreement.

28 73. Amendment or Modification. No amendment, change, or modification to this Settlement

1 Agreement will be valid unless in writing and signed, either by the Parties or their counsel.

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

11 75. Binding on Successors and Assigns. This Settlement Agreement will be binding upon,
12 and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

13 76. California Law Governs. All terms of this Settlement Agreement and Exhibits hereto
14 will be governed by and interpreted according to the laws of the State of California.

15 77. Execution and Counterparts. This Settlement Agreement is subject only to the execution
16 of all Parties. However, the Settlement Agreement may be executed in one or more counterparts. All
17 executed counterparts and each of them, including electronic (e.g., DocuSign), facsimile, and scanned
18 copies of the signature page, will be deemed to be one and the same instrument.

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

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

1 80. Waiver of Certain Appeals. The Parties agree to waive appeals and to stipulate to class
2 certification for purposes of this Settlement only; except, however, that Plaintiffs or Class Counsel may
3 appeal any reduction to the Attorneys' Fees and Costs below the amount they request from the Court,
4 and either party may appeal any court order that materially alters the Settlement Agreement's terms.

5 81. Class Action Certification for Settlement Purposes Only. The Parties agree to stipulate to
6 class action certification for purposes of the Settlement only. If, for any reason, the Settlement is not
7 approved, the stipulation to certification will be void. The Parties further agree that certification for
8 purposes of the Settlement is not an admission that class action certification is proper under the standards
9 applied to contested certification motions and that this Settlement Agreement will not be admissible in
10 this or any other proceeding as evidence that either (i) a class action should be certified or (ii) Defendants
11 are liable to Plaintiffs or any Class Member, other than according to the Settlement's terms.

12 82. Non-Admission of Liability. The Parties enter into this Settlement to resolve the dispute
13 that has arisen between them and to avoid the burden, expense and risk of continued litigation. In
14 entering into this Settlement, Defendants do not admit, and specifically deny, that it violated any federal,
15 state, or local law; violated any regulations or guidelines promulgated pursuant to any statute or any other
16 applicable laws, regulations or legal requirements; breached any contract; violated or breached any duty;
17 engaged in any misrepresentation or deception; or engaged in any other unlawful conduct with respect to
18 their employees. Neither this Settlement Agreement, nor any of its terms or provisions, nor any of the
19 negotiations connected with it, will be construed as an admission or concession by Defendants of any
20 such violations or failures to comply with any applicable law. Except as necessary in a proceeding to
21 enforce the terms of this Settlement, this Settlement Agreement and its terms and provisions will not be
22 offered or received as evidence in any action or proceeding to establish any liability or admission on the
23 part of Defendants or to establish the existence of any condition constituting a violation of, or a non-
24 compliance with, federal, state, local or other applicable law.

25 83. No Public Comment: The Parties and their counsel agree that they will not issue any
26 press releases, initiate any contact with the press, respond to any press inquiry, have any communication
27 with the press, or make any statement on any public webpage about the fact, amount or terms of the
28 Settlement.

1 84. Waiver. No waiver of any condition or covenant contained in this Settlement Agreement
2 or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or
3 constitute a further waiver by such party of the same or any other condition, covenant, right or remedy.

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

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

14 87. Representation By Counsel. The Parties acknowledge that they have been represented
15 by counsel throughout all negotiations that preceded the execution of this Settlement Agreement, and
16 that this Settlement Agreement has been executed with the consent and advice of counsel. Further,
17 Plaintiffs and Class Counsel warrant and represent that there are no liens on the Settlement Agreement.

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

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

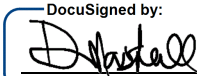
23 90. Binding Agreement. The Parties warrant that they understand and have full authority to
24 enter into this Settlement Agreement, and further intend that this Settlement Agreement will be fully
25 enforceable and binding on all parties, and agree that it will be admissible and subject to disclosure in
26 any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that
27 otherwise might apply under federal or state law.
28

READ CAREFULLY BEFORE SIGNING

PLAINTIFF

Dated: 1/28/2022

DocuSigned by:



Donna Marshall

PLAINTIFF

Dated: _____

Adam Eastham

PLAINTIFF

Dated: _____

Jimmy Aguilar

DEFENDANT

Dated: _____

Anna Van Buren, Chief Executive Officer
Faneuil, Inc.

DEFENDANT

Dated: _____

Jess M. Ravich, Chief Executive Officer
ALJ Regional Holdings, Inc.

APPROVED AS TO FORM

CAPSTONE LAW APC

Dated: _____

By: _____
Raul Perez

Attorneys for Plaintiff Donna Marshall, Adam
Eastham, and Jimmy Aguilar

READ CAREFULLY BEFORE SIGNING

PLAINTIFF

Dated: _____

Donna Marshall

PLAINTIFF

Dated: 1/28/2022

DocuSigned by:
Adam Eastham
Adam Eastham

PLAINTIFF

Dated: _____

Jimmy Aguilar

DEFENDANT

Dated: _____

Anna Van Buren, Chief Executive Officer
Faneuil, Inc.

DEFENDANT

Dated: _____

Jess M. Ravich, Chief Executive Officer
ALJ Regional Holdings, Inc.

APPROVED AS TO FORM

CAPSTONE LAW APC

Dated: _____

By: _____
Raul Perez

Attorneys for Plaintiff Donna Marshall, Adam
Eastham, and Jimmy Aguilar

READ CAREFULLY BEFORE SIGNING

PLAINTIFF

Dated: _____

Donna Marshall

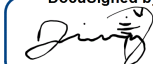
PLAINTIFF

Dated: _____

Adam Eastham

PLAINTIFF

Dated: 1/28/2022

DocuSigned by:

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 Jimmy Aguilar

DEFENDANT

Dated: _____

Anna Van Buren, Chief Executive Officer
 Faneuil, Inc.

DEFENDANT

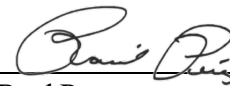
Dated: _____

Jess M. Ravich, Chief Executive Officer
 ALJ Regional Holdings, Inc.

APPROVED AS TO FORM

CAPSTONE LAW APC

Dated: February 28, 2022

By: 
 Raul Perez

Attorneys for Plaintiff Donna Marshall, Adam
 Eastham, and Jimmy Aguilar

1 **READ CAREFULLY BEFORE SIGNING**

2 **PLAINTIFF**

3
4 Dated: _____

Donna Marshall

6 **PLAINTIFF**

7
8 Dated: _____

Adam Eastham

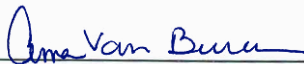
10 **PLAINTIFF**

11 Dated: _____

Jimmy Aguilar

13 **DEFENDANT**

14
15 Dated: 2/4/2022


Anna Van Buren, Chief Executive Officer
Faneuil, Inc.

18 **DEFENDANT**

19 Dated: _____


Jess M. Ravich, Chief Executive Officer
ALJ Regional Holdings, Inc.

22 **APPROVED AS TO FORM**

24 **CAPSTONE LAW APC**

25 Dated: _____

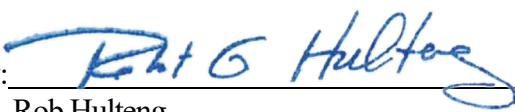
26 By: _____
Raul Perez

27 Attorneys for Plaintiff Donna Marshall, Adam
28 Eastham, and Jimmy Aguilar

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LITTLER MENDELSON P.C.

Dated: 1/31/2022

By: 
Rob Hulteng

Attorneys for Defendants Faneuil, Inc. and ALJ
Regional Holdings, Inc.

Exhibit A

Marshall v. Faneuil, Inc., No. 34-2017-00216580-CU-OE-GDS
SUPERIOR COURT OF THE STATE OF CALIFORNIA, FOR THE COUNTY OF SACRAMENTO
NOTICE OF CLASS ACTION SETTLEMENT

You are not being sued. This notice affects your rights. Please read it carefully

To: All Persons¹ who worked for Defendants Faneuil, Inc. and ALJ Regional Holdings, Inc. (“Defendants”) in non-exempt, hourly-paid positions in the State of California at any time during the period from July 31, 2013 to December 31, 2021 (“Class Members”).

All Persons who worked for Defendants in non-exempt, hourly-paid positions in the State of California at any time during the period from December 3, 2019 to December 31, 2021 (“PAGA Members”).

On _____, the Honorable Christopher E. Krueger of the Sacramento County Superior Court granted preliminary approval of this class action settlement and ordered the litigants to notify all Class Members of the settlement. **You have received this notice because Defendants’ records indicate that you are a Class Member, and therefore entitled to a payment from the settlement.**

Unless you choose to opt out of the settlement by following the procedures described below, you will be deemed a Class Member and, if the Court grants final approval of the settlement, you will be mailed a check for your share of the settlement fund. The Final Fairness Hearing on the adequacy, reasonableness, and fairness of the Settlement will be held at ____:00 __m. on _____, 2022 in Department 54 of the Sacramento County Superior Court located at 813 6th St. 2nd Floor, Sacramento, California 95814.

You are not required to attend the hearing, but if you wish to attend, you may attend the hearing remotely through Zoom. See <http://saccourt.zoom.us/my/dept53.54a>. The Department 54 Zoom ID is: 841 204 6267. To appear on Zoom telephonically, call (888) 475-4499 or (877) 853-5257 (toll-free) and enter the Zoom ID referenced earlier.

Please also note that the Final Fairness Hearing may be rescheduled by the Court to another date and/or time. Please visit [settlement website] for any scheduling changes.

If you move, you must send the Settlement Administrator your new address; otherwise, you may never receive your settlement payment. It is your responsibility to keep a current address on file with the Settlement Administrator.

Summary of the Litigation

Plaintiffs Donna Marshall, Adam Eastham, and Jimmy Aguilar, on their behalf and on behalf of other current and former non-exempt employees, allege that Defendants violated California state labor laws as a result of their alleged failure to, among other things: (1) pay minimum and overtime wages to employees for all hours worked; (2) provide employees with meal and rest breaks; (3) timely pay all wages owed to employees during each pay period and upon termination of their employment; (4) reimburse employees for all necessary business expenses; and (5) provide employees with accurate, itemized wage statements.

After the exchange of relevant information and evidence, the parties agreed to enter into settlement negotiations in an attempt to informally resolve the claims in the case. The parties participated in a mediation with Mark Rudy, an experienced and well-respected class action mediator. With Mr. Rudy’s guidance, the parties were able to negotiate a complete settlement of Plaintiffs’ claims.

Counsel for Plaintiffs, and the attorneys appointed by the Court to represent the class, Capstone Law APC (“Class Counsel”), have investigated and researched the facts and circumstances underlying the issues raised in the case and the applicable law.

¹ “Persons” means individuals employed (i) directly by Defendants anywhere in the State of California or (ii) by Defendants’ third-party staffing agencies and who specifically performed work at Defendants’ Sacramento, California Call Centers (including individuals who were assigned to positions at Defendant’s Sacramento Call Centers, but performed their work remotely after March 15, 2020).

While Class Counsel believe that the claims alleged in this lawsuit have merit, Class Counsel also recognize that the risk and expense of continued litigation justify settlement. Based on the foregoing, Class Counsel believe the proposed settlement is fair, adequate, reasonable, and in the best interests of Class Members.

Defendants have denied, and continue to deny the factual and legal allegations in the case and believe that they have valid defenses to Plaintiffs' claims. By agreeing to settle, Defendants are not admitting liability on any of the factual allegations or claims in the case or that the case can or should proceed as a class action. Defendants have agreed to settle the case as part of a compromise with Plaintiffs.

Summary of The Proposed Settlement Terms

Plaintiffs and Defendants have agreed to settle the underlying class claims in exchange for a Gross Settlement Amount of \$1,960,000. This amount is inclusive of: (1) individual settlement payments to all Participating Class Members; (2) Class Representative Enhancement Payments of \$10,000, each, to Donna Marshall, Adam Eastham, and Jimmy Aguilar for their services on behalf of the class, and for a release of all claims arising out of their employment with Defendants; (3) \$653,333 in attorneys' fees and up to \$60,000 in litigation costs and expenses; (4) a \$100,000 settlement of claims under the Labor Code Private Attorneys General Act of 2004 ("PAGA"), inclusive of a \$75,000 payment to the California Labor and Workforce Development Agency ("LWDA") in connection with the PAGA, and a \$25,000 payment ("PAGA Fund") to be distributed to all PAGA Members on a pro-rata basis; and (5) reasonable Settlement Administrator's fees and expenses currently estimated at \$25,000. After deducting the above payments, a total of approximately \$1,091,667 will be allocated to Class Members who do not opt out of the Settlement Class ("Net Settlement Fund"). Additionally, all PAGA Members will receive a proportional share of the \$25,000 PAGA Fund, regardless whether they opt out of the Settlement Class.

Payments from Net Settlement Fund. Defendants will calculate the total number of Workweeks worked by each Class Member from July 31, 2013 to December 31, 2021 ("Class Period") and the aggregate total number of Workweeks worked by all Class Members during the Class Period. To determine each Class Member's estimated share of the Net Settlement Fund, the Settlement Administrator will use the following formula: The Net Settlement Fund will be divided by the aggregate total number of Workweeks, resulting in the "Workweek Value." Each Class Member's share of the Net Settlement Fund will be calculated by multiplying each individual Class Member's total number of Workweeks by the Workweek Value. The Individual Settlement Payment will be reduced by any required deductions for each Class Members as specifically set forth herein, including employee-side tax withholdings or deductions. If there are any valid and timely Requests for Exclusion, the Settlement Administrator shall proportionately increase each Participating Class Member's share of the Net Settlement Fund according to the number of Workweeks worked, so that the amount actually distributed to the Settlement Class equals 100% of the Net Settlement Fund.

According to Defendants' records, you worked during the Class Period in a non-exempt position for a total of ____ Workweeks. Accordingly, your estimated payment from the Net Settlement Fund is approximately \$ ____.

Payments from PAGA Fund. Defendants will calculate the total number of Workweeks worked by each PAGA Member from December 3, 2019 to December 31, 2021 ("PAGA Period") and the aggregate total number of Workweeks worked by all PAGA Members during the PAGA Period. To determine each PAGA Member's estimated share of the PAGA Fund, the Settlement Administrator will use the following formula: The PAGA Fund will be divided by the aggregate total number of Workweeks, resulting in the "PAGA Workweek Value." Each PAGA Member's share of the PAGA Fund will be calculated by multiplying each individual Participating PAGA Member's total number of Workweeks by the PAGA Workweek Value. A Request for Exclusion does not exclude a PAGA Member from the release of claims under California Labor Code §§ 2698, *et seq.* and the PAGA Member will receive their portion of the PAGA fund even if he or she submits a valid Request for Exclusion.

According to Defendants' records, you worked during the PAGA Period in a non-exempt position for a total of ____ Workweeks. Accordingly, your estimated payment from the PAGA Fund is approximately \$ ____.

Your Estimated Payment: Based on the above, your estimated payment from the settlement is approximately \$ _____. If you believe the Workweek information provided above is incorrect, please contact the Settlement Administrator to dispute the

Questions? Contact the Settlement Administrator toll free at 1-*-***-******

calculation. You must attach all documentation in support of your dispute (such as check stubs, W2s, or letters from HR). All disputes must be postmarked or faxed on or before [insert date of Response Deadline] and must be sent to:

Settlement Administrator

c/o _____

Fax No. _____

If you dispute the information stated above, Defendants' records will control unless you are able to provide documentation that establishes otherwise.

Taxes on Settlement Payments. IRS Forms W-2 and 1099 will be distributed to participating Class Members and the appropriate taxing authorities reflecting the payments they receive under the settlement. Class Members should consult their tax advisors concerning the tax consequences of the payments they receive under the Settlement. For purposes of this settlement, 20% of each settlement payment will be allocated as wages for which IRS Forms W-2 will be issued, and 80% will be allocated as non-wages for which IRS Forms 1099-MISC will be issued.

Your Options Under the Settlement

Option 1 – Automatically Receive a Payment from the Settlement

If you want to receive your payment from the settlement, then no further action is required on your part. You will automatically receive your settlement payment from the Settlement Administrator if and when the Settlement receives final approval by the Court.

If you choose **Option 1**, and if the Court grants final approval of the settlement, you will be mailed a check for your share of the settlement funds. In addition, you will be deemed to have released or waived the Released Class Claims and Released PAGA Claims:

Released Class Claims: All claims, rights, demands, liabilities, and causes of action, reasonably arising from, or related to, the same set of operative facts as those set forth in the operative complaint during the Class Period, including: (i) all claims for unpaid overtime; (ii) all claims for meal and rest break violations; (iii) all claims for unpaid minimum wages; (iv) all claims for the failure to timely pay wages upon termination based on the preceding claims; (v) all claims for the failure to timely pay wages during employment based on the preceding claims; (vi) all claims for the failure to reimburse for necessary business expenses; (vii) all claims for the unlawful discounting of wages and secret payment of lower wages; (viii) all claims for the failure to provide sick leave benefits and written notice of paid sick leave benefits; (ix) failure to provide safety devices and safeguards; (x) all claims for wage statement violations based on the preceding claims; (vi) all claims for failure to maintain employment records and/or to timely produce employment records upon request; and (xii) all claims asserted through California Business & Professions Code §§ 17200, *et seq.*

Released PAGA Claims: All claims asserted through California Labor Code §§ 2698, *et seq.*, that arise out of or are related to the Released Class Claims during the PAGA Period.

Option 2 – Opt Out of the Settlement

If you do not wish to participate in the settlement, you may exclude yourself from participating by submitting a written request to the Settlement Administrator expressly and clearly indicating that you have received this Notice of Class Action Settlement, decided not to participate in the settlement, and desire to be excluded from the settlement. The written request for exclusion must include your name, signature, address, telephone number, and last four digits of your Social Security Number. Sign, date, and mail the request for exclusion by First Class U.S. Mail or equivalent, to the address below.

Settlement Administrator

c/o _____

Questions? Contact the Settlement Administrator toll free at 1-*-***-******

The Request for Exclusion must be postmarked or faxed not later than _____, 2022. If you submit a Request for Exclusion which is not postmarked or faxed by _____, 2022, your Request for Exclusion will be rejected, and you will be included in the settlement class.

If you choose **Option 2**, you will no longer be a Class Member, and you will:

- Not Receive a Payment from the Net Settlement Fund.
- Not release the Released Class Claims.
- You will, however, release the Released PAGA Claims, and will receive a payment from the PAGA Fund.

Option 3 – Object to the Settlement

If you decide to object to the settlement because you find it unfair or unreasonable, you may submit a written objection stating why you object to the settlement, or you may instead appear at the Final Fairness Hearing to object to the Settlement. Written objections must provide: (1) your full name, signature, address, and telephone number, (2) a written statement of all grounds for the objection accompanied by any legal support for such objection; (3) copies of any papers, briefs, or other documents upon which the objection is based; and (4) a statement about whether you intend to appear at the Fairness Hearing. The objection must be mailed to the administrator at [administrator's address].

All written objections must be received by the administrator by not later than _____ 2022. By submitting an objection, you are not excluding yourself from the settlement. To exclude yourself from the settlement, you must follow the directions described above. Please note that you cannot both object to the settlement and exclude yourself. You must choose one option only.

You may also, if you wish, appear at the Final Fairness Hearing set for _____ at _____ a.m./p.m. in the Superior Court of the State of California, for the County of Sacramento and discuss your objection with the Court and the Parties at your own expense. You may also retain an attorney to represent you at the hearing.

If you choose **Option 3**, you will still be entitled to the money from the settlement. If the Court overrules your objection, you will be deemed to have released the Released Claims.

Additional Information

This Notice of Class Action Settlement is only a summary of the case and the settlement. For a more detailed statement of the matters involved in the case and the settlement, you may refer to the pleadings, the settlement agreement, and other papers filed in the case. All inquiries by Class Members regarding this Class Notice and/or the settlement should be directed to the Settlement Administrator or Class Counsel.

Raul Perez
Capstone Law APC
1875 Century Park E., Suite 1000
Los Angeles, CA 90067
Phone: 1 (888) 465-1394

PLEASE DO NOT CONTACT THE CLERK OF THE COURT, THE JUDGE, DEFENDANTS' ATTORNEYS WITH INQUIRIES.

Questions? Contact the Settlement Administrator toll free at 1-*-***-******