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16
17 SUPERIOR COURT OF THE STATE OF CALIFORNIA
18 FOR THE COUNTY OF LOS ANGELES

19 Derek Downey and Adam Sardoni,
individually and on behalf of all similarly
20 situated individuals, on behalf of the general
public, and all "aggrieved employees"
21 pursuant to Labor Code § 2698 *et seq.*

22 Plaintiff,

23 v.

24 NATIONAL TECHNICAL SYSTEMS, INC.,
a California corporation, and DOES 1 through
25 10, inclusive,

26 Defendants.

Case No.: 22STCV00946

[Assigned to Hon. Stuart M. Rice, Dept. 1]

**JOINT STIPULATION OF CLASS ACTION
SETTLEMENT AND RELEASE BETWEEN
PLAINTIFFS, ON BEHALF OF THEMSELVES
AND ALL OTHERS SIMILARLY SITUATED
AND AGGRIEVED, AND DEFENDANT**

Complaint filed: May 4, 2021

1 **JOINT STIPULATION OF CLASS ACTION SETTLEMENT**

2 This Joint Stipulation of Class Action Settlement (“Settlement,” “Agreement” or “Settlement
3 Agreement”) is made and entered into by and between Plaintiffs Derek Downey (“Downey”) and Adam
4 Sardoni (“Sardoni”) (collectively, “Plaintiffs” or “Class Representatives”), as individuals and on behalf
5 of all others similarly situated and aggrieved, and Defendant National Technical Systems, Inc. on behalf
6 of itself and its present and former subsidiaries and affiliated companies (collectively with Plaintiffs,
7 the “Parties”).

8 This settlement shall be binding on Plaintiffs and the settlement class and aggrieved employees
9 Plaintiffs purport to represent and (i) Defendant; (ii) each of Defendant’s respective past, present and
10 future parents, subsidiaries, and affiliates including, without limitation, any corporation, limited liability
11 company, partnership, trust, foundation, and non-profit entity which controls, is controlled by, or is
12 under common control with Defendant; (iii) the past, present and future shareholders, directors, officers,
13 agents, owners, employees, attorneys, insurers, members, partners, managers, contractors, agents,
14 consultants, representatives, administrators, payroll service providers, fiduciaries, benefit plans,
15 transferees, predecessors, successors, and assigns of any of the foregoing; and (iv) any individual or
16 entity which could be jointly liable with any of the foregoing, subject to the terms and conditions hereof
17 and the approval of the Court.

18 **RECITALS**

19 1. On February 24, 2021, Plaintiffs exhausted administrative remedies pursuant to California
20 Labor Code § 2699, *et seq.* by providing notice of their claims to the Labor and Workforce Development
21 Agency (“LWDA”). On April 15, 2022, the notice to the LWDA was supplemented to allege the same
22 claims against NTS Technical Systems, NTS Engineering Services, Inc., Unitek Technical Services, Inc.
23 and/or National Quality Assurance-USA, Inc.

24 2. On May 4, 2021, Plaintiffs filed a civil Complaint against Defendant originally in the Santa
25 Clara County Superior Court entitled *Derek Downey, Adam Sardoni, individually and on behalf of all*
26 *similarly situated individuals, on behalf of the general public, and all “aggrieved employees” pursuant*
27 *to Labor Code § 2698 et seq. v. National Technical Systems, Inc., a California corporation, and Does 1*
28 *through 10, inclusive*, Case Number 21CV381341, alleging: (1) failure to provide rest periods or

1 compensation in lieu thereof (Labor Code § 226.7; IWC Wage Order 4-2001); (2) failure to provide meal
2 periods or compensation in lieu thereof (Labor Code §§ 226.7, 510, 512 and 1194; IWC Wage Order 4-
3 2001); (3) knowing and intentional failure to comply with itemized employee wage statement provisions
4 (Labor Code § 226(a), (e)); (4) failure to pay wages due at separation of employment (Labor Code §§ 201-
5 203); (5) violation of Business and Professions Code § 17200; and (6) penalties pursuant to labor code §
6 2699(f) for violations of labor code §§ 201-203, 226(a), 226.7, 510, 512, and 1194 and pursuant to Labor
7 Code § 2699(a) for violations of Labor Code §§ 226.3 and 558. Plaintiffs also allege unpaid wages
8 pursuant to Labor Code §§ 510 and 1194. On September 6, 2022, Plaintiff filed a First Amended Class
9 and Representative Action Complaint.

10 3. On January 10, 2022, Plaintiffs filed a notice of transfer of venue to the Superior Court of
11 California County of Los Angeles, Case No. 22STCV00946 (the “Action”).

12 4. Defendant denies all material allegations set forth in the Action. Notwithstanding, in the
13 interest of avoiding further litigation, the Parties desire to fully and finally settle all actual or potential
14 claims by the putative Class Members.

15 5. Plaintiffs’ counsel in the Action diligently investigated the proposed putative Class
16 Members’ claims against Defendant, including any and all applicable defenses and the applicable law.
17 The investigation included, *inter alia*, the exchange of information pursuant to informal discovery
18 methods, review of numerous corporate policies and practices, and review and analysis of voluminous
19 time and payroll records.

20 6. On April 13, 2022, the Parties participated in a mediation before David A. Rotman, Esq.
21 (the “Mediator”), a highly respected mediator of wage and hour class actions. On the same day, with the
22 assistance of the Mediator, the Parties reached agreement on the principal terms of a class action settlement
23 that would fully resolve the Action.

24 7. The settlement discussions before and during the mediation were conducted at arm’s length
25 and the settlement is the result of an informed and detailed analysis of Defendant’s alleged potential
26 liability in relation to the costs and risks associated with continued litigation.

27 8. Based on the data and documents produced pursuant to informal discovery, as well as Class
28 Counsel’s own independent investigation and evaluation, and the Mediator’s efforts, Class Counsel

1 believe that the settlement with Defendant for the consideration and on the terms set forth in this
2 Settlement Agreement is fair, reasonable, and adequate and is in the best interest of the Class Members in
3 light of all known facts and circumstances, including the risk of significant delay and uncertainty
4 associated with litigation, various defenses asserted by Defendant, the sharply contested legal and factual
5 issues involved, and numerous appellate issues.

6 9. This Settlement Agreement is made and entered into by and between Plaintiffs,
7 individually and on behalf of all others similarly situated and aggrieved, on the one hand, and Defendant,
8 on the other hand, and is subject to the terms and conditions hereof, and to the Court's approval. The
9 Parties expressly acknowledge that this Settlement Agreement is entered into solely for the purpose of
10 compromising significantly disputed claims and that nothing herein is an admission of any liability or
11 wrongdoing by Defendant. If, for any reason the Settlement Agreement is not approved, it will be of no
12 force or effect, and the Parties shall be returned to their original respective positions.

13 DEFINITIONS

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

16 10. "Action" means *Derek Downey, Adam Sardoni, individually and on behalf of all similarly*
17 *situated individuals, on behalf of the general public, and all "aggrieved employees" pursuant to Labor*
18 *Code § 2698 et seq, v. National Technical Systems, Inc., a California corporation, and Does 1 through*
19 *10, inclusive*, Los Angeles County Superior Court Case No. 22STCV00946.

20 11. "Aggrieved Employees" mean all Class Members employed by Defendant during the
21 PAGA Period (from February 24, 2020 through June 13, 2022).

22 12. "Attorneys' Fees and Costs" means attorneys' fees agreed upon by the Parties and
23 approved by the Court for Class Counsel's litigation and resolution of this Action, and all costs incurred
24 and to be incurred by Class Counsel in the Action, including, but not limited to, costs associated with
25 documenting the Settlement, securing the Court's approval of the Settlement, responding to any
26 objections to the settlement and appeals arising therefrom, administering the Settlement, obtaining entry
27 of a judgment terminating this Action, and expenses for any experts. Class Counsel will request
28 attorneys' fees not in excess of one-third (33 1/3%) of the Maximum Settlement Amount, estimated to

1 be up to Two Hundred Ninety-Five Thousand Dollars (\$295,000.50). The Attorneys' Fees and Costs
2 will also mean and include the additional reimbursement of Class Counsel's actual costs associated with
3 Class Counsel's litigation and settlement of the Action per Class Counsel's billing statements, up to
4 Twenty-Five Thousand Dollars and Zero Cents (\$25,000.00), subject to the Court's approval. Defendant
5 has agreed not to oppose Class Counsel's request for fees and reimbursement of costs as set forth above.

6 13. "Class Counsel" means Gaines & Gaines, APLC, which will seek to be appointed counsel
7 for the Settlement Class.

8 14. "Class List" means a complete list of all Class Members that Defendant will diligently
9 and in good faith compile from its records and provide to the Settlement Administrator within fifteen
10 (15) calendar days after Preliminary Approval of this Settlement. The Class List will be formatted in a
11 readable Microsoft Office Excel spreadsheet and will include Class Members' names, last-known
12 addresses, last-known telephone numbers, social security numbers, and workweek data (i.e., the start
13 and end dates of employment for each class member for the Settlement Administrator to use in
14 calculating the workweeks) during the Class Period.

15 15. "Class Member(s)" or "Settlement Class" means all persons employed in California by
16 Defendant, NTS Technical Systems, NTS Engineering Services, Inc., Unitek Technical Services, Inc.,
17 or National Quality Assurance-USA, Inc. as current or former hourly-paid or non-exempt employees
18 at any time during the period between May 4, 2017, through June 13, 2022. The Settlement Class does
19 not include any person who previously settled or released any of the claims covered by this Settlement,
20 or any other person who previously was paid or received awards through civil or administrative actions
21 for the claims covered by this Settlement. Defendant represents that there are approximately 619
22 individuals who compose the Settlement Class.

23 16. "Class Period" means the period from May 4, 2017, through June 13, 2022.

24 17. "Class Representatives" mean Plaintiffs Derek Downey and Adam Sardoni, who will
25 seek to be appointed as the representatives for the Settlement Class.

26 18. "Class Representative Enhancement Payments" means the amounts to be paid to
27 Plaintiffs in recognition of Plaintiffs' effort and work in prosecuting the Action on behalf of Class
28 Members and negotiating the Settlement. Defendant agrees not to dispute that the Class Representatives

1 will be paid, subject to Court approval, up to Five Thousand Dollars and Zero Cents (\$5,000.00) each
2 for a total not to exceed Ten Thousand Dollars and Zero Cents (\$10,000.00), from the Maximum
3 Settlement Amount for Plaintiffs' services on behalf of the class, subject to the occurrence of the
4 Effective Date. Should the Court reduce the Class Representative Enhancement Payments, any such
5 reduction shall revert to the Net Settlement Amount distributed to Participating Class Members.

6 19. "Court" means the Superior Court of California, County of Los Angeles or any other
7 court taking jurisdiction of the Action.

8 20. "Defendant" means National Technical Systems, Inc., NTS Technical Systems, NTS
9 Engineering Services, Inc., Unitek Technical Services, Inc., or National Quality Assurance-USA, Inc.

10 21. "Effective Date" means the date on which the settlement embodied in this Settlement
11 Agreement shall become effective after all of the following events have occurred: (i) this Settlement
12 Agreement has been executed by all parties and by counsel for the Settlement Class and Defendant; (ii)
13 the Court has given preliminary approval to the Settlement; (iii) notice has been given to the putative
14 members of the Settlement Class, providing them with an opportunity to object to the terms of the
15 Settlement or to opt-out of the Settlement; (iv) the Court has held a formal fairness hearing and entered
16 a final order and judgment certifying the Class, and approving this Settlement Agreement; and (v) only
17 in the event there are written objections filed prior to the formal fairness hearing which are not later
18 withdrawn or denied, the later of the following events: (a) five (5) business days after the period for
19 filing any appeal, writ or other appellate proceeding opposing the Court's final order approving the
20 Settlement has elapsed without any appeal, writ or other appellate proceeding having been filed; or (b)
21 five (5) business days after any appeal, writ or other appellate proceeding opposing the Settlement has
22 been dismissed finally and conclusively with no right to pursue further remedies or relief.

23 22. "Individual Settlement Payment" means each Participating Class Member's share of the
24 Net Settlement Amount, to be distributed to the Class Members who do not submit a valid Request for
25 Exclusion.

26 23. "Labor and Workforce Development Agency Payment" means the amount that the Parties
27 have agreed to pay to the LWDA in connection with the Labor Code Private Attorneys General Act of
28 2004 (Cal. Lab. Code §§ 2698, *et seq.*, "PAGA"). The Parties have agreed that Twenty Thousand

1 Dollars and Zero Cents (\$20,000.00) of the Maximum Settlement Amount will be allocated to the
2 resolution of any Class Members' claims arising under PAGA ("PAGA Settlement Amount"). Pursuant
3 to PAGA, Seventy-Five Percent (75%), or Fifteen Thousand Dollars and Zero Cents (\$15,000.00), of
4 the PAGA Settlement Amount will be paid to the California Labor and Workforce Development Agency
5 as the Labor and Workforce Development Agency Payment, and Twenty-Five Percent (25%), or Five
6 Thousand Dollars and Zero Cents (\$5,000.00) ("Net PAGA Settlement Amount"), of the PAGA
7 Settlement Amount will be distributed proportionately among all Aggrieved Employees based on their
8 Compensable Workweeks during the PAGA Period ("Individual PAGA Settlement Payment").

9 24. "Maximum Settlement Amount" means the maximum settlement amount of Eight
10 Hundred Eighty-Five Thousand Dollars and Zero Cents (\$885,000.00) to be paid by Defendant, jointly
11 and severally, in full satisfaction of all claims arising from the Action, which includes all Individual
12 Settlement Payments to Participating Class Members, the Class Representative Enhancement Payments,
13 Settlement Administration Costs to the Settlement Administrator, the PAGA Settlement Amount, and
14 the Attorneys' Fees and Costs to Class Counsel. The Maximum Settlement Amount does not include
15 Defendant's share of employer payroll taxes. This Maximum Settlement Amount has been agreed to by
16 Plaintiffs and Defendant based on the aggregation of the agreed-upon settlement value of individual
17 claims. In no event will Defendant be liable for more than the Maximum Settlement Amount except as
18 otherwise explicitly set forth herein. The Maximum Settlement Amount is non-reversionary.

19 25. "Net Settlement Amount" means the portion of the Maximum Settlement Amount
20 remaining after deduction of the approved Class Representative Enhancement Payments, Settlement
21 Administration Costs, PAGA Settlement Amount, and Attorneys' Fees and Costs for the portion of the
22 Net Settlement Amount allocated to wages. The Net Settlement Amount will be distributed to
23 Participating Class Members.

24 26. "Notice of Objection" means a Class Member's valid and timely written objection to the
25 Settlement Agreement. For the Notice of Objection to be valid, it must include: (a) the objector's full
26 name, signature, address, telephone number, and the last four digits of the objector's social security
27 number, (b) the dates the objector was employed by Defendant in California, (c) a written statement of
28 all grounds for the objection accompanied by any legal support for such objection, and (d) copies of any

1 papers, briefs, or other documents upon which the objection is based.

2 27. "Notice Packet" or "Notice" means the Notice of Class Action Settlement, substantially
3 in the form attached as **Exhibit A**.

4 28. "PAGA Released Claims" mean the claims to be released by the Aggrieved Employees,
5 which arise out of the claims and allegations made in the Action under PAGA, or which could have
6 been made under PAGA based on the facts alleged in the Action, during periods of employment as an
7 hourly-paid or non-exempt employee in California during the PAGA Period, including allegations of
8 alleged: meal period violations; rest period violations; failure to pay meal or rest period premiums;
9 failure to pay wages; "off-the-clock" work during meal periods; wage statement violations; waiting time
10 penalties; and civil penalties, including penalties under PAGA, based on the allegations set forth above;
11 interest; fees; and costs.

12 29. "Parties" means Plaintiffs and Defendant collectively.

13 30. "Participating Class Members" means all Class Members who do not submit valid
14 Requests for Exclusion.

15 31. "Plaintiffs" means Derek Downey and Adam Sardoni collectively.

16 32. "Preliminary Approval" means the Court order granting preliminary approval of the
17 Settlement Agreement.

18 33. The claims to be released by the Participating Class Members include all claims under
19 state, federal or local law, whether statutory, common law or administrative law, which arise out of the
20 claims and allegations made in the Action or which could have been made based on the facts alleged in
21 the Action, during periods of employment as an hourly-paid or non-exempt employee in California
22 during the Class Period, including allegations of alleged: meal period violations; rest period violations;
23 failure to pay meal or rest period premiums; failure to pay wages; "off-the-clock" work during meal
24 periods; wage statement violations; waiting time penalties; civil penalties, including penalties under
25 PAGA, based on the allegations set forth above; violations of Business and Professions Code section
26 17200 based on the allegations set forth above; including, but not limited to, claims for injunctive relief;
27 punitive damages; liquidated damages, penalties of any nature; interest; fees; and costs ("Released
28 Claims").

1 34. “Released Parties” as referenced herein and as released in this Settlement are Defendant
2 and all of its present and former, direct and indirect, parent companies, subsidiaries, owners, divisions,
3 concepts, related or affiliated companies, shareholders, officers, directors, employees, agents, attorneys,
4 insurers, successors and assigns, and any individual or entity which could be liable for any of the
5 Released Claims (hereinafter “Released Parties”), and Defendant’s counsel of record in the Action.

6 35. “Request for Exclusion” means a timely letter submitted by a Class Member indicating a
7 request to be excluded from the settlement. The Request for Exclusion must: (a) be signed by the Class
8 Member; (b) contain the name, address, telephone number, and the last four digits of the Social Security
9 Number of the Class Member requesting exclusion; (c) clearly state that the Class Member received the
10 Notice, does not wish to participate in the settlement, and wants to be excluded from the settlement; (d)
11 be returned by first class mail or equivalent to the Settlement Administrator at the specified address;
12 and, (e) be postmarked on or before the Response Deadline. The date of the postmark on the return
13 mailing envelope will be the exclusive means to determine whether a Request for Exclusion has been
14 timely submitted. A Class Member who does not request exclusion from the settlement will be deemed
15 a Participating Class Member and will be bound by all terms of the settlement if the settlement is granted
16 final approval by the Court. The Parties agree that there is no right for any Class Member to opt out or
17 otherwise exclude himself or herself from the Settlement of the PAGA claims in the Action.

18 36. “Response Deadline” means the deadline by which Class Members must postmark to the
19 Settlement Administrator valid Requests for Exclusion or objections to the settlement. The Response
20 Deadline will be forty-five (45) calendar days from the initial mailing of the Notice Packet by the
21 Settlement Administrator, unless the 45th day falls on a Sunday or federal holiday, in which case the
22 Response Deadline will be extended to the next day on which the U.S. Postal Service is open, and unless
23 the Court requires a longer Response Deadline, in which case the Court-imposed period shall apply.
24 The Response Deadline for Requests for Exclusion will be extended fifteen (15) calendar days for any
25 Class Member who is re-mailed a Notice Packet by the Settlement Administrator, unless the 15th day
26 falls on a Sunday or federal holiday, in which case the Response Deadline will be extended to the next
27 day on which the U.S. Postal Service is open. The Response Deadline may also be extended by express
28 agreement between Class Counsel and Defendant. Under no circumstances, however, will the

1 Settlement Administrator unilaterally have the authority to extend the deadline for Class Members to
2 submit a Request for Exclusion or objection to the settlement.

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

8 38. "Settlement Administration Costs" means the costs payable from the Maximum
9 Settlement Amount to the Settlement Administrator for administering this Settlement, including, but not
10 limited to, printing, distributing, and tracking documents for this Settlement, calculating estimated
11 amounts per Class Member, tax reporting, distributing the appropriate settlement amounts, and
12 providing necessary reports and declarations, and other duties and responsibilities set forth herein to
13 process this Settlement, and as requested by the Parties. The Settlement Administration Costs will be
14 paid from the Maximum Settlement Amount, including, if necessary, any such costs in excess of the
15 amount represented by the Settlement Administrator as being the maximum costs necessary to
16 administer the settlement. The Settlement Administration Costs are currently estimated to be Twelve
17 Thousand Dollars and Zero Cents (\$12,000.00). To the extent actual Settlement Administration Costs
18 are greater than \$12,000.00, such excess amount will be deducted from the Maximum Settlement
19 Amount.

20 39. The Claims Administrator will calculate the number of workweeks worked by the Class
21 Members in an hourly-paid or non-exempt position in California during the Class Period and PAGA
22 Period ("Compensable Workweeks") based upon the records in Defendant's possession, custody or
23 control, the amount to be paid per workweek, and the individual settlement awards to eligible Class
24 Members. The Compensable Workweeks will be calculated by the Claims Administrator for each Class
25 Member. Defendant's workweek data will be presumed to be correct, unless a particular Class Member
26 proves otherwise to the Claims Administrator by credible evidence. All workweek disputes will be
27 resolved and decided by the Claims Administrator and the Claims Administrator's decision on all
28 workweek disputes will be subject to the Court's final review. As to Participating Class Members, the

1 individual settlement awards will be determined by dividing the Net Settlement Fund by the total
2 number of Compensable Workweeks for the entire Settlement Class during the Class Period, resulting
3 in the Class Workweek Value; and then multiplying the Class Workweek Value by the number of
4 Compensable Workweeks worked by each Class Member. As to the Aggrieved Employees, the
5 individual settlement awards to Aggrieved Employees will be determined by dividing the Net PAGA
6 Settlement Amount by the total number of Compensable Workweeks for all Aggrieved Employees
7 during the PAGA Period, resulting in the PAGA Workweek Value; and then multiplying the PAGA
8 Workweek Value by the number of Compensable Workweeks worked by each Aggrieved Employee.

9 **CLASS CERTIFICATION**

10 40. Solely for purposes of settling the Action, and not for purposes of class certification
11 should the matter not be settled or for any other reason, the Parties stipulate and agree that the requisites
12 for establishing class certification with respect to the Settlement Class have been met and are met. More
13 specifically, the Parties stipulate and agree for purposes of this settlement only that:

14 (a) The Settlement Class is ascertainable and so numerous as to make it impracticable
15 to join all Class Members;

16 (b) There are common questions of law and fact including, but not limited to, the
17 following:

18 i. Whether Defendant failed to pay Plaintiffs and Class Members all
19 minimum and overtime wages, in violation of Labor Code Labor Code §§ 510 and 1194;

20 ii. Whether Defendant failed to properly provide rest periods or
21 compensation in lieu thereof to Plaintiffs and Class Members, in violation of Labor Code § 226.7 and
22 IWC Wage Order 4-2001;

23 iii. Whether Defendant failed to properly provide meal periods or
24 compensation in lieu thereof to Plaintiffs and Class Members, in violation of Labor Code §§ 226.7, 512
25 and 1197, and IWC Wage Order 4-2001;

26 iv. Whether Defendant failed to maintain proper meal period records for
27 Class Members;

1 v. Whether Defendant failed to provide Plaintiffs and Class Members with
2 accurately itemized wage statements, in accordance with Labor Code § 226(a) and (e);

3 vi. Whether Defendants failed to timely pay Plaintiffs and Class Members all
4 wages due and owing at the separation of their employment, in violation of Labor Code §§ 201-203,
5 221, 510 and 1194;

6 vii. Whether Defendant's policies and/or practices for the timing and amount
7 of payment of final wages to Class Members at the time of their separation of employment were lawful;

8 viii. Whether Plaintiffs and Class Members are entitled to equitable relief
9 pursuant to Business & Professions Code § 17200 *et seq.*;

10 ix. Whether Defendant is liable for pre-judgment interest; and

11 x. Whether Defendant is liable for attorneys' fees and costs.

12 Should this Settlement not be approved or be terminated, these stipulations shall be null and void
13 and shall not be admissible, in this or any other action, for any purpose whatsoever.

14 41. The Class Representatives' claims are typical of the claims of the members of the
15 Settlement Class; should this Settlement not be approved or be terminated, this stipulation shall be null
16 and void and shall not be admissible, in this or any other action, for any purpose whatsoever.

17 42. The Class Representatives and Class Counsel will fairly and adequately protect the
18 interests of the Settlement Class; should this Settlement not be approved or be terminated, this
19 stipulation shall be null and void and shall not be admissible, in this or any other action, for any purpose
20 whatsoever.

21 43. The prosecution of separate actions by individual members of the Settlement Class would
22 create the risk of inconsistent or varying adjudications, which would establish incompatible standards
23 of conduct; should this Settlement not be approved or be terminated, this stipulation shall be null and
24 void and shall not be admissible, in this or any other action, for any purpose whatsoever.

25 44. With respect to the Settlement Class, the Class Representatives believe that questions of
26 law and fact common to the members of the Settlement Class predominate over any questions affecting
27 any individual member in such Class, and a class action is superior to other available means for the fair
28 and efficient adjudication of the controversy; should this Settlement not be approved or be terminated,

1 this stipulation shall be null and void and shall not be admissible, in this or any other action, for any
2 purpose whatsoever.

3 **TERMS OF AGREEMENT**

4 NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements set
5 forth herein, the Parties agree, subject to the Court's approval, as follows:

6 45. Funding of the Maximum Settlement Amount. Within seven (7) business days after entry
7 of Final Approval, the Settlement Administrator will provide the Parties with an accounting of the
8 amounts to be paid by Defendant pursuant to the terms of the Settlement. Within fourteen (14) calendar
9 days after the Effective Date, Defendant will make a one-time deposit of the Maximum Settlement
10 Amount, plus all employer payroll taxes associated with wage payments to be made from the Net
11 Settlement Amount, into a Qualified Settlement Account to be established by the Settlement
12 Administrator. Within ten (10) business days of the funding of the Settlement, the Settlement
13 Administrator will issue payments to (a) Participating Class Members; (b) the Labor and Workforce
14 Development Agency; (c) Plaintiffs; and (d) Class Counsel. The Settlement Administrator will also
15 issue a payment to itself for Court-approved services performed in connection with the settlement.

16 46. Attorneys' Fees and Costs. Defendant agrees not to oppose or impede any application or
17 motion by Class Counsel for Attorneys' Fees and Costs of up to one-third of the Maximum Settlement
18 Amount (projected to be Two Hundred Ninety-Five Thousand Dollars (\$295,000.00)) in Attorneys'
19 Fees, plus the reimbursement of actual costs and expenses associated with Class Counsel's litigation
20 and settlement of the Action up to Twenty-Five Thousand Dollars and Zero Cents (\$25,000.00), both of
21 which will be paid from the Maximum Settlement Amount.

22 47. Class Representative Enhancement Payments and General Release. In exchange for a
23 general release, and in recognition of their effort and work in prosecuting the Action on behalf of Class
24 Members and negotiating the Settlement, Defendant agrees not to oppose or impede any application or
25 motion for Class Representative Enhancement Payments of up to a total of Ten Thousand Dollars and
26 Zero Cents (\$10,000) to the Class Representatives, with up to Five Thousand Dollars and Zero Cents
27 (\$5,000.00) to Plaintiff Derek Downey and up to Five Thousand Dollars and Zero Cents (\$5,000.00) to
28 Plaintiff Adam Sardoni, subject to the Court's approval. The Class Representative Enhancement

1 Payments, which will be paid from the Maximum Settlement Amount, will be in addition to Plaintiffs'
2 Individual Settlement Payments paid pursuant to the Settlement. In light of their requested Class
3 Representative Enhancement Payments, which Defendant agrees not to oppose, Plaintiffs Downey and
4 Sardoni agree to execute a separate general release of all claims, including a waiver of California Civil
5 Code § 1542, in addition to the Released Claims described above, against Defendant for this payment.
6 The Settlement Administrator will issue an IRS Form 1099 for the enhancement payments to the Class
7 Representatives, and the Class Representatives shall be solely and legally responsible for correctly
8 characterizing this compensation for tax purposes and for paying any taxes on the amount received. The
9 Class Representatives agree to indemnify and hold Defendant harmless from any claim or liability for
10 taxes, penalties, or interest arising as a result of the Class Representative Enhancement Payments.
11 Should the Court reduce the Class Representative Enhancement Payments, any such reduction shall
12 revert to the Net Settlement Amount distributed to Participating Class Members.

13 48. Settlement Administration Costs. The Settlement Administrator will be paid for the
14 reasonable costs of administration of the Settlement and distribution of payments from the Maximum
15 Settlement Amount, which is currently estimated to be Twelve Thousand Dollars and Zero Cents
16 (\$12,000.00). These costs, which will be paid from the Maximum Settlement Amount, will include, *inter*
17 *alia*, the required tax reporting on the Individual Settlement Payments, the issuing of 1099 IRS Forms,
18 distributing the Notice Packet, calculating and distributing the Maximum Settlement Amount and
19 Attorneys' Fees and Costs, and providing necessary reports and declarations.

20 49. Labor and Workforce Development Agency Payment. Subject to Court approval, the
21 Parties agree that the amount of Twenty Thousand Dollars and Zero Cents (\$20,000.00) of the Maximum
22 Settlement Amount will be designated for satisfaction of Plaintiffs' and Class Members' PAGA claims.
23 Pursuant to PAGA, 75%, or Fifteen Thousand Dollars and Zero Cents (\$15,000.00) of the PAGA
24 Settlement Amount will be paid to the LWDA, and 25%, or Five Thousand Dollars and Zero Cents
25 (\$5,000.00) ("Net PAGA Settlement Amount"), will be paid to all Aggrieved Employees based on the
26 formula in paragraph 52(d) below as their Individual PAGA Settlement Payment.

27 50. Net Settlement Amount. The Net Settlement Amount will be used to satisfy Individual
28 Settlement Payments to Participating Class Members from the Settlement Class in accordance with the

1 terms of this Agreement.

2 51. Acknowledgement of Potential Administration Cost Increases. The Parties hereby
3 acknowledge that Settlement Administration Costs may increase above the current estimate of
4 \$12,000.00 and that any such additional Settlement Administration Costs will be taken out of the
5 Maximum Settlement Amount. Any portion of the estimated or designated Class Administration Costs
6 which are not in fact required to fulfill the total Settlement Administration Costs will become part of
7 the Net Settlement Amount.

8 52. Individual Settlement Payment Calculations. Individual Settlement Payments will be
9 calculated and apportioned from the Net Settlement Amount based on the Compensable Workweeks a
10 Participating Class Member worked during the Class Period. Specific calculations of Individual
11 Settlement Payments will be made as follows:

12 a. The Settlement Administrator will calculate the number of Compensable
13 Workweeks per Participating Class Member during the Class Period based on records in Defendant's
14 possession, custody or control. Defendant's workweek data will be presumed to be correct unless a
15 particular Class Member proves otherwise to the Settlement Administrator by credible written evidence.
16 All workweek disputes will be resolved and decided by the Settlement Administrator in consultation
17 with Class Counsel and counsel for Defendant. The Court may resolve any disputes where the
18 Settlement Administrator's outcome is challenged.

19 b. The Settlement Administrator will calculate the total number of Compensable
20 Workweeks for each individual Class Member ("Individual Workweeks"). The Settlement
21 Administrator will calculate the total number of Compensable Workweeks for all Participating Class
22 Members ("Participating Class Workweeks").

23 c. To determine each Class Member's "Individual Settlement Payment" the
24 Settlement Administrator will use the following formula: Individual Settlement Payment = (Net
25 Settlement Amount ÷ Participating Class Workweeks) x Individual Workweeks for each individual
26 Participating Class Member.

27 d. The Net PAGA Settlement Amount will be distributed among all Aggrieved
28 Employees. The individual settlement awards to Aggrieved Employees will be determined by dividing

1 the Net PAGA Settlement Amount by the total number of Compensable Workweeks for all Aggrieved
2 Employees (those Class Members employed during the PAGA Period) during the PAGA Period,
3 resulting in the PAGA Workweek Value; and then multiplying the PAGA Workweek Value by the
4 number of Compensable Workweeks worked by each Aggrieved Employee.

5 53. Settlement Awards Do Not Trigger Additional Benefits. All settlement awards to Class
6 Members shall be deemed to be paid to such Class Members solely in the year in which such payments
7 actually are received by the Class Members. It is expressly understood and agreed that the receipt of
8 such individual settlement awards will not entitle any Class Member to additional compensation or
9 benefits under any company bonus, commission or other compensation or benefit plan or agreement in
10 place during the period covered by the Settlement, nor will it entitle any Class Member to any increased
11 retirement, 401K benefits or matching benefits, or deferred compensation benefits. It is the intent of
12 this Settlement that the individual settlement awards provided for in this Settlement are the sole
13 payments to be made by Defendant to the Class Members, and that the Class Members are not entitled
14 to any new or additional compensation or benefits as a result of having received the individual settlement
15 awards (notwithstanding any contrary language or agreement in any benefit or compensation plan
16 document that might have been in effect during the period covered by this Settlement).

17 54. Settlement Administration Process. The Parties agree to cooperate in the administration
18 of the settlement and to make all reasonable efforts to control and minimize the costs and expenses
19 incurred in administration of the Settlement.

20 55. Delivery of the Class List. Within fifteen (15) calendar days after Preliminary Approval,
21 Defendant will provide the Class List to the Settlement Administrator.

22 56. Notice by First-Class U.S. Mail. Within twenty-eight (28) calendar days of Preliminary
23 Approval, the Settlement Administrator will mail a Notice Packet to all Class Members via regular First-
24 Class U.S. Mail, using the most current, known mailing addresses identified in the Class List.

25 57. Confirmation of Contact Information in the Class Lists. Prior to mailing, the Settlement
26 Administrator will perform a search based on the National Change of Address Database for information
27 to update and correct for any known or identifiable address changes. Any Notice Packets returned to
28 the Settlement Administrator as non-deliverable on or before the Response Deadline will be sent

1 promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto and the Settlement
2 Administrator will indicate the date of such re-mailing on the Notice Packet. If no forwarding address
3 is provided, the Settlement Administrator will promptly attempt to determine the correct address using
4 a skip-trace, or other search using the name, address and/or Social Security number of the Class Member
5 involved and will then perform a single re-mailing. Those Class Members who receive a re-mailed
6 Notice Packet, whether by skip-trace or by request, will have between the later of (a) an additional
7 fifteen (15) calendar days or (b) the Response Deadline to postmark a Request for Exclusion, or file and
8 serve an objection to the Settlement.

9 58. Notice Packets. All Class Members will be mailed a Notice Packet. Each Notice Packet
10 will be substantially in the form attached hereto as Exhibit A.

11 58. Disputed Information on Notice Packets. Class Members will have an opportunity to
12 dispute the information provided in their Notice Packets. To the extent Class Members dispute the
13 number of weeks he/she worked during the Class Period, or the amount of their Individual Settlement
14 Payment, Class Members may produce evidence to the Settlement Administrator showing that such
15 information is inaccurate. Absent evidence rebutting Defendant's records, Defendant's records will be
16 presumed determinative. However, if a Class Member produces evidence to the contrary, the Settlement
17 Administrator will evaluate the evidence submitted by the Class Member in consultation with Class
18 Counsel and counsel for Defendant and will make the final decision as to the Individual Settlement
19 Payment to which the Class Member may be entitled, subject to judicial review.

20 59. Request for Exclusion Procedures. Any Class Member wishing to opt-out from the
21 Settlement Agreement must sign and postmark a written Request for Exclusion to the Settlement
22 Administrator no later than the Response Deadline. The date of the postmark on the return mailing
23 envelope will be the exclusive means to determine whether a Request for Exclusion has been timely
24 submitted. All Requests for Exclusion will be submitted to the Settlement Administrator, who will
25 certify jointly to Class Counsel and Defendant's Counsel the Requests for Exclusion that were timely
26 submitted. Any Class Member who submits a Request for Exclusion shall be prohibited from objecting
27 to the Settlement Agreement. The Parties agree that there is no right for any Class Member to opt out
28 or otherwise exclude himself or herself from the Settlement of the PAGA claims in the Action.

1 60. Settlement Terms Bind All Class Members Who Do Not Opt-Out. Any Class Member
2 who does not affirmatively opt-out of the Settlement Agreement by submitting a timely and valid
3 Request for Exclusion will be bound by all of its terms, including those pertaining to the Released
4 Claims, as well as the Judgment that will be entered by the Court when it grants final approval to the
5 Settlement.

6 61. Objection Procedures. To object to the Settlement Agreement, a Class Member shall
7 submit a valid Notice of Objection to the Settlement Administrator on or before the Response Deadline.
8 The Settlement Administrator shall serve all objections as received on Class Counsel and Defendant's
9 Counsel, who shall file all such objections with the Court with the final approval motion. The Notice
10 of Objection shall be signed by the Class Member and contain all information required by this Settlement
11 Agreement. The postmark date of submission to the Settlement Administrator will be deemed the
12 exclusive means for determining that the Notice of Objection is timely. At no time will any of the
13 Parties or their counsel seek to solicit or otherwise encourage Class Members to object to the Settlement
14 Agreement or appeal from the Order and Judgment. Class Counsel will not represent any Class
15 Members with respect to any such objections to this Settlement. The Parties agree that there is no right
16 for any Class Member or Aggrieved Employee to object to the Settlement of the PAGA claims in the
17 Action.

18 62. Certification Reports Regarding Individual Settlement Payment Calculations. The
19 Settlement Administrator will provide Defendant's counsel and Class Counsel a weekly report which
20 certifies: (a) the number of Class Members who have submitted valid Requests for Exclusion; and (b)
21 whether any Class Member has submitted a challenge to any information contained in their Notice
22 Packet. Additionally, the Settlement Administrator will provide to counsel for both Parties any updated
23 reports regarding the administration of the Settlement Agreement as needed or requested.

24 63. Uncashed Settlement Checks. Any checks issued by the Settlement Administrator to
25 Participating Class Members will expire 180 calendar days from the date the check was issued. Upon
26 the expiration of 180 calendar days, uncashed settlement award checks will not be re-issued, except for
27 good cause and as mutually agreed upon by the Parties in writing. All uncashed checks will not be
28 reissued and will be sent to the State of California Unclaimed Property Fund.

1 64. Certification of Completion. Upon completion of administration of the Settlement, the
2 Settlement Administrator will provide a written declaration under oath to certify such completion to the
3 Court and counsel for all Parties.

4 65. Administration Costs if Settlement Fails. If the Settlement is voided or rejected by the
5 Court, and the Settlement Administrator seeks to recover its fees, any costs incurred by the Settlement
6 Administrator will be paid equally by the Parties (half by Defendant and half by Class Counsel), unless
7 otherwise specified in this Agreement.

8 66. Treatment of Individual Settlement Payments. All Individual Settlement Payments will
9 be allocated as follows: of each Individual Settlement Payment 10% will be allocated as alleged unpaid
10 wages, 45% will be allocated as alleged unpaid interest, and the remaining 45% will be allocated as
11 alleged unpaid penalties. The 10% of each Individual Settlement Payment allocated as wages will be
12 reported on an IRS Form W-2 by the Settlement Administrator. The remaining 90% of each Individual
13 Settlement Payment allocated as interest and penalties will be reported on an IRS Form 1099 by the
14 Settlement Administrator. All Individual PAGA Settlement Payments shall be allocated as alleged
15 unpaid civil penalties and reported on an IRS Form 1099 by the Settlement Administrator.

16 67. Administration of Taxes by the Settlement Administrator. The Settlement Administrator
17 will be responsible for issuing to Plaintiffs, Participating Class Members, and Class Counsel any W-2,
18 1099, or other tax forms as may be required by law for all amounts paid pursuant to this Agreement.
19 Within seven (7) business days after entry of the Court's order granting final approval of the Settlement,
20 the Settlement Administrator will provide the Parties with an accounting of the amounts to be paid by
21 Defendant pursuant to the terms of the Settlement, including the amount of the employer contribution
22 for payroll taxes to be paid from the Net Settlement Amount. The Settlement Administrator will also
23 be responsible for timely forwarding all payroll taxes and penalties to the appropriate government
24 authorities.

25 68. Tax Liability. Defendant makes no representation as to the tax treatment or legal effect
26 of the payments called for hereunder, and Plaintiffs, Participating Class Members, and Class Counsel
27 are not relying on any statement, representation, or calculation by Defendant or by the Settlement
28 Administrator in this regard. Plaintiffs, Participating Class Members, and Class Counsel understand

1 and agree that they will be solely responsible for the payment of any taxes and penalties assessed on the
2 payments described herein and will defend, indemnify, and hold Defendant free and harmless from and
3 against any claims resulting from any failure to pay all taxes and/or penalties due.

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

26 70. 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

1 of action or right herein released and discharged.

2 71. Release of Claims by Class Members. Upon the Effective Date, Plaintiffs and all
3 Participating Class Members will be deemed to have fully, finally, and forever released, settled,
4 compromised, relinquished, and discharged with respect to all the Released Parties, subject to
5 Defendant's full payment of the Maximum Settlement Amount, any and all Released Claims. The
6 Settlement Class and each member of the Class who has not submitted a valid Request for Exclusion,
7 fully releases and discharges the Released Parties for the Released Claims for any period during the
8 Class Period.

9 72. Release of Claims by Aggrieved Employees. Upon the Effective Date, Plaintiffs and all
10 Aggrieved Employees, whether or not they are Participating Class Members, will be deemed to have
11 fully, finally, and forever released, settled, compromised, relinquished, and discharged with respect to
12 all the Released Parties, subject to Defendant's full payment of the Maximum Settlement Amount, any
13 and all PAGA Released Claims. The Aggrieved Employees each fully releases and discharges the
14 Released Parties for the PAGA Released Claims for any period during the PAGA Period. The Parties
15 agree that there is no right for any Aggrieved Employee to opt out or otherwise exclude himself or
16 herself from the Settlement of the PAGA claims in the Action.

17 73. Duties of the Parties Prior to Court Approval. The Parties shall promptly submit this
18 Settlement Agreement to the Court in support of Plaintiffs' Motion for Preliminary Approval and
19 determination by the Court as to its fairness, adequacy, and reasonableness. Promptly upon execution
20 of this Settlement Agreement, the Parties shall apply to the Court for the entry of an order:

21 a. Scheduling a fairness hearing on the question of whether the proposed settlement,
22 including but not limited to, payment of attorneys' fees and costs, and the Class Representatives'
23 Enhancement Payments, should be finally approved as fair, reasonable and adequate as to the members of
24 the Settlement Class;

25 b. Certifying the Settlement Class;

26 c. Approving, as to form and content, the proposed Notice;

27 d. Approving the manner and method for Class Members to request exclusion from
28 the Settlement as contained herein and within the Notice;

1 e. Approving the manner and method for Class Members to object to the Settlement
2 as contained herein and within the Notice;

3 f. Directing the mailing of the Notice, by first class mail to the Class Members;

4 g. Preliminarily approving the Settlement subject only to the objections of
5 Participating Class Members and final review by the Court; and

6 h. Enjoining Plaintiffs and all Class Members from filing or prosecuting any claims,
7 suits or administrative proceedings (including filing claims with the California Division of Labor
8 Standards Enforcement and the Labor and Workforce Development Agency) encompassed within the
9 Released Claims unless and until such Class Members have filed valid Requests for Exclusion with the
10 Settlement Administrator.

11 74. Duties of the Parties Following Final Court Approval. Following final approval by the
12 Court of the Settlement provided for in this Settlement Agreement, Class Counsel will submit a proposed
13 final order of approval and judgment:

14 (a) Approving the Settlement, adjudging the terms thereof to be fair, reasonable and
15 adequate, and directing consummation of its terms and provisions;

16 (b) Approving Class Counsel's application for an award of attorneys' fees and costs;

17 (c) Approving the Class Representative Enhancement Payments to the Class
18 Representatives;

19 (d) Approving the Settlement Administration Costs of the Settlement Administrator;
20 and

21 (e) Entering judgment in this Action barring and enjoining all members of the
22 Settlement Class from prosecuting against any of the Released Parties, any individual or class, collective
23 or representative claims released herein, upon satisfaction of all payments and obligations hereunder.

24 75. Rescission of Settlement Agreement (by Defendant). If more than ten percent (10%) of
25 the Class Members opt-out of the Settlement by submitting timely and valid Request for Exclusion
26 forms, Defendant may, at its option, rescind and void the Settlement and all actions taken in furtherance
27 of it will thereby be null and void. Defendant must exercise this right of rescission, in writing, to Class
28 Counsel within fourteen (14) calendar days after the Settlement Administrator notifies the Parties of the

1 total number of Requests for Exclusion received by the Response Deadline. If the option to rescind is
2 exercised, Defendant shall be solely responsible for all costs of the Settlement Administrator accrued
3 through that time.

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

9 77. Preliminary Approval Hearing. Plaintiffs will obtain a hearing before the Court to
10 request the Preliminary Approval of the Settlement Agreement, and the entry of a Preliminary Approval
11 Order for: (a) conditional certification of the Settlement Class for settlement purposes only, (b)
12 Preliminary Approval of the proposed Settlement Agreement, and (c) setting a date for a Final
13 Approval/Settlement Fairness Hearing. The Preliminary Approval Order will provide for the Notice
14 Packet to be sent to all Class Members as specified herein. In conjunction with the Preliminary Approval
15 hearing, Plaintiffs will submit this Settlement Agreement, which sets forth the terms of this Settlement,
16 and the proposed Notice Packet, i.e., the proposed Notice of Class Action Settlement document, attached
17 as Exhibit A. Class Counsel will be responsible for drafting all documents necessary to obtain
18 preliminary approval. Defendant agrees not to oppose the Motion for Preliminary Approval.

19 78. Final Settlement Approval Hearing and Entry of Judgment. Upon expiration of the
20 deadlines to requests exclusion or submit objections to the Settlement Agreement, and with the Court's
21 permission, a Final Approval/Settlement Fairness Hearing will be conducted to determine the Final
22 Approval of the Settlement Agreement along with the amounts properly payable for (a) Individual
23 Settlement Payments and Individual PAGA Settlement Payments; (b) the Labor and Workforce
24 Development Agency Payment; (c) the Attorneys' Fees and Costs; (d) the Class Representative
25 Enhancement Payments; (e) all Settlement Administration Costs; and (f) the employer's share of payroll
26 taxes for wages paid in connection with the Individual Settlement Payments. The Final
27 Approval/Settlement Fairness Hearing will not be held until approximately thirty (30) calendar days
28 after the Response Deadline. Class Counsel will be responsible for drafting all documents necessary to

1 obtain final approval, including responding to any objections and appeals arising therefrom. Class
2 Counsel will also be responsible for drafting the attorneys' fees and costs application to be heard at the
3 final approval hearing.

4 79. Termination of Settlement. Subject to the obligation(s) of cooperation set forth herein,
5 either Party may terminate this Settlement if the Court declines to enter the Preliminary Approval Order,
6 the Final Approval Order or final judgment in substantially the form submitted by the Parties, or the
7 Settlement Agreement as agreed does not become final because of appellate court action. The
8 Terminating Party shall give to the other Party (through its counsel) written notice of its decision to
9 terminate no later than ten (10) business days after receiving notice that one of the enumerated events
10 has occurred. Termination shall have the following effects:

11 a. The Settlement Agreement shall be terminated and shall have no force or effect,
12 and no Party shall be bound by any of its terms;

13 b. In the event the Settlement is terminated, Defendant shall have no obligation to
14 make any payments to any Party, Class Member or Class Counsel, except that the Terminating Party shall
15 pay the Settlement Administrator for services rendered up to the date the Settlement Administrator is
16 notified that the settlement has been terminated;

17 c. The Preliminary Approval Order, Final Approval Order and Judgment, including
18 any order of class certification, shall be vacated;

19 d. The Settlement Agreement and all negotiations, statements and proceedings
20 relating thereto shall be without prejudice to the rights of any of the Parties, all of whom shall be restored
21 to their respective positions in the Action prior to the settlement;

22 e. Neither this Stipulated Settlement, nor any ancillary documents, actions, statements
23 or filings in furtherance of settlement (including all matters associated with the mediation) shall be
24 admissible or offered into evidence in the Action or any other action for any purpose whatsoever.

25 80. Judgment; Notice Thereof; and Continued Jurisdiction. Upon final approval of the
26 Settlement by the Court or after the Final Approval/Settlement Fairness Hearing, the Parties will present
27 the Judgment pursuant to California Rules of Court, Rule 3.769. After entry of the Judgment, the Court
28 will have continuing jurisdiction solely for purposes of addressing: (a) the interpretation and

1 enforcement of the terms of the Settlement, (b) Settlement administration matters, and (c) such post-
2 Judgment matters as may be appropriate under court rules or as set forth in this Agreement. The
3 Settlement Administrator shall post a copy of the Judgment on its website for no fewer than 365 days
4 after Judgment is entered, as required by California Rules of Court, Rule 3.771(b).

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

8 82. Confidentiality. The Parties and their counsel agree that they will not issue any media or
9 press releases, initiate any contact with the media or press, respond to any media or press inquiry, or
10 have any communication with the media or press about the fact, amount, or terms of the Settlement. In
11 addition, the Parties and their counsel agree that they will not engage in any advertising or distribute
12 any marketing materials relating to the Settlement of this case. The Class Representatives and Class
13 Counsel will not make any public disclosure of the Settlement prior to the filing of a motion for
14 preliminary approval with the court. Class Counsel will take all steps necessary to ensure the Class
15 Representatives are aware of, and will instruct the Class Representatives to adhere to, the restrictions
16 set forth in this paragraph. Any communication about the Settlement to Class Members prior to the
17 Court-approved mailing will be limited to a statement that a settlement has been reached and the details
18 will be communicated in a forthcoming Court-approved notice. Nothing set forth herein, however, shall
19 prohibit the parties from providing this Agreement to the Court or the LWDA in connection with the
20 Parties' efforts to seek the Court's approval of this Settlement, or from communicating with Class
21 Members, Aggrieved Employees, the LWDA or the Court about the Settlement. Neither Plaintiffs nor
22 Class Counsel shall hold a press conference or otherwise seek to affirmatively contact the media about
23 the Settlement. Plaintiffs and Class Counsel agree not to disparage or otherwise take any action which
24 could reasonably be expected to adversely affect the personal or professional reputation of Defendant
25 or the Settlement. Defendant shall provide Plaintiffs with a neutral employment reference stating only
26 their dates of employment and last position held.

27 83. Other Lawsuits. To the fullest extent permissible under applicable law, and solely for
28 the purposes of this Settlement Agreement and not for any other purpose, counsel for Plaintiffs represent

1 and warrant on behalf of themselves and all others acting on their behalf, that they: (i) have not been
2 retained by any other individuals with claims against Defendant (other than those of which Defendant
3 and/or its counsel have been advised); and (ii) are not aware of, and have not been informed of, any
4 other plaintiff, class member, or attorney who intends to bring a claim against Defendant including, but
5 not limited to, any claim based on the subject matter of the Action. To the fullest extent permissible
6 under applicable law, and solely for the purposes of this Settlement Agreement and not for any other
7 purpose, Defendant and counsel for Defendant represent and warrant on behalf of themselves and all
8 others acting on their behalf, that they are not aware of, and have not been informed of, any other
9 plaintiff, class member, or attorney who intends to bring a claim against Defendant related to any claim
10 based on the subject matter of the Action.

11 84. Entire Agreement. This Settlement Agreement and the two attached Exhibits constitute
12 the entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral
13 agreements may be deemed binding on the Parties. The Parties expressly recognize California Civil
14 Code section 1625 and California Code of Civil Procedure section 1856(a), which provide that a written
15 agreement is to be construed according to its terms and may not be varied or contradicted by extrinsic
16 evidence, and the Parties agree that no such extrinsic oral or written representations or terms will
17 modify, vary or contradict the terms of this Agreement.

18 85. Amendment or Modification. This Settlement Agreement may be amended or modified
19 only by a written instrument signed by the named Parties and counsel for all Parties or their successors-
20 in-interest.

21 86. Authorization to Enter Into Settlement Agreement. Counsel for all Parties warrant and
22 represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement
23 Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant
24 to this Settlement Agreement to effectuate its terms and to execute any other documents required to
25 effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with
26 each other and use their best efforts to affect the implementation of the Settlement. If the Parties are
27 unable to reach agreement on the form or content of any document needed to implement the Settlement,
28 or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement,

1 the Parties may seek the assistance of the Court to resolve such disagreement.

2 87. Signatories. It is agreed that because the members of the Class are so numerous, it is
3 impossible or impractical to have each member of the Class execute this Settlement Agreement. The
4 Notice, attached hereto as Exhibit A, will advise all Class Members of the binding nature of the release,
5 and the release shall have the same force and effect as if this Settlement Agreement were executed by
6 each member of the Class.

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

9 89. California Law Governs. All terms of this Settlement Agreement and Exhibits hereto
10 will be governed by and interpreted according to the laws of the State of California.

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

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

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

26 93. Plaintiffs' Waiver of Right to Be Excluded and Object. Plaintiffs agree to sign this
27 Settlement Agreement and, by signing this Settlement Agreement, are hereby bound by the terms herein.
28 For good and valuable consideration, Plaintiffs further agree that they will not request to be excluded

1 from the Settlement Agreement, nor object to any terms herein. Any such request for exclusion or
2 objection by Plaintiffs will be void and of no force or effect. Any efforts by Plaintiffs to circumvent the
3 terms of this paragraph will be void and of no force or effect.

4 94. Waiver of Certain Appeals. The Parties agree to waive appeals and to stipulate to class
5 certification for purposes of this Settlement only; except, however, that Plaintiffs or Class Counsel may
6 appeal any reduction in the Attorneys' Fees and Costs and Enhancement Payments below the amounts
7 requested from the Court, and either Party may terminate this Settlement or appeal any Court order
8 which is not in substantially the form submitted by the Parties.

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

22 96. Captions. The captions and section numbers in this Agreement are inserted for the
23 reader's convenience, and in no way define, limit, construe or describe the scope or intent of the
24 provisions of this Agreement.

25 97. Waiver. No waiver of any condition or covenant contained in this Agreement or failure
26 to exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a
27 further waiver by such party of the same or any other condition, covenant, right or remedy.

28 98. Enforcement Actions. In the event that one or more of the Parties institute any legal

1 action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement
2 or to declare rights and/or obligations under this Settlement, the successful Party or Parties will be
3 entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including
4 expert witness fees incurred in connection with any enforcement actions.

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

10 100. Representation By Counsel. The Parties acknowledge that they have been represented
11 by counsel throughout all negotiations that preceded the execution of this Agreement, and that this
12 Agreement has been executed with the consent and advice of counsel and reviewed in full. Further,
13 Plaintiffs and Class Counsel warrant and represent that there are no liens on the Settlement Agreement.

14 101. All Terms Subject to Final Court Approval. All amounts and procedures described in
15 this Settlement Agreement herein will be subject to final Court approval.

16 102. Notices. Unless otherwise specifically provided herein, all notices, demands or other
17 communications given hereunder shall be in writing and shall be deemed to have been duly given as of
18 the third business day after mailing by United States registered or certified mail, return receipt requested,
19 addressed as follows:

20 **To Plaintiffs and the Settlement Class:**

21 Daniel F. Gaines
22 Alex P. Katofsky
23 4550 East Thousand Oaks Blvd., Suite 100
24 Westlake Village, CA 91362
Telephone: (818) 703-8985
Facsimile: (818) 703-8984

25 **To Defendant:**

26 Nicky Jatana
27 Michael D. Thomas
28 Paul J. Cohen
JACKSON LEWIS P.C.
725 South Figueroa Street, Suite 2500
Los Angeles, California 90017

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

104. Integration Clause. This Settlement Agreement contains the entire agreement between the Parties relating to the settlement and transaction contemplated hereby, and all prior or contemporaneous 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.

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

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Joint Stipulation of Settlement and Release Between Plaintiffs and Defendant as of the date(s) set forth below:

SIGNATURES

READ CAREFULLY BEFORE SIGNING

12 / 12 / 2022
Dated: December __, 2022

PLAINTIFFS: Derek Downey and Adam Sardoni

Derek Downey

Derek Downey

12 / 12 / 2022
Dated: December __, 2022

Adam Sardoni

Adam Sardoni

DEFENDANT: National Technical Systems, Inc.

Dated: December __, 2022

Please Print Name of Authorized Signatory

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

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IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Joint Stipulation of Settlement and Release Between Plaintiffs and Defendant as of the date(s) set forth below:

SIGNATURES

READ CAREFULLY BEFORE SIGNING

PLAINTIFFS: Derek Downey and Adam Sardoni

Dated: December __, 2022

Derek Downey

Dated: December , 2022

Adam Sardoní

DEFENDANT: National Technical Systems, Inc.

Dated: December __, 2022

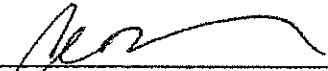
David Robertsen CHRO

Please Print Name of Authorized Signatory

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GAINES & GAINES, APLC

Dated: December __, 2022



Daniel F. Gaines
Alex P. Katofsky
Evan S. Gaines
Attorneys for Plaintiffs Derek Downey and Adam
Sardoni

JACKSON LEWIS P.C.

Dated: December __, 2022

Nicky Jatana
Michael D. Thomas
Paul J. Cohen
Attorneys for Defendant National Technical Systems, Inc.

4866-0974-5699, v. 1

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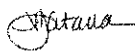
GAINES & GAINES, APLC

Dated: December __, 2022

Daniel F. Gaines
Alex P. Katofsky
Evan S. Gaines
Attorneys for Plaintiffs Derek Downey and Adam
Sardoni

JACKSON LEWIS P.C.

Dated: December 16, 2022


Nicky Jatana
Michael D. Thomas
Paul J. Cohen
Attorneys for Defendant National Technical Systems, Inc.

4866-0974-5699, v. 1

Title	Downey_Sardoni Joint Stip and Release FINAL v2
File name	Joint Stip. and Release FINAL v2.pdf
Document ID	fbff93e52fc99a0d96995bcbcb02ba2d3da90c87
Audit trail date format	MM / DD / YYYY
Status	• Signed

Document History**SENT****12 / 12 / 2022**
22:00:15 UTC

Sent for signature to Derek Downey

[REDACTED] and Adam Sardoni

[REDACTED] from office@gaineslawfirm.com

**VIEWED****12 / 12 / 2022**
22:10:31 UTC

Viewed by Derek Downey

**SIGNED****12 / 12 / 2022**
22:13:27 UTC

Signed by Derek Downey

**VIEWED****12 / 12 / 2022**
22:33:42 UTC

Viewed by Adam Sardoni

**SIGNED****12 / 12 / 2022**
22:34:21 UTC

Signed by Adam Sardoni

**COMPLETED****12 / 12 / 2022**
22:34:21 UTC

The document has been completed.

EXHIBIT A

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES**

Derek Downey and Adam Sardoni, individually
and on behalf of all similarly situated individuals,
on behalf of the general public, and all “aggrieved
employees” pursuant to Labor Code § 2698 *et*
seq.,

Plaintiffs,

v.

NATIONAL TECHNICAL SYSTEMS, INC., a
California corporation, and DOES 1 through 10,
inclusive,

Defendants.

CASE NO: 22STCV00946

Assigned to the Hon. Stuart M. Rice, Dept. 1

**NOTICE OF PENDENCY OF PROPOSED
CLASS ACTION SETTLEMENT AND
FINAL HEARING**

**YOU MAY BE ENTITLED TO RECEIVE MONEY FROM A SETTLEMENT
PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED.**

A California court authorized this notice. This is not a solicitation from a lawyer.

- A settlement will provide \$885,000 to pay claims to all individuals who worked for Defendant National Technical Systems, Inc. or any of its present and former subsidiaries and affiliated companies (“Defendant”) as an hourly-paid or non-exempt employee in California at any time between May 4, 2017 and June 13, 2022.
- The settlement resolves a lawsuit alleging that Defendant failed to pay all minimum and overtime wages due; provide compliant meal and rest periods or premium compensation in lieu thereof; timely issue final wages upon separation of employment; and issue accurate and complete itemized wage statements. The Settlement avoids costs and risks of continuing the lawsuit; pays money to employees; and releases Defendant from liability from the claims asserted in this lawsuit.
- Lawyers for the employees will ask the Court to award them up to \$295,000 as attorneys’ fees and \$25,000 as expenses for investigating the facts, litigating the case, and negotiating the settlement. This will be paid from the settlement amount.
- Defendant denies liability and the Parties disagree on how much money could have been awarded if employees won at trial.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
Do Nothing	You do not need to take any action if you wish to receive your settlement payment. If the settlement is approved by the Court, you will automatically be mailed a settlement check at the address on file with the Settlement Administrator. If your address has changed, you must notify the Settlement Administrator of your new address. In exchange for the settlement payment, you will release claims against the Defendant, as detailed below.
Exclude Yourself from the Class Settlement but not the PAGA Settlement	To exclude yourself from the class settlement, you must send a written Request for Exclusion to the Settlement Administrator by the applicable deadline, as detailed below. If you request exclusion, you may receive no money from the Settlement . This is the only option that allows you to ever be part of any other lawsuit against Defendant about the legal claims that were brought in this case except that Aggrieved Employees may not exclude themselves from the PAGA resolution herein.
Object	Write to the Settlement Administrator about why you don't like the settlement by the applicable deadline, as detailed below, and/or appear at the Final Approval Hearing to make an oral objection.
Go to a Hearing	Ask to speak in Court about the fairness of the settlement, as detailed below.

WHY DID YOU RECEIVE THIS NOTICE?

This notice explains a proposed settlement of a class action lawsuit, and informs you of your legal rights under that proposed settlement. You are receiving this notice because you may be a member of the Class on whose behalf this class action lawsuit has been brought.

WHAT IS THIS LAWSUIT ABOUT?

On May 4, 2021, Plaintiffs Derek Downey and Adam Sardoni ("Plaintiffs"), former employees of Defendant, filed this class action lawsuit ("Action"). The Action alleges violations of the California Labor Code and California Business and Professions Code. The Action seeks to certify a class of all current and former hourly-paid or non-exempt employees of Defendant employed from May 4, 2017 through June 13, 2022 ("Class Period") in California. Specifically, the Action alleges that members of the Class were not paid all minimum and overtime wages due; were not provided all compliant meal and rest periods or premium compensation in lieu thereof; were not timely issued final wages upon separation of employment; and were not issued accurate and complete itemized wage statements. The Settlement seeks recovery of wages, damages, interest, statutory and civil penalties, restitution, attorneys' fees, and costs. Defendant denies all of the material allegations in the Action, denies that it owes Class Members any remedies, and contends it complied with all applicable laws. The Court has not made a ruling on the merits of the case.

The lawyers for the parties are:

Plaintiffs' Attorneys

Daniel F. Gaines, Esq.
Alex P. Katofsky, Esq.
Gaines & Gaines, APLC
4550 E. Thousand Oaks Blvd., Suite 100
Westlake Village, CA 91362
Phone: (866) 550-0855

Defendant's Attorneys

Nicky Jatana, Esq.
Michael D. Thomas, Esq.
Paul J. Cohen, Esq.
Jackson Lewis P.C.
725 South Figueroa Street, Suite 2500
Los Angeles, CA 90017

SUMMARY OF THE SETTLEMENT

A. Why is there a Settlement?

The Court did not decide in favor of Plaintiffs or Defendant. Plaintiffs believe they would have prevailed on their claims at a trial. Defendant does not believe that Plaintiffs would have won anything from a trial. There has been no trial. Instead, both sides agreed to a settlement, which is memorialized in the Joint Stipulation of Class Action Settlement and Release Between Plaintiffs, on Behalf of Themselves and all Others Similarly Situated and Aggrieved, and Defendant ("Settlement Agreement" or "Stipulation of Settlement"), in order to avoid the further costs, risks, and uncertainty of a trial. Plaintiffs and Plaintiffs' Attorneys believe the settlement is fair, reasonable, adequate, and in the best interests of all Class Members.

B. Who is in the Settlement Class?

The Settlement encompasses a class composed of all persons employed in California by National Technical Systems, Inc., NTS Technical Systems, NTS Engineering Services, Inc., Unitek Technical Services, Inc., or National Quality Assurance-USA, Inc. ("NTS Employers") as hourly-paid or non-exempt employees at any time during the period between May 4, 2017, through June 13, 2022 ("Class Members"). Class Members who worked for NTS Employers from February 24, 2020 through June 13, 2022 ("PAGA Period") are also defined herein as "Aggrieved Employees."

C. What does the Settlement provide?

1. Maximum Settlement Amount.

The Settlement provides that Defendant will pay \$885,000 (the "Maximum Settlement Amount") to settle the Action.

2. Net Settlement Amount.

The "Net Settlement Amount" is the portion of the Maximum Settlement Amount that will be available for distribution to Class Members who do not submit timely and valid requests for exclusion in exchange for the release of their class claims ("Participating Class Members"). The Net Settlement Amount is the Maximum Settlement Amount less the following amounts that will be requested at the Final Approval Hearing and are subject to comment or objection by Participating Class Members. The Court will fix these amounts at the Final Approval Hearing.

- (a) **Class Counsel's Attorneys' Fees** in an amount set by the Court, not to exceed \$295,000;
- (b) **Class Counsel's Documented Litigation Costs/Expenses** in an amount set by the Court, not to exceed \$25,000;
- (c) **Enhancement Payments to the Class Representatives** in an amount set by the Court, not to exceed \$5,000 each, for their service in the Action;
- (d) **Settlement Administration Costs** which are currently estimated to not exceed \$12,000, for administering the settlement; and the
- (e) **PAGA Settlement Amount** in the total amount of \$20,000 for the settlement of claims arising under the California Private Attorneys General Act ("PAGA") (the "PAGA Settlement Amount"). Seventy-Five percent (75%), or \$15,000, shall be paid to the California Labor and Workforce Development Agency ("LWDA"). The remaining Twenty-Five percent (25%), or \$5,000 (the "Net PAGA Settlement Amount"), will be distributed proportionately among all Aggrieved Employees based on their Compensable Workweeks during the PAGA Period.

3. Individual Settlement Payments.

Your share of the Net Settlement Amount and Net PAGA Settlement Amount will be determined by the formula detailed in section E below.

D. What Are You Giving Up To Get A Payment Or Stay In The Class?

Upon Judgment being entered by the Court and becoming final, and subject to Defendant's full payment of the Maximum Settlement Amount, Plaintiffs and all Participating Class Members will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged with respect to the Defendant and all of its present and former, direct and indirect, parent companies, subsidiaries, owners, divisions, concepts, related or affiliated companies, shareholders, officers, directors, employees, agents, attorneys, insurers, successors and assigns, and any individual or entity which could be liable for any of the Released Claims ("Released Parties"), and Defendant's counsel of record in the Action, from any and all claims under state, federal or local law, whether statutory, common law or administrative law, which arise out of the claims and allegations made in the Action or which could have been made based on the facts alleged in the Action, during periods of employment as an hourly-paid or non-exempt employee in California during the Class Period, including allegations of alleged: meal period violations; rest period violations; failure to pay meal or rest period premiums; failure to pay wages; "off-the-clock" work during meal periods; wage statement violations; waiting time penalties; civil penalties, including penalties under PAGA, based on the allegations set forth above; violations of Business and Professions Code section 17200 based on the allegations set forth above; including, but not limited to, claims for injunctive relief; punitive damages; liquidated damages, penalties of any nature; interest; fees; and costs ("Released Class Claims"). Each Class Member who has not submitted a valid Request for Exclusion, fully releases and discharges the Released Parties for the Released Claims for any period during the Class Period.

Upon the Judgment being entered by the Court and becoming final, and subject to Defendant's full payment of the Maximum Settlement Amount, Plaintiffs and all Aggrieved Employees, whether or not they are Participating Class Members, will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged with respect to all the Released Parties, any and all claims and allegations made in the Action under PAGA, or which could have been made under PAGA based on the facts alleged in the Action, during periods of employment as an hourly-paid or non-exempt employee in

California during the PAGA Period, including allegations of alleged: meal period violations; rest period violations; failure to pay meal or rest period premiums; failure to pay wages; “off-the-clock” work during meal periods; wage statement violations; waiting time penalties; and civil penalties, including penalties under PAGA, based on the allegations set forth above; interest; fees; and costs (“PAGA Released Claims”). Each Aggrieved Employee fully releases and discharges the Released Parties for the PAGA Released Claims for any period during the PAGA Period. The Parties agree that there is no right for any Aggrieved Employee to opt out or otherwise exclude himself or herself from the Settlement of the PAGA claims in the Action.

E. How Is My Share Of The Settlement Calculated?

Each Participating Class Member (those who do not opt out of the Settlement) shall receive an “Individual Settlement Payment,” which is distributable to each Class Member who participates in the Settlement (i.e., who does not submit a valid request for exclusion form). Each Aggrieved Employee will also receive an “Individual PAGA Settlement Payment,” which is distributable to each Aggrieved Employee, regardless of if they request exclusion from the class settlement or not.

Individual Settlement Payments and Individual PAGA Settlement Payments will be calculated based on the number of eligible workweeks worked by the Class Members during the Class Period and PAGA Period, respectively (“Compensable Workweeks”). Specific calculations of the Individual Settlement Payments and Individual PAGA Payments will be made as follows:

A. The Net Settlement Amount will be distributed proportionately among all Participating Class Members. The Settlement Administrator will calculate the total number of Compensable Workweeks during the Class Period for each individual Class Member (“Individual Workweeks”). The Settlement Administrator will calculate the total number of Compensable Workweeks for all Participating Class Members (“Participating Class Workweeks”). To determine each Class Member’s “Individual Settlement Payment” the Settlement Administrator will use the following formula: Individual Settlement Payment = (Net Settlement Amount ÷ Participating Class Workweeks) x Individual Workweeks for each individual Participating Class Member.

B. The Net PAGA Settlement Amount will be distributed proportionately among all Aggrieved Employees. The Individual PAGA Settlement Payments will be determined by dividing the Net PAGA Settlement Amount by the total number of Compensable Workweeks for all Aggrieved Employees during the PAGA Period, resulting in the PAGA Workweek Value; and then multiplying the PAGA Workweek Value by the number of Compensable Workweeks worked by each Aggrieved Employee during the PAGA Period.

For tax purposes, all Individual Settlement Payments will be allocated as follows: of each Individual Settlement Payment 10% will be allocated as alleged unpaid wages, 45% will be allocated as alleged unpaid interest, and the remaining 45% will be allocated as alleged unpaid penalties. The 10% of each Individual Settlement Payment allocated as wages will be reported on an IRS Form W-2 by the Settlement Administrator. The remaining 90% of each Individual Settlement Payment allocated as interest and penalties will be reported on an IRS Form 1099 by the Settlement Administrator. All Individual PAGA Settlement Payments shall be allocated as alleged unpaid civil penalties and reported on an IRS Form 1099 by the Settlement Administrator.

According to the records of Defendant, you worked [REDACTED] Compensable Workweeks in California from May 4, 2017 through June 13, 2022. Based on these Compensable Workweeks worked, you are entitled to an Individual Settlement Payment of approximately \$[REDACTED]. This amount is subject to change based on the final ruling of the Court.

According to the records of Defendant, you worked [] Compensable Workweeks in California from February 24, 2020 to June 13, 2022. Based on these Compensable Workweeks worked, you are entitled to an Individual PAGA Settlement Payment of approximately \$[]. This amount is subject to change based on the final ruling of the Court.

Please be advised that the individual data above is presumed to be correct unless you submit documentation proving otherwise. If you disagree with the data, please submit an explanation and evidence in support of your position to the Settlement Administrator no later than [], 2022. In the event of a dispute, the Settlement Administrator will resolve the challenge with input from the Defendant and will make a final and binding determination without a hearing or right of appeal by you.

THE SETTLEMENT HEARING

The Court will conduct a final fairness hearing regarding the proposed settlement (the "Final Settlement Hearing") on [], at [] a.m., in the Courtroom of Judge Stuart M. Rice of the Los Angeles County Superior Court, Department 1, located at 312 North Spring Street, Los Angeles, CA 90012. The Court will determine: (i) whether the settlement should be given the Court's final approval as fair, reasonable, adequate and in the best interests of the Participating Class Members; (ii) whether the Participating Class Members should be bound by the terms of the settlement; (iii) the amount of the attorneys' fees and costs to be awarded to Plaintiffs' Attorneys; and (iv) the amount that should be awarded to Plaintiffs as Enhancement Payments. At the Final Settlement Hearing, the Court will hear all properly filed objections, as well as arguments for and against the proposed settlement. You have a right to attend this hearing, but you are not required to do so. You also have the right to hire an attorney to represent you, or to enter an appearance and represent yourself.

WHAT ARE YOUR OPTIONS?

- **OPTION 1 – DO NOTHING AND PARTICIPATE IN THE SETTLEMENT**

IF YOU TAKE NO ACTION IN RESPONSE TO THIS NOTICE, YOU WILL AUTOMATICALLY RECEIVE YOUR SHARE OF THE SETTLEMENT IF IT IS APPROVED BY THE COURT. YOU ARE NEVER REQUIRED TO GO TO COURT OR PAY ANYTHING TO THE LAWYERS IN THIS CASE. If you move, you must update your address with the Settlement Administrator. If you disagree with pre-printed data indicated in section E above, you must submit an explanation and/or documentation to the Settlement Administrator to justify your position, postmarked no later than []. The Settlement Administrator's address is [Settlement Administrator address].

- **OPTION 2 – OBJECT TO THE SETTLEMENT**

If you wish to remain a Participating Class Member, but you object to the proposed settlement (or any of its terms) and wish the Court to consider your objection at the Final Settlement Hearing, you may object to the proposed settlement in writing. You may also appear at the Final Approval Hearing, either in person or through an attorney at your own expense. All written objections, supporting papers, and/or notices of intent to appear at the Final Approval Hearing must clearly identify the case name and number and be mailed to the Settlement Administrator at [Settlement Administrator address]. Written objections must be postmarked no later than [].

For the written Notice of Objection to be valid, it must include:

- (a) the objector's full name, signature, address, telephone number, and the last four digits of the objector's social security number;

- (b) the dates the objector was employed by NTS Employers in California;
- (c) a written statement of all grounds for the objection accompanied by any legal support for such objection; and
- (d) copies of any papers, briefs, or other documents upon which the objection is based.

• **OPTION 3 – EXCLUDE YOURSELF FROM THE SETTLEMENT**

You have a right to exclude yourself (“opt out”) from the Settlement Class, but if you choose to do so, you will not receive any benefits from the proposed settlement. You can opt out of the Class by mailing a written Request for Exclusion statement to the Settlement Administrator at the above-stated address, such that it is postmarked no later than .

To be effective, the written Request for Exclusion statement must:

- (a) be signed by the Class Member;
- (b) contain the name, address, telephone number, and the last four digits of the Social Security Number of the Class Member requesting exclusion;
- (c) clearly state that the Class Member received the Notice, does not wish to participate in the settlement, and wants to be excluded from the settlement;
- (d) be returned by first class mail or equivalent to the Settlement Administrator at the specified address; and
- (e) be postmarked on or before the response deadline.

There is no right for any Class Member to opt out or otherwise exclude himself or herself from the Settlement of the PAGA claims in the Action.

ARE THERE MORE DETAILS ABOUT THE SETTLEMENT?

The above is a summary of the basic terms of the settlement. For the precise terms and conditions of the settlement, you should review the detailed “Joint Stipulation of Class Action Settlement and Release Between Plaintiffs, on Behalf of Themselves and all Others Similarly Situated and Aggrieved, and Defendant” which is on file with the Clerk of the Court. The pleadings and other records in the Action may be examined at any time during regular business hours at the Office of the Clerk of the Los Angeles County Superior Court, located at 312 North Spring Street, Los Angeles, CA 90012.

IF YOU NEED MORE INFORMATION OR HAVE ANY QUESTIONS, you may contact the Settlement Administrator at [address], [telephone number] or Gaines & Gaines, APLC, Counsel for the Class, at (866) 550-0855.

PLEASE DO NOT TELEPHONE THE COURT FOR INFORMATION ABOUT THIS SETTLEMENT OR THE CLAIMS PROCESS.

**BY ORDER OF THE SUPERIOR COURT OF
THE STATE OF CALIFORNIA**