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

LEIGH ANNE LOPEZ, as an individual
and on behalf of all others similarly
situated,

Plaintiff,

vs.

TRI COUNTIES BANK, a California
corporation; and DOES 1 through 50,
inclusive,

Defendants.

Case No.: CV2100094

**DECLARATION OF MAX W. GAVRON IN
SUPPORT OF PLAINTIFF'S MOTION TO
APPROVE THE PARTIES' SETTLEMENT
AGREEMENT PURSUANT TO THE LABOR
CODE PRIVATE ATTORNEYS GENERAL
ACT OF 2004**

Date: October 7, 2022

Time: 10:30 a.m.

Dept.: 4

Complaint Filed: January 25, 2021

FAC Filed: March 1, 2021

SAC Filed: June 6, 2022

1 I, Max W. Gavron, hereby declare and state as follows:

2 1. I am an attorney at law duly admitted to practice before all courts in the State of
3 California and am a member of the law firm of the Diversity Law Group, P.C., one of the
4 attorneys of record for Plaintiff Leigh Anne Lopez ("Plaintiff") in the above-entitled action. I
5 have personal knowledge of the matters set forth herein, and if called upon as a witness to testify
6 thereto, I could and would competently do so.

7 2. I am one of the primary attorneys on this matter. From the inception of the case,
8 Plaintiff's counsel have zealously represented the interests of Plaintiff and the aggrieved
9 employees (the "PAGA Members"). The settlement was obtained for the benefit of the PAGA
10 Members.

11 **CASE SUMMARY**

12 3. On January 15, 2021, Plaintiff sent notice to the Labor and Workforce
13 Development Agency ("LWDA") giving notice of her intent to pursue a representative PAGA
14 action on behalf of herself and the State of California as well as on behalf of other aggrieved
15 employees (the "PAGA Notice").

16 4. On January 25, 2021, Plaintiff filed the action against Defendant Tri Counties
17 Bank ("Defendant") asserting class action claims under Labor Code §§ 201, 202, 203, 204, 226,
18 226.7, 246, 510, 558, 1194, 1197, 1197.1, as well as a representative action claim under PAGA,
19 and a claim under Business and Professions Code § 17200, *et seq.*

20 5. On March 1, 2021, Plaintiff filed a First Amended Complaint, alleging a single
21 claim for violation of the PAGA, after considering an arbitration agreement that included a
22 purported class waiver.

23 6. Thereafter, the Parties exchanged written discovery, including responding to
24 interrogatories and producing documents. The Parties then agreed to participate in a private
25 mediation with respected mediator, Michael J. Loeb, Esq.

26 **MEDIATION**

27 7. Prior to mediation, Defendant produced a sampling of time and pay records for
28 the aggrieved employees, which permitted Plaintiff to analyze Defendant's potential exposure

1 and liability. As detailed in the Settlement Agreement, there were approximately 16,728 pay
2 periods at issue during the time encompassed by this settlement. Settlement Agreement § II.13.
3 PAGA’s penalty structure is based on the number of violations of the Labor Code committed
4 during a given pay period. *See* Cal. Lab. Code § 2699(f). Defendant’s potential exposure could
5 be as high as \$1,672,800.00 if the Court were to award a \$100 penalty for each pay period
6 encompassed by the proposed settlement. However, Defendant argued that its exposure was
7 significantly less because it maintained legally compliant policies, complied with the law at all
8 times, the sampling of time and pay records produced for evaluation demonstrated an extremely
9 low facial violation rate regarding Plaintiff’s claims, and that it maintained arbitration
10 agreements applicable to its employees, which it contended precluded Plaintiff’s PAGA claims.
11 On June 15, 2022, the United States Supreme Court issued its decision in *Viking River Cruises,*
12 *Inc. v. Moriana*, No. 20-1573, 2022 WL 2135491, at *10 (U.S. June 15, 2022), which Defendant
13 would have argued precludes Plaintiff’s PAGA claim. *Id.* (holding that the Federal Arbitration
14 Act (“FAA”) preempted portion of California Supreme Court’s holding in *Iskanian v. CLS*
15 *Transp. Los Angeles, LLC*, 59 Cal. 4th 348 (2014) and that PAGA claims may be arbitrable
16 under the FAA).

17 8. While the PAGA does provide for a potentially heightened penalty of \$200 for
18 “subsequent” violations, many courts do not award that penalty unless there has been a prior
19 citation by the LWDA or court ruling demonstrating that the employer previously violated the
20 Labor Code. *Amaral v. Cintas Corp.* No. 2, 163 Cal. App. 4th 1157, 1209 (2008); *accord*
21 *Amalgamated Transit Union Local 1309 v. Laidlaw Transit Service, Inc.*, 2009 WL 2448430,
22 at *9 (S.D. Cal. Aug. 10, 2009) (“[u]nder California law, courts have held that employers are
23 not subject to heightened penalties for subsequent violations unless and until a court or
24 commissioner notifies the employer that it is in violation of the Labor Code”); *see also*
25 *Bernstein v. Virgin Am., Inc.*, 3 F.4th 1127, 1144 (9th Cir. 2021) (holding no subsequent
26 penalty unless prior citation or court ruling). Thus, Defendant argued that even if Plaintiff was
27 able to establish any violation of the Labor Code, the PAGA penalties assessed for these
28 violations will be computed at the \$100 rate, as opposed to the \$200 per pay period rate at

1 maximum, and there is a likelihood that a further reduction of the penalty would be appropriate
2 given Defendant's good faith efforts to comply with the Labor Code and its contentions that it
3 complied with the Labor Code at all times.

4 9. Defendant also argued that even if Plaintiff prevailed, the recoverable penalties
5 under PAGA are minimal. Indeed, courts to consider the issue have refused to "stack" PAGA
6 penalties and often significantly reduce the penalties awarded. *See Carrington v. Starbucks*
7 *Corporation*, No. D072392 (Cal. Ct. App. Nov. 27, 2018) (published Dec. 19, 2018)
8 (approving PAGA penalty reduction to \$5 per pay period); *accord Atempa v. Pedrazzani*
9 (2018) 27 Cal. App. 5th 809. If the Court in this case were to reduce penalties to \$5 a pay
10 period, as was approved in *Carrington*, the potential exposure amounts to approximately
11 \$83,640 (16,728 pay periods x \$5.00).

12 10. The Parties attended mediation on April 21, 2022. During the mediation, the
13 Parties spoke at length about the strengths and weaknesses of each side's claims and defenses,
14 and the scope of Defendant's potential liability. Although the Parties did not reach an agreement
15 at the mediation, the Parties continued to negotiate with the assistance of Mr. Loeb and
16 ultimately were able to reach a settlement in principle. The Parties executed a memorandum of
17 understanding and thereafter worked to memorialize and finalize the terms of the settlement in a
18 long-form settlement agreement.

19 11. The Parties have agreed to settle the Action pursuant to the terms and conditions
20 of the Private Attorneys General Act (Labor Code § 2698, *et seq.*) Settlement and Release
21 Agreement ("Settlement Agreement"), a true and correct copy of which is attached hereto as
22 **Exhibit A.**

23 12. As a condition of the settlement, the Parties agreed to the filing of a Second
24 Amended Complaint to add claims regarding Defendant's failure to correctly calculate the
25 regular rate of pay for the purposes of paying meal and rest period premiums.

26 13. On May 31, 2022, Plaintiff filed a supplemental written notice with the LWDA
27 regarding these claims ("Supplemental PAGA Notice"). Then on June 6, 2022, Plaintiff filed the
28 Second Amended Complaint. The Second Amended Complaint is the operative Complaint

1 (“Complaint”).

2 **SUMMARY OF THE SETTLEMENT TERMS**

3 14. The Parties have agreed that Defendant will fund the Gross Settlement Amount of
4 \$400,000.00 within thirty calendar days of the Effective Date. Settlement Agreement § V.2. This
5 amount is approximately 24% of the originally calculated maximum exposure (\$400,000.00 /
6 \$1,672,800.00).

7 15. The Settlement Agreement allocates one-third of the Gross Settlement Amount
8 for attorneys’ fees (or \$133,333.33), up to \$20,000.00 in litigation costs incurred by Plaintiff’s
9 counsel, \$10,000.00 to Plaintiff for a service award, and \$8,750.00 for settlement administration
10 costs. *Id.* §§ III.2(a)-(d). The remainder, or the “PAGA Penalty Fund,” is allocated to the
11 payment of civil penalties under PAGA, of which 75% percent is distributed to the LWDA and
12 25% is distributed to the PAGA Members on whose behalf Plaintiff filed this action, as required
13 by PAGA. *Id.* § III.2(e).

14 16. The Settlement Agreement provides the following release:

15 Upon the approval by the Court of this Agreement and funding of
16 the GSA by Defendant, each of the PAGA Members, including
17 Plaintiff, shall, for the Covered Period, fully release and forever
18 discharge the Released Parties, subject to the terms and conditions
hereof and the approval of the Court, from the Covered Claims.

19 Settlement Agreement § IV.1.

20 17. The Settlement Agreement defines “Covered Claims” or “Released Claims” as:
21 [A]ll claims for civil penalties under the PAGA that were asserted or could have been asserted
22 based on the facts alleged in Plaintiff’s LWDA Notices and the Action for the entire PAGA
23 Period, including but not limited to claims for failing to properly calculate the regular rate of pay
24 for purposes of paying overtime, sick pay and meal and rest period premium payments, failing to
25 pay all minimum and overtime wages for hours worked, failure to pay all wages owed upon
26 separation of employment, and failing to provide accurate itemized wage statements which are
27 premised on the alleged violation of Labor Code §§ 201, 202, 203, 204, 226, 246, 226.7, 510,
28 558, 1194, 1197, 1197.1, and 2698 and the applicable IWC Wage Orders. Settlement Agreement

§ II.9. The “Covered Period” or “PAGA Period” means January 15, 2020, through March 31, 2022. *Id.* § II.4. “PAGA Members” are limited to “(1) all non-exempt branch employees who utilized an alarm code to open a branch during the PAGA period (“Branch Employee(s)”; and (2) all non-exempt employees who received non-discretionary income in addition to their base hourly wage during the PAGA period (“Regular Rate Employee(s)”).” *Id.* § II.5.

18. Plaintiff also executed a general release as part of the Settlement Agreement, including a waiver of Civil Code § 1542. Settlement Agreement § IV.2.

19. Each PAGA Member will receive an individual payment proportionate to the number of Eligible Pay Periods worked during the Covered Period. Settlement Agreement § III.3. Each individual settlement payment will be treated as IRS Form 1099 income. *Id.*

20. Moreover, any checks not cashed by PAGA Members will be voided so that the unclaimed amount can be forwarded to Legal Aid at Work, the designated *cy pres* recipient. Settlement Agreement § V.6. I do not have any relationship with or connection to said organization.

ATTORNEY EXPERIENCE

21. My qualifications are as follows: I received a full-tuition scholarship, and graduated from Southwestern Law School in 2013, magna cum laude. I was in the top 5% of my class. During my time at Southwestern, I was a Notes and Comments Editor on the Southwestern Law Review. I also received awards for achieving the highest grade in my class in several courses. In 2012, I was a full-time extern, at the United States District Court for the Central District. Immediately after law school, I taught several courses at Southwestern, including Principles of Legal Analysis and Legal Methods. I taught those courses for approximately four years.

22. I practiced civil litigation at Haight Brown & Bonesteel LLP from approximately September 2013, through January 2016. I was third-chair in a federal court jury trial that resulted in a defense verdict in our client’s favor on a \$21 million commercial breach of contract dispute. I also regularly litigated cases across the civil litigation spectrum, including employment matters.

23. From February 2016, through Fall 2017, I practiced at the international law firm

1 of Arnold & Porter, which had recently merged with Kaye Scholer, LLP. I defended Fortune 50
2 companies in Multi-District Litigation primarily in the product liability sphere. I also
3 successfully drafted an appellate brief in the Ninth Circuit resulting in the reversal of a summary
4 judgment decision regarding trade secret issues, in addition to working in several other practice
5 groups. *See Experian Info. Solutions v. Nationwide Marketing Servs. Inc.*, 893 F.3d 1176 (9th
6 Cir. 2018).

7 24. From September 2017, through September 2018, I served as a law clerk to a
8 Judge sitting on the United States District Court, Central District of California. I regularly
9 prepared bench memoranda, on cases involving all types of civil litigation, including regularly
10 working on wage and hour class actions.

11 25. I am currently an attorney at the law firm Diversity Law Group, P.C., an
12 employment law firm that has handled numerous wage and hour class and individual actions, on
13 both plaintiff and defense sides. My current practice focuses on employment matters involving
14 both class actions, and single plaintiffs. The firm currently has cases in the Los Angeles Superior
15 Courts, the Orange County Superior Courts, the San Diego County Superior Courts, and the
16 United States District Courts for the Central, Northern, and Eastern Districts of California. I am
17 currently handling, or have handled, numerous wage and hour class action lawsuits with the firm,
18 including, but not limited to: *Agar v. Sensient Natural Ingredients, LLC* (Case No. CV-19-
19 001906, Stanislaus County Superior Court); *Heredia v. Eddie Bauer LLC* (Case No.
20 16CV300475, United States District Court, Northern District of California); *Parsons v. Estenson*
21 *Logistics, LLC* (Case No. 34-2019-00252929, Sacramento County Superior Court); *Wood v.*
22 *Reeve Trucking Co., Inc.* (Case No. STK-CV-UOE-2018-0004414, San Joaquin County Superior
23 Court); *Coronel v. Pinnacle Agriculture* (Case No. 18CV004287, Monterey County Superior
24 Court), and *Tice v. Trader Joe's Company* (Case No. 20CV00892, Santa Barbara County
25 Superior Court), among others.

26 26. I have been certified as class counsel in a number of cases, including *Smith v.*
27 *Gold Country Health Center, Inc.* (Case No. PC20180491, El Dorado County Superior Court)
28 and *Pantoja v. RAMCO Enterprises, L.P.* (Case No. M126835, Monterey County Superior

1 Court). I have also assisted in numerous wage and hour class action mediations.

2 27. On June 14, 2019, I argued two related cases in front of the Ninth Circuit Court of
3 Appeals. One of them was *Rodriguez v Nike Retail Service Inc.*, Case No. 17-16866. On June 28,
4 2019, the Ninth Circuit issued a published decision, reversing and remanding in favor of our
5 clients. *Rodriguez v. Nike Retail Servs., Inc.*, 928 F.3d 810 (9th Cir. 2019). The related case
6 decision was *Chavez v. Converse, Inc.*, 772 Fed. Appx. 571 (June 28, 2019).

7 28. From the inception of the case, Plaintiff's counsel has zealously represented the
8 interests of Plaintiff and the aggrieved employees. The settlement was obtained for the benefit of
9 the aggrieved employees and the LWDA. Based on my review of all the information and my
10 experience in wage and hour litigation, I believe this settlement to be fair, adequate, and
11 reasonable.

12 29. Concurrent with the filing of this Motion, my office uploaded the instant motion,
13 Settlement Agreement, and proposed order to the LWDA's website. Attached hereto as **Exhibit**
14 **B** is a true and correct copy of the LWDA confirmation.

15 30. Attached hereto as **Exhibit C** is a true and correct copy of proposed notice to
16 accompany the settlement checks to PAGA Members.

17 I declare under penalty of perjury under the laws of the State of California that the
18 foregoing is true and correct.

19 Executed on this 6th day of September 2022, at Los Angeles, California.

20
21 
22 Max W. Gavron

EXHIBIT A

PRIVATE ATTORNEYS GENERAL ACT (LABOR CODE § 2698, ET SEQ.)
SETTLEMENT AND RELEASE AGREEMENT

Lopez v. Tri Counties Bank, et al,
Humboldt County Superior Court Case No. CV2100094
(the “Action”)

This Settlement and Release Agreement (“Agreement”) is made and entered into by and between plaintiff LEIGH ANNE LOPEZ (“Plaintiff”), individually and on behalf of the State of California pursuant to Labor Code § 2699, *et seq.* (the Private Attorneys General Act [“PAGA”]) on the one hand, and defendant TRI COUNTIES BANK (“Defendant”), on the other hand. Plaintiff and Defendant are collectively referred to herein as “the Parties.”

This Agreement shall be binding on Plaintiff and all PAGA Members (as defined below) she seeks to represent and on Defendant, its affiliated entities, parents, subsidiaries, owners, officers, executives, directors, and managers, subject to the terms and conditions hereof and the approval of the Court.

I. NATURE OF ACTION

1. On January 15, 2021, Plaintiff sent notice to the Labor and Workforce Development Agency (“LWDA”) of Defendant’s alleged violations of Labor Code §§ 201, 202, 203, 204, 226, 226.7, 246, 510, 558, 1194, 1197, and 1197.1 pursuant to Labor Code § 2698, *et seq.*, the Private Attorneys General Act (“PAGA”).

2. On January 25, 2021, Plaintiff filed a Class Action Complaint against Defendant asserting class action claims under Labor Code §§ 201, 202, 203, 204, 226, 226.7, 246, 510, 558, 1194, 1197, and 1197.1, the applicable IWC Wage Orders, as well as a representative action claim under PAGA, and a claim under Business and Professions Code § 17200, *et seq.*

3. On March 1, 2021, Plaintiff filed a First Amended Complaint, alleging a single claim for violation of the PAGA based on the same Labor Code violations referenced above, considering Defendant’s contention that it had an enforceable arbitration agreement with a purported class action waiver.

4. On or about April 2, 2021, Defendant filed an Answer to the First Amended Complaint.

5. On May 31, 2022, Plaintiff submitted a supplemental notice to the LWDA alleging additional Labor Code violations pertaining to sections 201, 202, 203, 226, and 226.7, which focused on her allegations regarding Defendant's alleged failure to correctly calculate the regular rate of compensation by not including the value of non-discretionary remuneration when paying aggrieved employees' meal and rest period premiums. All notices filed with the LWDA referenced herein are referred to collectively as the "LWDA Notices."

6. On June 6, 2022, Plaintiff filed a Second Amended Complaint adding additional allegations regarding Defendant's alleged failure to correctly calculate the regular rate of compensation by not including the value of non-discretionary remuneration when paying aggrieved employees' meal and rest period premiums. All complaints filed in the Action referenced herein are referred to collectively herein as the "Action."

7. The Parties engaged in formal and informal discovery through the litigation. Plaintiff propounded written discovery requests, including requests for production of documents and interrogatories, upon Defendant and Defendant responded. The Parties met and conferred.

8. Ultimately, the Parties agreed to engage in mediation before neutral Michael J. Loeb, Esq. In connection with the mediation, Defendant provided Plaintiff and PAGA Counsel (as defined below) with information about the number of potentially aggrieved employees, the number of pay periods at issue, written policies and procedures, a sampling of time and pay data for analysis, and its position regarding potential liability. Based on this information, the Parties conducted settlement negotiations.

9. Following a full day of mediation with Mr. Loeb on April 21, 2022, the Parties did not reach a settlement. However, the Parties continued to negotiate and ultimately reached a settlement in principle after the issuance of a mediator's proposal. The Parties then signed a memorandum of understanding. After further negotiation between the Parties, the Parties agreed

to terms for complete settlement of the Action, which was negotiated at arm's-length with each Party having had the opportunity to consider all known facts and circumstances.

II. REPRESENTATIONS AND ADDITIONAL DEFINITIONS

1. "Released Parties" shall mean and refer to Defendant TRI COUNTIES BANK, and any of its former and present parents, subsidiaries, affiliates, insurers, and other officers, directors, employees, partners, shareholders, and agents, and any other successors, assigns, or legal representatives, including but not limited to Trico Bancshares.

2. "PAGA Counsel" shall refer to Larry W. Lee and Max W. Gavron of Diversity Law Group.

3. "Counsel for Defendant" and "Defense Counsel" shall refer to Carrie Bushman and Alexis Gabrielson of Cook Brown, LLP.

4. "Covered Period" or "PAGA Period" shall mean the period from January 15, 2020, through March 31, 2022.

5. "PAGA Members" shall mean and refer to: (1) all non-exempt branch employees who utilized an alarm code to open a branch during the PAGA period ("Branch Employee(s)"); and (2) all non-exempt employees who received non-discretionary income in addition to their base hourly wage during the PAGA period ("Regular Rate Employee(s)").

6. "Court" refers to the Humboldt County Superior Court.

7. "PAGA Member Share" shall mean and refer to each of the PAGA Members' 25% of PAGA penalties allocated to the PAGA Members in accordance with Labor Code § 2699(i). Cumulatively, it shall be referred to as "PAGA Member Shares."

8. "Settlement Administrator" shall refer to Phoenix Settlement Administrators.

9. "Covered Claims" or "Released Claims" means and all claims for civil penalties under the PAGA that were asserted or could have been asserted based on the facts alleged in Plaintiff's LWDA Notices and the Action for the entire PAGA Period, including but not limited to claims for failing to properly calculate the regular rate of pay for purposes of paying overtime, sick pay and meal and rest period premium payments, failing to pay all minimum and overtime

wages for hours worked, failure to pay all wages owed upon separation of employment, and failing to provide accurate itemized wage statements which are premised on the alleged violation of Labor Code §§ 201, 202, 203, 204, 226, 246, 226.7, 510, 558, 1194, 1197, 1197.1, and 2698 and the applicable IWC Wage Orders.

10. “Eligible Pay Periods” means: the total number of pay periods worked by each branch employee who utilized an alarm code to open a branch during the PAGA Period and the total number of pay periods during the PAGA period where non-exempt employees received nondiscretionary remuneration in addition to their base hourly wage, with no duplication of pay periods, according to Defendant’s records.

11. “Effective Date” and “Final” shall mean the date that the Court grants approval to the settlement embodied herein.

12. “Gross Settlement Amount” or “GSA” shall mean and refer to the \$400,000.00 that Defendant is obligated to pay under the terms of this Agreement, inclusive of attorney fees, costs, and expenses directly related to the Lawsuit, which includes all such fees and costs incurred to date, the Settlement Administrator’s costs, which are not to exceed \$9,000.00, the LWDA Payment referenced in Paragraph III.3 below, the amount paid to the PAGA Members, and the Plaintiff’s Service Award. The GSA is non-reversionary, such that the entire amount will be disbursed under the stipulated terms and none of it will revert to Defendant.

13. Defendant represents the following: (1) the estimated number of pay periods worked by Branch Employees who utilized an alarm code to open a branch during the PAGA period is approximately 12,930; and (2) the estimated number of pay periods in which a non-exempt employee received non-discretionary income in addition to their base hourly wage during the PAGA period is approximately 3,798, for a total of approximately 16,728 pay periods. The number of pay periods included during the PAGA Period shall not exceed 17,564, which represents a 5% increase above 16,728 pay periods. If the number of pay periods included during the PAGA Period increases above 17,564, the Gross Settlement Amount shall increase pro rata. For the avoidance of doubt, this means if the total number of pay periods in the PAGA Period

increases 6%, the Gross Settlement Amount will increase 1%.

14. Plaintiff alleges that Defendant: (a) failed to pay employees overtime wages for all hours worked, or at the correct regular rate of pay that included all non-discretionary remuneration in violation of Labor Code §§ 201-203, 510, 558, and 1194; (b) failed to pay employees sick pay at the correct regular rate of pay that included all non-discretionary remuneration in violation of Labor Code §§ 201-203 and 246; (c) failed to pay all minimum, regular, and overtime wages owed for off-the-clock work in violation of Labor Code §§ 201-204, 510, 558, 1194, 1197, and 1197.1; (d) failed to provide off-duty rest periods to employees who worked 3.5 hours or longer in one shift and/or pay rest period premiums in lieu thereof in violation of Labor Code §§ 201-203 and 226.7; (e) failed to correctly calculate the regular rate of compensation by not including the value of non-discretionary remuneration when paying aggrieved employees meal and rest period premiums in violation of Labor Code §§ 201, 202, 203, 226 and 226.7; (f) failed to provide accurate, itemized wage statements in violation of Labor Code § 226; and that these underlying conducts give rise to a claim pursuant to PAGA.

15. Defendant vehemently denies Plaintiff's claim and all allegations asserted in the Action and the LWDA Notices. Defendant contends, among other things, that it has at all times complied with the Labor Code, the related Wage Orders, and all other state and federal wage laws, and further contends that the Action is without merit and subject to individual arbitration. Defendant has denied and continues to deny each and every factual allegation and alleged claim asserted as part of the Action and the LWDA Notices. Defendant further contends that the imposition of the asserted penalties would be unjust, arbitrary, oppressive, and confiscatory.

16. The Parties recognize that the issues presented in the Action are likely only to be resolved with extensive and costly pretrial and trial proceedings, and that further litigation will cause inconvenience, distraction, disruption, delay, and expense disproportionate to the potential benefits of litigation. The Parties have considered the risk and uncertainty of the outcome inherent in any litigation.

17. Plaintiff and PAGA Counsel contend that they have diligently pursued an

investigation of the PAGA Members' allegations against Defendant.

18. Based on their own independent investigations and evaluations, Plaintiff and PAGA counsel are of the opinion that the stipulated settlement terms as set forth in this Agreement are fair, reasonable, adequate, and in the best interests of the Plaintiff, the State of California, and the PAGA Members in light of all known facts and circumstances and the risks inherent in litigation, including potential appeals. Further, PAGA Counsel believes that the agreed-upon settlement terms are in the best interests of the PAGA Members and that settlement is fair, reasonable, and adequate for the State of California and each of the PAGA Members, particularly given the inherent risk of litigation.

19. The purpose of this Agreement is to settle and compromise the Action and all Covered Claims that Plaintiff and the PAGA Members may have against the Released Parties. Neither the existence of this Agreement nor anything contained in this Agreement shall be construed or deemed as an admission of liability, culpability, negligence, or wrongdoing on the part of Defendant. Nothing herein shall constitute an admission by Defendant that the Action was properly brought as a representative action other than for settlement purposes. Settlement of the Action, the negotiation and execution of this Agreement, and all acts performed or documents executed pursuant to or in furtherance of this Agreement or the settlement of the Action: (a) are not, shall not be deemed to be, and may not be used as, an admission or evidence of any wrongdoing or liability on the part of Defendant or of the truth of any of the factual allegations in the operative complaint in the Action; (b) are not, shall not be deemed to be, and may not be used as, an admission or evidence of any fault or omissions on the part of Defendant in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal; and (c) are not, shall not be deemed to be, and may not be used as, an admission or evidence of the appropriateness of these or similar claims for representative treatment, class certification, or administration other than for purposes of administering this Agreement.

20. The Parties agree that upon full execution of this Agreement, discovery and any other proceeding unrelated to the Agreement are informally stayed while the parties undertake

the work necessary to obtain court approval of the Agreement. To facilitate such approval from the Court, PAGA Counsel shall prepare and file a Motion for Approval of PAGA Settlement (“Motion for Approval”), which shall be submitted for review and approval to Counsel for Defendant prior to filing. In the event the Court does not grant this Motion for Approval, the Parties will reconvene in good faith and attempt to rectify the shortcomings to the extent possible before PAGA Counsel is to resubmit the Motion for Approval or other supplemental briefing with all appropriate possible changes and/or additions. In the event the Court does not approve the Settlement, the Parties will be restored to their positions prior to the Agreement and the Agreement shall be deemed null and void. The Parties understand and agree that all of the time that this matter has been informally stayed shall be excluded from calculation of the 5-year rule to bring this matter to trial as required pursuant to Code of Civil Procedure § 583.310.

III. TERMS OF SETTLEMENT

1. In consideration of the mutual covenants, promises, and representations set forth in this Agreement, Plaintiff, on behalf of the PAGA Members and the State of California as a Private Attorney General, on the one hand, and Defendant, on the other, agree to settle and compromise the Action and the Covered Claims, subject to the settlement and release terms and conditions set forth in this Agreement.

2. The Amount of Settlement. As consideration for the settlement and release and other terms described in this Agreement, Defendant agrees to pay the GSA, in a total amount of **\$400,000.00**. This GSA payment is inclusive of the following:

- a. PAGA Counsel’s fees request of one-third (1/3) of the GSA, or \$133,333.33, to which Defendant will not object;
- b. PAGA Counsel’s request for actual costs up to the amount of \$20,000.00, to which Defendant will not object;
- c. Service Award to Plaintiff in the amount of \$10,000.00, to which Defendant will not object, in exchange for a general release of all claims;
- d. Administration costs of \$8,750.00 to be paid to the Settlement

Administrator; and

- e. the remainder of the GSA after deducting the items (a), (b), (c), and (d) above, which shall be designated as the “PAGA Penalty Fund.”

3. Allocation and Calculation of the PAGA Penalty Fund. Each of the PAGA Members shall receive a portion of the PAGA Penalty Fund on a pro-rata basis determined by the number of Eligible Pay Periods each of the respective PAGA Members worked during the Covered Period. The anticipated total PAGA Penalty Fund will be approximately \$227,916.67. Seventy-five percent (75%) of the PAGA Penalty Fund, or \$170,937.50, will be paid to the LWDA as required by Labor Code § 2699(i) (the “LWDA Payment”). The remaining twenty-five percent (25%) of the PAGA Penalty Fund, or \$56,979.17, will be distributed to PAGA Members on a pro-rata basis based on the formula set forth below. Each PAGA Member’s pro-rata share of the PAGA Penalty Fund represents his or her PAGA Member Share.

- a. PAGA Member Shares. Plaintiff and each of the PAGA Members shall receive a pro rata share of the twenty-five percent (25%) of the PAGA Penalty Fund allocated to PAGA Members. Plaintiff and each of the PAGA Members shall receive a pro-rata value equal to PAGA Members’ 25% of the Penalty Fund multiplied by the ratio of (a) the number of Eligible Pay Periods worked by him or her to (b) the total number of Eligible Pay Periods worked by all PAGA Members during the Covered Period. All payments made to PAGA Members (“Individual Settlement Payments”) will be reported on an IRS Form 1099.

4. PAGA Counsel’s Fees and Costs. As part of the Motion for Approval of this Agreement, PAGA Counsel will request court approval of 1/3 of the GSA, which is \$133,333.33, in attorneys’ fees. PAGA Counsel will request actual cost reimbursement up to the amount of \$20,000.00 for costs incurred by PAGA Counsel. Should PAGA Counsel request a lesser amount for attorneys’ fees and costs and/or the Court approve a lesser amount, the difference shall be allocated to the PAGA Penalty Fund and distributed accordingly. Any attorneys’ fees and costs

awarded to PAGA Counsel, hereinafter referred to as “PAGA Counsel Fees & Costs,” shall fully compensate and reimburse PAGA Counsel for any and all of the work already performed in connection with the Action and all work remaining to be performed in fully and finally resolving the Action, including but not limited to securing Final Court approval of the Agreement, and all costs that PAGA Counsel has incurred or will incur.

5. Plaintiff Service Award. As part of the Motion for Approval of this Agreement, Plaintiff will request a Service Award for serving as the PAGA representative in the amount of \$10,000.00. This Service Award is in exchange for a general release of all claims and waiver of the protections of Civil Code § 1542, as described further below. Should the Court approve a lesser amount, the difference shall be allocated to the PAGA Penalty Fund and distributed accordingly. Plaintiff’s Service Award shall be referred herein as the “Service Award.”

6. Tax Treatment of Settlement Amounts. With regard to settlement payments to PAGA Members and Plaintiff, said payments will be allocated 100% penalties not subject to any payroll tax withholding and IRS Forms 1099 will be issued. Nothing in this Agreement is intended to constitute legal advice regarding federal, state, and/or local tax obligations. Plaintiff acknowledges that she has obtained no tax advice from Defendant and that neither Defendant nor its attorneys have made any representation concerning the tax consequences, if any, of the GSA in this Agreement or any payment to be made pursuant to this Agreement. To the extent that this Agreement or any of its attachments is interpreted to contain or constitute advice regarding any state or federal tax issue, such advice is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding penalties under the Internal Revenue Code. Defendant, Defendant’s counsel, and Plaintiff’s counsel are not responsible for any of the PAGA Members’ and Plaintiff’s tax obligations regarding the allocation of the settlement payments; instead, Plaintiff and the PAGA members shall assume full responsibility and liability for the payment of taxes due on such payments. The Parties agree that, in the event that any taxing body determines that additional taxes are due from any PAGA Member, including Plaintiff, such PAGA Member assumes all responsibility for the payment of such taxes, and such PAGA Member agrees to

indemnify, defend, and hold harmless counsel for Defendant, and the Defendant from any claims, demands, liens, deficiencies, levies, assessments, executions, judgments or recoveries related to the PAGA Member's portion of such taxes by any governmental entity or any other third party against the Defendant for any amounts claimed due by such third parties on account of this Settlement. Payment of PAGA Counsel Fees & Costs will be reflected in a Form 1099 to PAGA Counsel who shall assume full responsibility and liability for the payment of taxes due on such payments. Plaintiff's Service Award shall also be reported on a Form 1099 and Plaintiff shall assume full responsibility and liability for the payment of taxes due on such payments.

IV. RELEASE

1. Release by All PAGA Members. Upon the approval by the Court of this Agreement and funding of the GSA by Defendant, each of the PAGA Members, including Plaintiff, shall, for the Covered Period, fully release and forever discharge the Released Parties, subject to the terms and conditions hereof and the approval of the Court, from the Covered Claims.

2. Release by Plaintiff. Upon approval by the Court of this Agreement and funding of the GSA by Defendant, Plaintiff shall fully release and forever discharge the Released Parties for any and all causes of action, obligations, costs, expenses, damages, claims, liabilities, and benefits (including attorneys' fees and costs), of whatever character, in law or in equity, known or unknown, suspected or unsuspected, matured or otherwise, of any kind whatsoever, now existing or arising in the future, based on any act, omission, event, occurrence, or nonoccurrence which were, or could have been asserted in the Action and/or arising out of her employment with the Released Parties, including but not limited to any and all claims under the Americans With Disabilities Act; Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Age Discrimination in Employment Act; the Fair Labor Standards Act; the Equal Pay Act; the Employee Retirement Income Security Act; the Consolidated Omnibus Budget Reconciliation Act; the Family and Medical Leave Act; the California Fair Employment and Housing Act; the California Constitution; the California Labor Code; the California Government Code; the California Civil Code; the California Industrial Welfare Commission Wage Orders, as well as any

other claims based on theories of wrongful or constructive discharge, breach of contract or implied contract, fraud, misrepresentation, promissory estoppel or intentional and/or negligent infliction of emotional distress, or damages under any other federal, state or local statutes, ordinances, regulations, rules or laws. This release excludes claims for workers' compensation, unemployment insurance benefits, or other claims that cannot be released as a matter of law.

- a. Plaintiff specifically waives the benefit of the provisions of California Civil Code § 1542, which provides as follows:

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.

- b. Notwithstanding the provisions of section 1542, Plaintiff expressly acknowledges that this Agreement is also intended to include in its effect, without limitation, all claims which Plaintiff does not know or suspect to exist in her favor at the time of the execution hereof, and that this Agreement contemplates the extinguishment of any such claim.

V. ADMINISTERING THE SETTLEMENT AND PAYMENT PLAN

1. Within fifteen (15) calendar days after the Effective Date, Defendant will compile a list of the PAGA Members ("PAGA Member List") containing: (1) name; (2) last known home address and telephone number; (3) number of Eligible Pay Periods employed during the Covered Period; and (4) Social Security Number, to the extent available.

2. Within thirty (30) calendar days of the Effective Date, Defendant shall deposit the full payment of the Gross Settlement Amount (\$400,000.00) with the Settlement Administrator.

3. Within thirty (30) calendar days of receiving the full payment of the Gross Settlement Amount from Defendant, the Settlement Administrator shall distribute:

- a. PAGA Member Shares in the total estimated amount of \$56,979.17;
- b. Service Award to Plaintiff in the amount of \$10,000.00;

- c. Attorneys' Fees of \$133,333.33 and actual Costs up to \$20,000.00 to PAGA Counsel;
- d. Settlement Administration Costs of \$8,750.00 to Phoenix Settlement Administrators; and
- e. The LWDA Payment in the amount of \$170,937.50 to the LWDA.

4. Within thirty (30) calendar days of receiving the full payment of the Gross Settlement Amount from Defendant, the Settlement Administrator shall search for the address of each of the PAGA Members through the United States Postal Service NCOA database (which provides updated addresses for any individual who has moved in the previous four years who has notified the U.S. Postal Service of a forwarding address) to obtain current address information, and shall mail the payment checks representing each PAGA Member Share to the respective addresses. The payment checks for each PAGA Member Share shall be sent to each of the PAGA Members by U.S. First Class mail to the subject individual's address with directions to the Postmaster to forward the payment checks and return all undeliverable payment checks to the Settlement Administrator. A written letter approved by the Parties, in advance of Plaintiff filing the Motion for Approval, explaining this Agreement and the PAGA Members' release of Covered Claims will be included in the mailing of each of the PAGA Members' checks and submitted to the Court for its review and approval. It will be conclusively presumed that each of the checks reflecting the PAGA Members' Individual Settlement Payments was received if the payment check has not been returned within thirty (30) days of the original mailing of the payment check. The date of the initial mailing of the payment check shall be conclusively determined according to the records of the Settlement Administrator.

5. The Settlement Administrator shall ensure that seventy-five percent (75%) of the PAGA Penalty Fund is paid to the LWDA.

6. Settlement checks shall remain valid and negotiable for one hundred eighty (180) calendar days from the date of their issuance. If there are uncashed checks following this period, the Settlement Administer will ensure that uncashed funds shall be forwarded to Legal Aid at

Work, as a cy pres recipient. Any unclaimed funds shall not affect the binding nature of this Agreement as to any of the PAGA Members.

VI. DUTIES OF THE PARTIES PRIOR TO APPROVAL

1. Upon execution of this Agreement by the Parties, PAGA Counsel shall prepare the Motion for Approval for review and approval by Counsel for Defendant, before ultimately filing with the Court for approval of the Agreement and corresponding proposed settlement and release terms. PAGA Counsel shall apply to the Court for the entry of an order and final judgment approving this Agreement as required by Labor Code § 2699(l). The Motion for Approval will request the Court's approval of the following:

- a. All terms contained in this Agreement;
- b. Amount of Plaintiff's Service Award;
- c. Amounts of PAGA Counsel's Fees & Costs; and
- d. Approval of the settlement in this Agreement.

2. As part of the Motion for Approval, PAGA Counsel will include a proposed Order requesting approval of this Agreement and its terms, which shall be binding upon all PAGA Members.

3. PAGA Counsel shall provide notice of the settlement to the LWDA as required by PAGA and Labor Code section 2699(l)(2).

VII. PARTIES' AUTHORITY

1. The signatories hereto hereby represent that they are fully authorized to enter into this Agreement and bind the Parties hereto to the terms and conditions hereof.

VIII. MUTUAL FULL COOPERATION

1. The Parties agree to fully cooperate with each other to accomplish the terms of this Agreement, including, but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms of this Agreement. The Parties to this Agreement shall use their best efforts, including all efforts contemplated by this Agreement

and any other efforts that may become necessary by order of the Court, or otherwise, to effectuate this Agreement and the settlement and release terms set forth herein. As soon as practicable after execution of this Agreement, PAGA Counsel shall, with the assistance and cooperation of Defendant and its counsel, take all necessary steps to secure the approval of this Agreement from the Court.

IX. CONFIDENTIALITY

1. Other than information necessary to secure Court approval of this Agreement and the settlement contained herein, the Parties agree to keep confidential all matters relative to this Agreement, including the claims asserted by Plaintiff in the Action and PAGA Notice, and the settlement terms, including the facts and circumstances leading up to it. None of the Parties will issue any press release or other disclosure regarding the Agreement and/or settlement other than as necessary to obtain Court approval or effectuate the settlement and release terms. The Parties further agree that neither party, nor their respective counsel, will discuss the existence of this Agreement except as necessary to effectuate its terms or as otherwise required by law, including any and all obligations towards the LWDA and warranted responses to inquiries and/or concerns from PAGA Members. The Parties may, however, discuss the terms of this Agreement with their spouses, attorneys, financial advisors, tax advisors, and accountants as necessary for tax related purposes, or upon a valid court order, at which time the individual receiving information about the terms of this Agreement shall be informed that the terms of this Agreement are confidential, and the individual may not reveal or disclose to any third party the terms of the Agreement.

X. NO PRIOR ASSIGNMENTS

1. The Parties represent, covenant, and warrant that they have not directly or indirectly, assigned, transferred, or purported to assign, or transfer to any person or entity any portion of any liability, claim, demand, action, cause of action or rights herein settled, released, and discharged except as set forth in this Agreement. The representations, warranties, covenants, and agreements contained in this Agreement are for the sole benefit of the Parties under this Agreement and shall not be construed to confer any right or to avail any remedy to any other

person.

XI. NO ADMISSION

1. Nothing contained herein nor is the consummation of this Agreement to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Defendant or any of the Released Parties. Each of the Parties has entered into this Agreement with the intention to avoid further disputes and litigation with the attendant inconvenience and expense. Defendant denies that it has engaged in any unlawful activity, that it has failed to comply with the law in any material respect, or that it has any liability to anyone under the claims asserted in the Action. This Agreement is entered into solely for the purpose of compromising highly disputed claims.

XII. ATTORNEYS' FEES, COSTS, AND EXPENSES

1. Except as specifically set forth herein, each party shall bear its/her own attorneys' fees, costs, and expenses, taxable or otherwise, incurred from litigation relating to this Action and this Agreement, and shall not seek reimbursement thereof from any other party to this Agreement. However, if an action is brought to enforce this Agreement and any of its terms contained therein, the prevailing party shall be entitled to its/her reasonable attorneys' fees and costs.

XIII. CONSTRUCTION

1. The Parties hereto agree that the terms and conditions of this Agreement are the result of lengthy, intensive, arm's-length negotiations between the Parties and that this Agreement constitutes the entire contract between Plaintiff (on behalf of herself and all other PAGA Members) and Defendant regarding actual or potential claims asserted by Plaintiff against the Released Parties. Excluding any arbitration or confidentiality agreement executed by Plaintiff or any of the other PAGA Members, on the one hand, and Defendant, on the other hand, all of which will remain in full force and effect, this Agreement supersedes all prior agreements, written or oral, between or among the Parties regarding those claims or potential claims and the resolution of those claims. Consequently, no other agreement, statement, or promise made by any of the Parties to another as to any matter addressed in this Agreement shall be binding or valid.

XIV. CAPTIONS AND INTERPRETATIONS

1. Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Agreement or any provision hereof. Each term of this Agreement is contractual and not merely a recital.

XV. MODIFICATION

1. This Agreement may not be amended, changed, altered, or modified, except in writing and signed by the Parties or their successors-in-interest. This Agreement may not be discharged except by performance in accordance with its terms or by a subsequent written contract signed by the Parties.

XVI. MISCELLANEOUS

1. This Agreement contains the entire agreement between the Parties relating to the settlement, release, and discharge of the Covered Claims, and all prior or contemporaneous agreements (except any arbitration agreements), understandings, representations, and statements, whether oral or written and whether by a party or such party's legal counsel, are merged herein. No rights hereunder may be waived except in writing. The Parties have made such investigation of the facts and the law pertaining to the matters described herein and to this Agreement as they deem necessary, and have not relied, and do not rely, on any statement, promise, or representation of fact or law, made by any of the other parties, or any of their agents, employees, attorneys, or representatives, with regard to any of their rights or asserted rights, or with regard to the advisability of making and executing this Agreement, or with respect to any such matters that would alter or change the terms of this Agreement. No representations, warranties, or inducements have been made to any party concerning this Agreement other than those expressly set forth or referred to herein.

2. This Agreement shall be binding upon and inure to the benefit of the Parties, the PAGA Members, and their respective heirs, trustees, executors, administrators, successors, and assigns.

3. Concurrently with sending the appropriate PAGA Member Shares, the Settlement Administrator will notify all PAGA Members of the binding nature of the release through an accompanying written letter that will be approved by the Parties in advance of Plaintiff filing the Motion for Approval, and the Parties agree that such shall have the same force and effect as if this Agreement were executed by each of the PAGA Members.

4. Neither Plaintiff nor PAGA Counsel shall seek, encourage, or otherwise solicit any other current and/or former employees of Defendant for the purpose of instituting or pursuing any claims against Defendant that are related to, arising from, or otherwise associated with this Agreement.

5. This Agreement may be executed in counterparts, electronically, *e.g.*, DocuSign, and when each of the Parties has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one Agreement, which shall be binding upon and effective as to all Parties. The counterparts may be transmitted electronically (.PDF) or by facsimile.

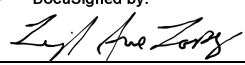
6. This Agreement shall be governed, construed, and interpreted, and the rights of the Parties shall be determined, in accordance with the laws of the State of California, irrespective of the State of California's choice-of-law principles.

7. The Parties have cooperated in the negotiation and preparation of this Agreement. This Agreement shall not be construed against any of the Parties on the basis that it, or its counsel, was the drafter or participated in the drafting of this Agreement.

8. The Humboldt County Superior Court shall retain jurisdiction to enforce this Agreement pursuant to Code of Civil Procedure § 664.6. The Court shall retain continuing jurisdiction over this Action and over all Parties and PAGA Members, to the fullest extent to enforce and effectuate the terms and intent of this Agreement. The Parties intend this Settlement to be enforceable to the fullest extent of the law regardless of future occurrences or changes in the law.

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

DATED: August ⁰⁵____, 2022

DocuSigned by:


LEIGH ANNE LOPEZ,
as PAGA Representative

DATED: August ____, 2022

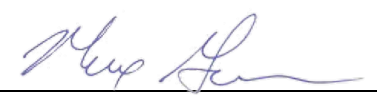
TRI COUNTIES BANK
By:_____
Its:_____

APPROVED AS TO FORM AND CONTENT:

DATED: August ____, 2022

COOK BROWN, LLP
By:_____
Carrie Bushman
Alexis Gabrielson
Attorneys for Defendant TRI COUNTIES
BANK

DATED: August 5, 2022

DIVERSITY LAW GROUP
By: 

Larry W. Lee
Max W. Gavron
Attorneys for Plaintiff LEIGH ANNE LOPEZ
and PAGA Members

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

DATED: August __, 2022

LEIGH ANNE LOPEZ,
as PAGA Representative

DATED: August 10, 2022

TRI COUNTIES BANK

By: Gregory A. Gehlmann
Its: SVP/General Counsel

APPROVED AS TO FORM AND CONTENT:

DATED: August 10, 2022

COOK BROWN, LLP

By: Carrie Bushman
Alexis Gabrielson
Attorneys for Defendant TRI COUNTIES
BANK

DATED: August __, 2022

DIVERSITY LAW GROUP

By: _____
Larry W. Lee
Max W. Gavron
Attorneys for Plaintiff LEIGH ANNE LOPEZ
and PAGA Members

EXHIBIT B

EXHIBIT C

[SETTLEMENT ADMINISTRATOR LETTERHEAD]

Notice of PAGA Settlement and Release Agreement

[Mailing Date]

[Address]

RE: Settlement Payment

This Notice is being provided to you to inform you of a Private Attorney General Act settlement (“PAGA Settlement”) and your proportional share of the settlement payment. This payment is made a result of a Court approved settlement of the lawsuit entitled *Lopez v. Tri Counties Bank, et al*, Humboldt County Superior Court Case No. CV2100094 (“Action”). This Action was filed by Plaintiff Leigh Anne Lopez (“Plaintiff”) against Defendant Tri Counties Bank (“Defendant” or “Company”) pursuant to the California Labor Code Private Attorneys General Act of 2004, Cal. Lab. Code § 2698, *et seq.* (the “PAGA”).

The Action was brought on behalf of the State of California and all similarly situated “aggrieved employees” of the Defendant for civil penalties for the Company’s alleged violation of Labor Code §§ 201, 202, 203, 204, 226, 246, 226.7, 510, 558, 1194, 1197, 1197.1, and 2698 and the applicable IWC Wage Orders.

The Court approved the settlement on [date]. This notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations in the Action or the merits of the claims or defenses asserted. The Court has not made any determination as to whether the claims advanced by Plaintiff have any merit. Defendant has denied engaging in any unlawful conduct in any respect and further disputes all of Plaintiff’s allegations in the Action. By entering into the PAGA Settlement, Defendant does not admit any liability to Plaintiff or to any other current or former employees, and Defendant does not admit that any violations of Plaintiff’s rights, or the rights of any other current or former employees has occurred.

The parties agreed to resolve the case, and as part of that settlement, Defendant agreed to pay a gross settlement amount of \$400,000.00, which shall be distributed as follows: (1) \$133,333.33 in attorneys’ fees and \$ in costs; (2) \$10,000.00 for Plaintiff’s service award; (3) \$8,750.00 to the settlement administrator for its costs; (4) 75% of the remaining PAGA penalty fund, or \$, to the California Labor and Workforce Development Agency for its share of penalties and (5) 25% of the remaining PAGA penalty fund or \$ to certain “aggrieved employees”, defined below.

The settlement group of aggrieved employees includes (1) all non-exempt branch employees who utilized an alarm code to open a branch during the PAGA period (“Branch Employee(s)”; and (2) all non-exempt employees who received non-discretionary income in addition to their base hourly wage during the PAGA period (“Regular Rate Employee(s)”). The “PAGA Period” also referred to as the “Covered Period” is from January 15, 2020, through March 31, 2022. You have been identified as an aggrieved employee. As a result of this settlement, the State’s and your ability to seek penalties recoverable under the PAGA for the claims described above have been settled. Through this settlement, you are releasing Defendant, its affiliated entities, parents, subsidiaries, owners, officers, executives, directors, and managers from any and all claims, demands, rights, liabilities, and/or causes of action under the PAGA for civil penalties, which are premised on alleged violation of Labor Code §§ 201, 202, 203, 204, 226, 246, 226.7, 510, 558, 1194, 1197, 1197.1, and 2698 and the applicable IWC Wage Orders, and which accrued during the Covered Period.

You have been identified as having worked ☒ eligible pay periods for Defendant in California during the Covered Period. Enclosed is a check made out to you in the amount of \$(amount). The check represents your share of the PAGA Settlement. The check will expire 180 calendar days from the date it was issued. After the 180-day period, the administrator will send any unclaimed funds to Legal Aid at Work, which is a non-profit designed to assist employees with legal matters in California. Even if you fail to cash the enclosed check, you

will still be deemed to have waived all claims based on or arising from the Action, including all claims set forth in the release of claims described above.

If you have any questions, you can contact the settlement administrator at [add contact information].

Sincerely,

[Administrator]