# PAGA SETTLEMENT AGREEMENT

## RECITAL

This PAGA Settlement Agreement ("Agreement") is made by and between the Defendants Axos Bank and Axos Financial, Inc. (collectively "Axos") and Plaintiff Terrance Young ("Plaintiff"), as private attorney general and representative for the California Labor and Workforce Development Agency ("LWDA") in collecting civil penalties on behalf of alleged Labor Code violations against other aggrieved employees ("Aggrieved Employees"). The settlement settles claims under the Private Attorneys General Act of 2004 ("PAGA"), Labor Code Section 2699, *et seq*. Plaintiff and Axos are collectively referred to herein as the "Parties."

This Agreement, and the settlement of claims for civil penalties embodied herein, shall be binding on Plaintiff, Aggrieved Employees that Plaintiff represents, LWDA, and Axos subject to the approval of the Court.

**WHEREAS**, on February 23, 2021, Plaintiff timely sent notice to LWDA of Plaintiff's intent to pursue a representative action pursuant to PAGA, on behalf of Plaintiff and the State of California as well as on behalf of a group of aggrieved employees that included all Axos' non-exempt employees in California during the PAGA statute of limitations period ("PAGA Notice").

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**WHEREAS**, on May 3, 2021, Plaintiff filed an action ("Lawsuit") against Axos in San Diego County Superior Court, which was assigned Case No. 37-2021-00019535-CU-OE-CTL, and asserted claims under PAGA based on alleged violations of the Labor Code, including Sections 201, 202, 203, 204, 218.5, 221, 226(a), 226.3, 226.7, 510, 512(a), 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802.

**WHEREAS**, Plaintiff's individual PAGA claim was ordered to arbitration, in which Plaintiff also asserted individual wage and hour claims for damages. That action proceeded to arbitration in November 2025 and resulted in a judgment for Plaintiff on one claim (based on misclassifying a bonus as discretionary). The representative PAGA claim had been stayed pending resolution of the arbitration.

**WHEREAS**, the Parties opted to participate in a mediation on January 22, 2025 and June 23, 2026 to resolve the remaining PAGA representative claims in the action without further litigation and to obtain a general release from Plaintiff for any individual employment related claims that Plaintiff would otherwise consider asserting (signed in a separate document).

**WHEREAS**, the Parties understand, acknowledge, and agree that this PAGA settlement constitutes a compromise of the representative PAGA claims and any of Plaintiff's remaining individual claims and that it is the desire and intention of the Parties to effect a final and complete resolution of the representative PAGA claims that Plaintiff and Aggrieved Employees have against Axos and Axos' past or present parents, subsidiaries, and affiliates, and/or any officers, directors, employees, partners, agents, insurers, and/or any other individual or entity that could be liable for the acts of omissions of Axos. The Parties acknowledge that this Agreement is a compromise of disputed claims and that nothing in this Agreement shall be construed as an admission by Axos of any wrongdoing or liability. Axos denies any liability or wrongdoing of any kind associated with the claims alleged in the complaint. Axos, among other things, contends that it has complied at all times with the Labor Code, governing IWC Wage Orders, and all applicable California laws.

**WHEREAS**, the Parties believe and agree that this Agreement provides for a fair, adequate, and reasonable resolution of the representative PAGA claims, and have arrived at the settlement after arms-length negotiations, considering all relevant factors, present and potential.

**WHEREAS**, Labor Code section 2699(l)(2) requires Court review and approval of any settlement of a civil action filed pursuant to PAGA.

**WHEREAS**, based on their own independent investigations and evaluations, the Parties and their respective counsel are of the opinion that the amount and terms of the Settlement are fair, reasonable, and adequate and are in the best interests of Plaintiff, Aggrieved Employees, and Axos in light of all known facts and circumstances and the risks inherent in litigation, including the potential appellate issues. Plaintiff's Counsel, Justice Law Corporation, believe that the settlement entered into is in the best interests of LWDA and Aggrieved Employees and that the overall settlement for the agreed level of civil penalties here is fair, reasonable, and adequate, given, *inter alia*, Axos' factual and legal defenses and the inherent risk of litigation.

**WHEREAS**, the Parties: (1) believe and agree that this Agreement provides for a fair, adequate, and reasonable resolution of the representative PAGA claims, (2) have investigated the facts relevant to this settlement and this Agreement, and all matters pertaining thereto, to the full extent that each Party deems necessary, and (3) have arrived at the settlement after arms-length negotiations, taking into account all relevant factors, present and potential.

## SETTLEMENT TERMS

**Therefore, in consideration of the promises and agreements contained herein, and to avoid the uncertainty, risks, costs, and delays associated with further litigation, the Parties agree and covenant as follows**:

**1.** **Aggrieved Employees**. This Agreement shall include all current and former hourly-paid or non-exempt employees of Axos within the State of California at any time during the PAGA Period (as defined below).

**2.** **PAGA Period**. This Agreement shall cover the period from February 23, 2020, through June 23, 2026.

a. Axos estimates that there are about one thousand five hundred fifty (1,550) Aggrieved Employees who worked around eighty-five thousand (85,000) pay periods during the PAGA Period.

**3.** **Effective Date**. The Effective Date of this Agreement shall mean the last of the following dates: (a) the date of service of notice of entry of the order approving this Agreement if no objections are filed to this settlement or if all objections are withdrawn prior to the Court ruling on them; or (b) sixty-one (61) calendar days after the date of service of notice of entry of the settlement approval order if objections are filed and overruled and no appeal is taken from the order approving the settlement; or (c) if a timely appeal is made, ten (10) business days after the final resolution of that appeal if the appeal is rejected, the settlement is upheld, and the settlement approval order is no longer subject to further judicial review.

**4.** **Released Parties**. The Released Parties are defined as Axos and its past or present parents, subsidiaries, and affiliates, officers, directors, employees, partners, agents, insurers, and/or any other individual or entity that could be liable for the acts or omissions of Axos ("Released Parties").

**5.** **Released Claims/Effect of Judgment on Aggrieved Employees and LWDA**. Effective on the date when Axos fully funds the Gross Settlement Amount, Plaintiff, LWDA, and Aggrieved Employees are deemed to release, on behalf of themselves and their former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all the claims for the PAGA penalties that were alleged, or could have been alleged, based on the facts stated in the complaint and PAGA Notice filed in relation to this case and that occurred during the PAGA Period ("Released PAGA Claims").

a. The Released PAGA Claims include, but are not limited to, Labor Code sections 201, 202, 203, 204, 218.5, 221, 226(a), 226.3, 226.7, 510, 512(a), 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802 and the IWC Wage Order provisions cited in PAGA Notice. The Released Class Claims shall apply to claims within the above scope impacting Aggrieved Employees arising within the PAGA Period.

b. This Agreement shall not impact any Aggrieved Employee's ability to assert Labor Code claims other than PAGA claims (*i.e.*, a claim brought under PAGA).

**6.** **Plaintiff's Release**. Effective on the date when Axos fully funds the Gross Settlement Amount, Plaintiff and Plaintiff's former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally release and discharge the Released Parties from all the claims, transactions, or occurrences that occurred during the PAGA Period ("Plaintiff's Release").

a. The Plaintiff's Release includes, but is not limited to, all the claims for the PAGA penalties that were alleged, or could have been alleged, based on the facts stated in the complaint and PAGA Notice and that occurred during the PAGA Period.

b. The Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or to any claims based on occurrences outside the PAGA Period.

c. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law Plaintiff now knows or believes to be true. But Plaintiff agrees that Plaintiff's Release shall remain effective in all respects, notwithstanding such different or additional facts or the discovery of them.

d. Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the Civil Code, which reads:

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

**7.** **Notice to LWDA**. Pursuant to Labor Code section 2699(l)(2), the Parties shall submit to LWDA a copy of this Agreement at the same time that the Parties submit it to the Court for approval.

**8.** **Gross Settlement Amount**. Axos agrees to pay, in accordance with the terms set forth herein, the total sum of $1,499,999.00 ("Gross Settlement Amount") in full settlement of this Lawsuit. The Gross Settlement Amount is non-reversionary, meaning no portion of it will return to Axos under any circumstances. The Gross Settlement Amount will be allocated as follows:

a. Plaintiff's Counsel will request that the Court approve an award of attorney's fees in an amount not to exceed $569,999.62 (thirty-eight percent (38%) of the Gross Settlement Amount) and a separate request for attorneys' costs not to exceed $50,000.00 for reasonable litigation costs (including Plaintiff's portion of mediator fees) actually incurred and properly documented in this matter. Axos will not oppose these requests.

b. Plaintiff's Counsel will request that the Court approve the payment of administration costs in the amount of $15,000.00 to be paid to Phoenix Class Action Administration Solutions, the Administrator that the Parties have selected; and

c. Plaintiff's Counsel will request that the Court approve an award of an enhancement payment in an amount not to exceed $25,000.00 to Plaintiff for Plaintiff's role in bringing the action, extensively assisting in the prosecution of the action on behalf of LWDA, and as further consideration for the broader Plaintiff's Release set forth above.

d. The remainder of the Gross Settlement Amount ("PAGA Fund") after deducting items (a) through (c) and shall be designated as PAGA Penalties to be allocated between LWDA and Aggrieved Employees pursuant to the former version of Labor Code section 2699(i) that governs this action, with seventy-five percent (75%) paid to LWDA, and twenty-five percent (25%) paid to Aggrieved Employees based on the total number of pay periods that Aggrieved Employee worked for Axos during the PAGA Period.

e. Aggrieved Employees' share of the PAGA Fund shall be calculated as follows: twenty-five percent (25%) of the PAGA Fund x (total number of pay periods worked by Aggrieved Employee ÷ total number of pay periods worked by all Aggrieved Employees).

f. To the extent that the Court approves less than the amounts stated in paragraph 8(a), (b), or (c), any reduced amount shall be allocated to the settlement fund for LWDA and Aggrieved Employees.

**9. Tax Treatment of Settlement Amounts**. With regard to settlement payments to Aggrieved Employees, IRS Form 1099s will be issued, if applicable. IRS Form 1099s are used ***only*** for payments of miscellaneous income of $600.00 or more that is not considered wages such as the penalty payments at issue in this Settlement. Nothing in this Settlement is intended to constitute legal advice regarding federal, state, and/or local tax obligations. Plaintiff acknowledges that Plaintiff has obtained no tax advice from Axos and that neither Axos nor its attorneys have made any representation regarding the tax consequences, if any, of the Settlement Amount in this Agreement or any payment to be made pursuant to this Agreement. To the extent that this Settlement or any of its attachments is interpreted to contain or constitute advice regarding any state or federal tax issue, such advice is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding penalties under the Internal Revenue Code. Axos is not responsible for any employee tax obligations regarding the allocation of the settlement payments. Payment of the portion allocated to Plaintiff's Counsel's attorneys' fees and costs will be reflected in an IRS Form 1099 to Plaintiff's Counsel who shall assume full responsibility and liability for the payment of taxes due on such payments.

**10. Circular 230 Disclaimer**. EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR SHALL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER, OR ITS OWN, INDEPENDENT LEGAL AND TAX ADVISERS FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE

ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISER'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT.

**11. PAGA Settlement Payment Procedures**.

a. No later than fourteen (14) calendar days of the Effective Date, Axos shall deposit the Gross Settlement Amount into the Qualified Settlement Fund created by the Administrator. At the same time, Axos shall provide the Administrator with a list of all Aggrieved Employees with each listed employee's full name, last known mailing address, social security number, and number of qualifying pay periods. The Administrator shall run all the addresses of the Aggrieved Employees through the United States Postal Service National Change of Address database to obtain current address information.

No later than seven (7) calendar days after the funding of the Gross Settlement Amount, the Administrator shall, consistent with an order of the Court:

i. Remit a total of twenty-five percent (25%) of the PAGA Fund to the Aggrieved Employees, along with the employee letter in English and Spanish (attached hereto as **Exhibit A**). The Aggrieved Employees shall not be required to make claims but shall simply be delivered a check for their share of the PAGA Fund. The checks shall be sent to each Aggrieved Employee by U.S. First Class mail to the Aggrieved Employee's address with directions to the Postmaster to forward the payment checks and return all undeliverable payment checks to the Administrator. It will be presumed that an Aggrieved Employee's check was received if the check has not been returned no later than thirty (30) calendar days of the original mailing of the payment check.

ii. Remit a total of seventy-five percent (75%) of the PAGA Fund to LWDA.

iii. Remit administration costs to the Administrator.

iv. Remit the enhancement payment to Plaintiff.

v. Remit the attorneys' fees and costs to Plaintiff's Counsel.

b. The checks issued to Aggrieved Employees pursuant to the Agreement will expire one hundred eighty (180) calendar days from the date they are mailed by the Administrator. If any Aggrieved Employee's check is not cashed or negotiated within this timeframe, the check will be voided, and a stop payment will be issued. All checks issued to the Aggrieved Employees that are not negotiated within this 180-day period shall be sent to the California State Controller's Unclaimed Property division.

c. Neither Axos nor Plaintiff shall bear any liability for lost or stolen checks, forged signatures on checks, or unauthorized negotiation of checks. Unless responsible by its own acts of omission or commission, the same is true for the Administrator.

**12.** **Administrator**. The Administrator shall be responsible for sending notices, calculating the settlement payments, preparing all checks, and mailings and comply with all requirements set forth in Paragraph 11. Axos is not liable or responsible for any errors made by the Administrator in the administration of the settlement.

**13.** **Duties of the Parties Prior to Approval**. Promptly upon execution of this Settlement, Plaintiff shall apply to the Court for approval of this Agreement. This can be either through a stipulation that Axos will execute or a noticed motion that Axos will not oppose. Plaintiff shall apply to the Court for the entry of an order approving this Settlement as required by Labor Code section 2699(l). The Parties will request Court approval of the following: (a) the terms of this Agreement; (b) the amount of attorneys' fees and costs to Plaintiff's Counsel, enhancement payment to Plaintiff, and administration costs to the Administrator; and (c) final Judgment. In conjunction with the Motion /Stipulation for Approval, Plaintiff shall submit a proposed Final Judgment requesting the entry of judgment.

**14.** **Non-Admission of Wrongdoing**. The Parties agree that this Agreement does not constitute an admission by Axos or any Released Party, of any of the matters alleged in the Lawsuit or of any violation by any of them of any federal, state, or local law, ordinance or regulation, or of any violation of any policy or procedure, or of any liability or wrongdoing whatsoever. Neither this Agreement nor anything in this Agreement shall be construed to be or shall be admissible in any proceeding as evidence of liability or wrongdoing by Plaintiff, Axos, or Axos' parents, subsidiaries, divisions, affiliated corporations, trustees, directors, officers, shareholders, agents, attorneys, insurers, or employees.

**15.** **Nondisclosure and Nonpublication**. Plaintiff agrees not to publicize the Agreement, fact of the Agreement, its terms or contents, and negotiations underlying the Agreement, in any manner or form, directly or indirectly, to any person or entity, beyond filing the Agreement with the Court and submitting a copy to LWDA, or except as reasonably necessary to comply with the terms of this settlement. This includes a prohibition on publicizing the settlement on Plaintiff's Counsel's website or in advertising materials.

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

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

To Axos Bank: Thomas Kaufman, Sheppard Mullin Richter & Hampton LLP, 1901 Avenue of the Stars Suite 1600, Los Angeles, CA 90067; tkaufman@sheppard.com.

To Plaintiff: Justice Law Corporation, Talia Lux, 751 N. Fair Oaks Avenue, Pasadena, California, Suite 101; tlux@justicelawcorp.com.

**18.** **Entire Agreement**. This Agreement contains the entire agreement between the Parties with respect to the transactions contemplated hereby, and supersedes all negotiations, presentations, warranties, commitments, offers, contracts and writings prior to the date hereof relating to the subject matters hereof. Any representation, promise, or agreement not specifically included in this Agreement shall not be binding upon or enforceable against either Party. This is a fully integrated agreement. No other promises or agreements shall be binding or shall modify this Agreement unless in writing and signed by the Parties.

**19.** **Severability**. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Settlement Agreement which can be given effect without the invalid provisions or application and to this end the provisions of this Agreement are declared to be severable. Notwithstanding the foregoing, no portion of any release contained herein may be deemed severed or deleted from this Agreement, except upon waiver in writing by the applicable Released Party.

**20.** **No Construction Against the Drafter**. Each Party has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any Party on the basis that the Party was the drafter.

**21.** **Choice of Law**. This Agreement shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of California without regard to principles of conflict of laws.

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

**23.** **Cooperation**. Each Party, on behalf of themselves, and their respective business entities, heirs, executors, and assigns, agrees that they will abide by this Agreement and will do all such acts, and prepare, execute, and deliver all such documents, as may be reasonably required to carry out the stated objectives of this Agreement.

**24.** **Escalator Clause**. If it is determined that the number of pay periods within the PAGA Period exceeds eight-five thousand (85,000) by more than ten percent (10%) (*i.e.*, exceeds ninety-three thousand five hundred (93,500) pay periods), then, at Axos' election, either: (a) the Gross Settlement Amount shall increase proportionally over the ten percent (10%) increase (*i.e.*, if the number of pay periods increases by eleven percent (11%), then the Gross Settlement Amount will increase by one percent (1%)); or (b) the PAGA Period shall end on the date that the number of pay periods reaches ninety-three thousand five hundred (93,500) pay periods.

**25.** **<u>DocuSign Signatures Allowed</u>**. The Parties agree that they can execute this agreement by DocuSign and that the DocuSign signature will be deemed an equivalent of a hand signature.

Dated: 07/27/2026

Terrance Young, Plaintiff

Dated: ____________

Axos Bank

By:
Its:

**APPROVED AS TO FORM AND PARAGRAPH 15:**

Dated: July 27, 2026

**JUSTICE LAW CORPORATION**

Douglas Han
Shunt Tatavos-Gharajeh
Talia Lux
Attorneys for Plaintiff Terrance Young
and Aggrieved Employees

Dated: July 27, 2026

**SHEPPARD MULLIN RICHTER & HAMPTON LLP**

Thomas R. Kaufman

Thomas R. Kaufman, Esq.
Attorneys for Defendants
Axos Bank and Axos Financial, Inc.

**25.** **DocuSign Signatures Allowed**. The Parties agree that they can execute this agreement by DocuSign and that the DocuSign signature will be deemed an equivalent of a hand signature.

Dated: ___________ ________________________________
Terrance Young, Plaintiff

Dated: 8/17/2026 | 1:21 PM PDT

Signed by:
Eshel Bar-Adon
075920BF0F2B4B0...

Axos Bank

By: Eshel Bar-Adon
Its: EVP

**APPROVED AS TO FORM AND PARAGRAPH 15:**

Dated: ___________ **JUSTICE LAW CORPORATION**

________________________________
Douglas Han
Shunt Tatavos-Gharajeh
Talia Lux
Attorneys for Plaintiff Terrance Young
and Aggrieved Employees

Dated: __________ **SHEPPARD MULLIN RICHTER & HAMPTON LLP**

________________________________
Thomas R. Kaufman, Esq.
Attorneys for Defendants
Axos Bank and Axos Financial, Inc.

# EXHIBIT A

# NOTICE OF PAGA SETTLEMENT

*Terrance Young v. Axos Financial, Inc. et al.*
Superior Court of California, County of San Diego
Case No. 37-2021-00019535-CU-OE-CTL

Dear [Aggrieved Employee's Name]:

Enclosed with this letter is a settlement check being paid to you pursuant to the settlement of the lawsuit filed in the Superior Court of California, County of San Diego, entitled *Terrance Young v. Axos Financial, Inc. et al.*, Case Number 37-2021-00019535-CU-OE-CTL ("Lawsuit"). The purpose of this letter is to provide you with basic information about the Lawsuit, reasons why you are receiving the enclosed settlement check, and effect of the settlement on your legal rights.

## I. The Lawsuit

On May 3, 2021, Plaintiff Terrance Young ("Plaintiff"), a former employee of Defendants Axos Bank and Axos Financial, Inc. ("Axos"), commenced this Lawsuit by filing a complaint pursuant to Labor Code section 2698 (Private Attorneys General Act of 2004 ("PAGA")) in the Superior Court of California, County of San Diego. The Lawsuit was brought on behalf of the State of California and all current and former hourly-paid or non-exempt employees of Axos within the State of California at any time during the period from February 23, 2020, through June 23, 2026 ("Aggrieved Employees," and "PAGA Period").

In the Lawsuit, Plaintiff claimed that Axos owed civil penalties under PAGA to Plaintiff and Aggrieved Employees for the alleged violations of the Labor Code. Axos denies that it violated the Labor Code, denies the allegations in the operative complaint, and denies all liability under PAGA to Plaintiff, Aggrieved Employees, and State of California.

The merits of the Lawsuit have not been determined. On __________, the Court approved a settlement of the Lawsuit that Axos entered to avoid the costs and disruption of litigation.

## II. Why This Settlement Check Is Being Sent to You

The settlement approved by the Court involves payment of civil penalties. In accordance with PAGA, seventy-five percent (75%) of the civil penalties paid under the settlement goes to the California Labor and Workforce Development Agency ("LWDA"). The remaining twenty-five percent (25%) of the civil penalties paid under the settlement will be distributed to all the Aggrieved Employees. The enclosed settlement check is being sent to you because you have been identified as an Aggrieved Employee.

## III. How the Amount of Your Settlement Check Was Determined

The enclosed settlement check was calculated based on the number of pay periods that you worked for Axos during the PAGA Period relative to all the other Aggrieved Employees.

Your settlement check will remain negotiable for one hundred eighty (180) calendar days after its mailing ("Check Stale Date"). The Check Stale Date is set to occur on _________. If your settlement check is not cashed, deposited, or negotiated within this timeframe, then it will be voided. The uncashed amount will be directed to the California State Controller's Unclaimed Property division.

## IV. Consequences of the Settlement

The Lawsuit was filed exclusively as a representative action under PAGA, which functions as a substitute for an enforcement action by the State of California.

Upon Axos' funding of the Gross Settlement Amount, Plaintiff, LWDA, and Aggrieved Employees are deemed to release, on behalf of themselves and their former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all the claims for the PAGA penalties that were alleged, or could have been alleged, based on the facts stated in the complaint and PAGA Notice filed in relation to this case and that occurred during the PAGA Period ("Released PAGA Claims"). The Released PAGA Claims include, but are not limited to, Labor Code sections 201, 202, 203, 204, 218.5, 221, 226(a), 226.3, 226.7, 510, 512(a), 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802 and the IWC Wage Order provisions cited in PAGA Notice. The Released Class Claims shall apply to claims within the above scope impacting Aggrieved Employees arising within the PAGA Period. The Agreement shall not impact any Aggrieved Employee's ability to assert Labor Code claims other than PAGA claims.

The Released Parties include Axos and its past or present parents, subsidiaries, and affiliates, officers, directors, employees, partners, agents, insurers, and/or any other individual or entity that could be liable for the acts or omissions of Axos.

## V. Taxation of Your Individual PAGA Payment

You will be issued an IRS Form 1099 in connection with the funds paid to you via the enclosed settlement check. You are solely responsible for all tax obligations attributable to you that may arise as a result of receiving the settlement check. If you have any tax-related questions regarding your receipt of the enclosed settlement check, you should direct them your own tax advisor.

## VI. Where to Get More Information

Do not call or contact the Court about this letter, settlement, settlement check sent to you, or Lawsuit. If you have questions, you may contact the Administrator _________ at _________.

Dated: INSERT DATE

**PROOF OF SERVICE**
**1013A(3) CCP**

**STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 751 N. Fair Oaks Avenue, Suite 101, Pasadena, CA 91103 and my electronic service address jtorrez@justicelawcorp.com

On August 20, 2026, I served the foregoing document described as

**PAGA SETTLEMENT AGREEMENT**

for the following case: **Young v. Axos Financial, Inc., et al.**
LWDA/Court Case No.: **LWDA Case No.: CM-822513-21**
**Court Case No.: 37-2021-00019535-CU-OE-CTL**
**San Diego County Superior Court**

on interested parties in this action by electronically submitting as follows:

State of California
Labor & Workforce Development Agency
800 Capitol Mall, MIC-55
Sacramento, California 95814

**[X] BY ELECTRONIC SUBMISSION**
Pursuant to California Senate Bill No. 836, I caused the documents described above to be electronically submitted by and through the procedure stated on the website of the State of California Labor and Workforce Development Agency.

**[X] STATE**
I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on August 20, 2026, at Pasadena, California.

Jessica Torrez