

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ORANGE, CIVIL COMPLEX CENTER

JOHNNY GALAN, individually, and on behalf
of all others similarly situated,

Plaintiff,

v.

J.L. RAY COMPANY, INC., a California
Corporation; JEFFREY L. RAY, an individual;
JENNA R. RAY, an individual; and DOES 1
through 100, inclusive,

Defendants.

Case No. 30-2021-01197517-CU-OE-CXC

ASSIGNED FOR ALL PURPOSES TO:
HON. WILLIAM CLASTER, DEPT CX104

NOTICE OF PROPOSED CLASS ACTION
AND PAGA SETTLEMENT AND FINAL
FAIRNESS HEARING

YOU MAY BE ENTITLED TO BENEFITS FROM THIS SETTLEMENT. YOUR ESTIMATED PARTICIPATING CLASS MEMBER SETTLEMENT PAYMENT IS \$ _____ AND YOUR ESTIMATED INDIVIDUAL PAGA SETTLEMENT PAYMENT, TO THE EXTENT APPLICABLE, IS \$ _____. PLEASE CONTINUE READING TO LEARN HOW THIS SETTLEMENT AFFECTS YOUR RIGHTS.

Notice is hereby given that a proposed Settlement Agreement And Stipulation To Resolve Class Action And PAGA Claims (the “**Settlement**” or “**Settlement Agreement**”) has been reached between plaintiff Johnny Galan (“**Plaintiff**”) in *Johnny Galan v. J.L. Ray Company, Inc., et al.*, Orange County Superior Court Case No. 30-2021-01197517-CU-OE-CXC (the “**Action**”) on the one hand, and Defendants J.L. Ray Company, Inc. (“**J.L. Ray**”), Jeffery L. Ray, and Jenna R. Ray (collectively, “**Defendants**”) on the other hand.

The Action is a class action and PAGA representative action lawsuit. Plaintiff and Defendants have reached a settlement of the Action, and the Orange County Superior Court (the “**Court**”) has granted preliminary approval of the settlement.

The proposed Settlement will resolve all Released Claims made against Defendants and other Released Parties (defined below and in the Settlement Agreement) on behalf of all “**Class Members**” or the “**Class**,” defined as: all non-exempt, hourly-paid employees of J.L. Ray employed in California at any time during the period beginning on April 27, 2017 and extending through March 26, 2022 (the “**Class Period**”). If you satisfy this criteria, you are eligible to participate in the class action settlement.

The proposed Settlement will also resolve all PAGA Claims made against Defendants and other Released Parties on behalf of all “**Aggrieved Employees**,” defined as: all non-exempt, hourly-paid employees of J.L. Ray employed in California at any time during the period between April 27, 2020 and March 26, 2022 (the “**PAGA Period**”). Any Class Member who worked during the PAGA Period will be considered an Aggrieved Employee and therefore, regardless of how they respond to this Notice, all Aggrieved Employees will (i) receive their portion of the PAGA settlement payment; and (ii) release all PAGA Claims against the Released Parties as set forth in the Settlement Agreement.

A. PURPOSE OF THIS NOTICE

The Court has ordered that this Class Notice be sent to you because Defendants’ records reflect that you are a potential member of the Class, as defined above.

The purpose of this Notice is to: (a) provide a brief description of the Action; (b) inform you of the proposed Settlement; and (c) discuss your rights and options with respect to the Action and the Settlement.

B. DESCRIPTION OF THE ACTION

The Action was filed by Plaintiff on behalf of all non-exempt, hourly-paid employees who worked at J.L. Ray during the Class Period. As alleged in the Action, Plaintiff claims that Class Members were wrongfully denied wages and overtime compensation, meal and rest breaks, accurate wage statements, and other rights guaranteed under the California Labor Code.

The Action asserts class allegations against Defendants for: (1) failure to pay overtime wages; (2) failure to pay minimum wages; (3) failure to provide meal periods; (4) failure to provide rest periods; (5) failure to furnish accurate wage statements; (6) failure to pay all wages upon termination; (7) failure to indemnify business expenses; and (8) unfair competition. The Action also asserted claims for civil penalties under the Private Attorneys General Act (“PAGA”) based on the foregoing alleged violations by Defendants.

The Court has made no ruling on the merits of Plaintiff’s claims or Defendants’ defenses. The Court has, however, preliminarily approved the proposed Settlement between Plaintiff and Defendants. The Court will decide whether to give final approval to the Settlement at a hearing scheduled for _____, 2022, at _____:_____ a.m., in Department CX104 of the Orange County Superior Court, located at Orange County Superior Court, Civil Complex Center, 751 W. Santa Ana Boulevard, Santa Ana, California 92701.

Attorneys for the Class (“**Class Counsel**”) in the Action are:

SROURIAN LAW FIRM, P.C.
Daniel Srourian, Esq
3435 Wilshire Blvd., Suite 1710
Los Angeles, California 90010
Telephone: (213) 474-3800

Defendants’ counsel in the Action are:

RUTAN & TUCKER, LLP
Edson K. McClellan, Esq.
Kimberly A. Nayagam, Esq.
18575 Jamboree Road, 9th Floor
Irvine, California 92612
Telephone: (714) 641-5100

C. YOUR OPTIONS

If you fit within the above description of the Class, you have several options. Your rights regarding each option, and the procedure you must follow to select each option, are explained below.

1. OPTION 1: Do Nothing and Remain a Member of the Class and Participate in the Class Settlement.

If you want to participate in the Settlement and receive a Participating Class Member Payment (defined below), **DO NOT TAKE ANY ACTION**. You will automatically be included in the Settlement and will receive a Participating Class Member Payment and your respective portion of the PAGA Payment (if eligible) as detailed below. If you move, make sure you contact the Settlement Administrator at the following address or phone number:

SETTLEMENT ADMINISTRATOR
[INSERT ADDRESS AND PHONE NUMBER]

YOUR ESTIMATED PARTICIPATING CLASS MEMBER PAYMENT IS \$ [REDACTED]. This amount is based on the number of workweeks during which you worked during the Class Period, based on the best information available, which is [REDACTED] workweeks. Your estimated share of the Net Class Settlement Amount was calculated by dividing the number of workweeks you worked in a non-exempt position during the Class Period by the total number of workweeks worked by all Class Members during the Class Period and multiplying this figure by the Net Class Settlement Amount (the Gross Settlement Amount of \$225,000.00 minus Class Counsel's attorneys' fees and costs, any enhancement payment to Plaintiff, the PAGA Amount, and settlement administration fees and costs).

If you believe the number of workweeks stated above is incorrect and you wish to challenge it, you must send the enclosed dispute form to the Settlement Administrator, stating what you believe is the correct number of workweeks, and providing any documents or other back-up you have for what you believe is the correct number. This form must be postmarked no later than [date]. You must also provide your name and telephone number. Defendants will have the right to respond to any challenge by a Class Member. The Settlement Administrator will resolve the challenge and make a final and binding determination without hearing or right of appeal. The Settlement Administrator's determination will be subject to review by the Court at the time of the final approval hearing. If you want confirmation that your correspondence has been received by the Settlement Administrator, you may send your letter by certified U.S. Mail with a return receipt request.

If you choose to participate in the Class Settlement, you will be bound by all the terms set forth in the Class Settlement, including a full release of claims for the matters being settled in the Action.

2. OPTION 2: Opt Out of the Class and Receive Nothing Under the Class Settlement.

If you do not want to remain a member of the Class, you can request exclusion from the Class (i.e., "opt out"). In order to opt out of the Class and the Settlement, you must mail a written, signed request for exclusion to the Settlement Administrator at [insert Settlement Administrator's address], such that it is postmarked no later than [date]. This request for exclusion must contain the following information:

- (a) your printed full name (and any other names used while employed by Defendants);
- (b) a clear reference to the Action; and
- (c) language indicating that you want to opt out of the Settlement (for example: "I want to opt out of the class action settlement described in the Class Notice I received.").

This request must be **signed** by you.

If you opt out of the Class, you will no longer be a member of the Class, you will be barred from participating in the class action portion of the Settlement, and you will not receive a Participating Class Member Payment. By opting out of the Class, you will retain whatever individual rights or claims you may have, if any, against Defendants, and you will be free to pursue them on an individual basis, if you choose to do so. However, if you opt-out of the Settlement, and you are an Aggrieved Employee, you will still receive a payment representing PAGA penalties as an Aggrieved Employee, in which case you would still be bound by the PAGA portion of the Settlement.

3. OPTION 3: Object to the Settlement.

If you are a Class Member who does not opt out of the Class, you may object to the Settlement, personally or through an attorney, by submitting your objection to the Settlement Administrator ([NAME]), at [insert Settlement Administrator's address]. Your objection **must be signed** and must include the following:

- (a) your printed full name (and any other names used while employed by Defendants);

- (b) your full current address;
- (c) a clear reference to the Action; and
- (d) language clearly explaining why you believe the Settlement is unfair or why you are objecting to it.

All written objections must be postmarked on or before [date]. Failure to submit a written objection does not waive any Class Member's right to appear at the Final Fairness Hearing to object orally to the Settlement. If you object to the Settlement and if the Court approves the Settlement as set forth in the Settlement Agreement, you will be bound by the terms of the Settlement in the same way as a Class Member who does not object.

D. SUMMARY OF TERMS OF SETTLEMENT

The principal terms of the Settlement reached between Plaintiff and Defendants are summarized below.

1. Settlement Terms

The Settlement provides that (a) J.L. Ray will pay \$225,000.00 (the "**Gross Settlement Amount**") to resolve all claims asserted in the Action, including Plaintiff's enhancement award, Class Counsel's attorneys' fees and costs, and the costs of settlement administration, as described more fully below; and (b) Defendants will stipulate to the certification of the Class for settlement purposes only, conditioned upon the Court granting final approval of the Settlement.

- Attorneys' Fees and Costs. Class Counsel will apply to the Court for an award of attorneys' fees in the amount that does not exceed one-third (approximately 33.33%) of the Gross Settlement Amount, or \$75,000. In addition, Class Counsel will seek reimbursement of actual costs of no more than \$15,000, as well as settlement administration costs not to exceed the amount of \$10,000.00. The attorneys' fees and costs and settlement administration costs will be paid out of the Gross Settlement Amount.
- Named Plaintiff Enhancement Award. Plaintiff will request an enhancement award of \$5,000.00. The enhancement award will be paid out of the Gross Settlement Amount and be in addition to Plaintiff's Individual Settlement Payment.
- PAGA Amount. Plaintiff will request a payment pursuant to the Private Attorneys General Act ("**PAGA**") of \$22,500.00, of which 75% (or \$16,875.00) will be paid to the Labor & Development Workforce Agency ("**LWDA**"), and 25% (or \$5,625.00) will be paid to Aggrieved Employees, as defined by the Settlement Agreement. This PAGA payment will be paid out of the Gross Settlement Amount.
- Payments To Participating Class Members. After the deductions from the Gross Settlement Amount, the remaining amount of approximately \$[redacted] will remain to be distributed to Participating Class Members on a *pro rata* basis based on each Class Member's workweeks worked as a non-exempt employee during the Class Period.
- Payments To Aggrieved Employees. Aggrieved Employees will also receive a *pro rata* portion of \$5,625.00 (the "**PAGA Payment**"), based on the formula set forth above, limited to workweeks worked during the PAGA Period. The PAGA Payment represents penalties under the Labor Code Private Attorneys General Act. Class Members who opt out of the Settlement and are Aggrieved Employees will still receive their portion of the PAGA Payment and will release all PAGA Claims against the Released Parties.

2. Settlement Payment To You

Section C of this Notice includes the estimated amount that you are entitled to receive under the Class Settlement. The individual settlement payments to Class Members will vary based on a number of factors, including the number of Class Members who participate. If you change your address, please notify the Settlement Administrator.

3. Taxes

For purposes of this Settlement, Participating Class Member Payments shall be reported as follows: (i) 10% of the amount distributed to each Participating Class Member will be considered wages, and will be reported as such to each Participating Class Member on a W-2 Form; (ii) 45% of the amount distributed to each Participating Class Member will be considered interest on the unpaid wages, and will be reported as such to each Participating Class Member on an IRS Form 1099; and (iii) 45% of the amount distributed to each Participating Class Member will be considered statutory penalties, and will be reported as such to each Participating Class Member on an IRS Form 1099. The Individual PAGA Payments distributed to each Aggrieved Employee will be considered penalties and will be reported on an IRS Form 1099. Prior to mailing your Individual Settlement Payment, the Settlement Administrator will calculate and deduct from your Individual Settlement Payment an amount necessary to pay the required withholdings and taxes, including all payroll taxes. The Settlement Administrator will remit that money to the appropriate governmental agencies. The Settlement Administrator will also issue you appropriate tax forms, including an IRS Form 1099 and W-2 Form. Class Members should consult their tax advisors concerning the tax consequences of the payments they receive under the Settlement.

4. Release

The Settlement provides that each Class Member who does not opt out of the Settlement fully releases and discharges Defendants and the Released Parties from any and all claims against Defendants and the Released Parties that: (a) arise from the facts, matters, transactions, or occurrences alleged in the Action or that could have been alleged in the Action based on such facts; or (b) arise from the facts, matters, transactions, or occurrences alleged, or that could have been alleged, in Plaintiff's PAGA letter to the LWDA. Without limiting the foregoing, and in addition to the foregoing, the Released Claims include claims premised on failure to pay overtime wages; failure to pay regular wages; failure to pay minimum wages; off-the-clock work; failure to provide meal periods and rest breaks or additional pay in lieu thereof; failure to provide and maintain complete and accurate itemized wage statements that included all information required by the California Labor Code; failure to keep accurate time records; failure to provide employees with rates of pay and overtime rates applicable to their employment, including failure to properly calculate the overtime rate (regular rate of pay); failure to reimburse employees for costs incurred in furtherance of work duties; untimely payment of wages; failure to provide adequate seating; failure to accurately keep record of and pay/provide vacation time; violations of California Labor Code §§ 201-204, 206, 210, 216, 218.5, 218.6, 221, 226, 226.3, 226.7, 226.8, 227.3, 248.5, 256, 432.5, 450, 510, 512, 558, 1174, 1174.5, 1182.12, 1194, 1197, 1197.1, 1198, 1199, 2802, and 2698, *et seq.*; related violations of the applicable California Wage Orders; violations of all related or corresponding federal laws; and violation of California Business and Professions Code section 17200, *et seq.* (the "**Released Claims**").

Moreover, the Settlement provides that each Aggrieved Employee fully releases and discharges Defendants and the Released Parties from any and all claims against Defendants and the Released Parties that: (a) arise from the facts, matters, transactions, or occurrences alleged in the Action or that could have been alleged in the Action based on such facts; or (b) arise from the facts, matters, transactions, or occurrences alleged, or that could have been alleged, in Plaintiff's PAGA letter to the Labor and Workforce Development Agency ("LWDA"). Without limiting the foregoing, and in addition to the foregoing, the PAGA Claims include claims premised on failure to pay overtime wages; failure to pay regular wages; failure to pay minimum wages; off-the-clock work; failure to provide meal periods and rest breaks or additional pay in lieu thereof; failure to provide and maintain complete and accurate itemized wage statements that included all information required by the California Labor Code; failure to keep accurate time records; failure to provide employees with rates of pay and overtime rates applicable to their employment, including failure to properly calculate the overtime rate (regular rate of pay); failure to reimburse employees for costs incurred in furtherance of work duties; untimely payment of wages; violations of

California's sick leave laws; failure to provide adequate seating; failure to accurately keep record of and pay/provide vacation time; violations of California Labor Code §§ 201-204, 206, 210, 216, 218.5, 218.6, 221, 226, 226.3, 226.7, 226.8, 227.3, 246, 246.5, 248.5, 256, 432.5, 450, 510, 512, 558, 1174, 1174.5, 1182.12, 1194, 1197, 1197.1, 1198, 1199, 2802, and 2698, *et seq.*; and related violations of the applicable California Wage Orders (the "**PAGA Claims**"). The Aggrieved Employees and the State of California will be deemed by operation of the Final Order and Judgment to have agreed not to sue or otherwise make a claim against Defendants and any of the Released Parties for the PAGA Claims that arose during the PAGA Period, to the extent permissible by law.

Participating Class Members will be permanently enjoined and forever barred from prosecuting any and all Released Claims released pursuant to the Settlement Agreement against the Released Parties. A complete statement of the release of claims is contained in the Settlement Agreement and is binding on all Class Members who do not opt out of the Settlement. A copy of the Settlement Agreement may be obtained from the Settlement Administrator.

5. Conditions Of The Settlement

The Settlement is conditioned upon the Court entering an Order at or following the Final Fairness Hearing approving the Settlement as fair, reasonable, and adequate and in the best interests of the Class.

6. No Admission Of Liability

Defendants do not admit any wrongdoing or liability, and specifically deny any liability or wrongdoing. The proposed Settlement reflects a compromise of disputed claims and does not mean that Defendants violated any state wage requirements or is liable for any of the allegations made by Plaintiff.

E. FAIRNESS HEARING ON PROPOSED SETTLEMENT

You are not required to attend the Final Fairness Hearing or file an objection, although you may do both. The Final Fairness Hearing on the fairness and adequacy of the proposed Settlement, the plan of distribution, costs of administration, the enhancement awards to Plaintiff, and Class Counsel's request for attorneys' fees and costs will be held on _____ a.m., in Department CX104 of the Orange County Superior Court, located at Orange County Superior Court, Civil Complex Center, 751 W. Santa Ana Boulevard, Santa Ana, California 92701. The Final Fairness Hearing may be continued to another date without further notice. If you plan to attend the Final Fairness Hearing, you may contact Class Counsel to confirm the date and time. You may attend the Final Fairness Hearing remotely; instructions regarding remote appearances may be found at the following link: https://www.occourts.org/media-relations/covid/Civil_Unlimited_and_Complex_Appearance_Procedure_and_Information.pdf.

Any Class Member who does not object in the manner provided above shall be deemed to have approved the Settlement and to have waived any objections, and shall be forever foreclosed from objecting to the fairness or adequacy of the proposed Settlement, the plan of distribution, the payment of attorneys' fees and costs, the administration process, the enhancement award to Plaintiff, or any other aspect of the Settlement. If the Settlement is not approved, the Action will continue to be prepared for class certification, trial, or other judicial resolution.

F. ADDITIONAL INFORMATION

This Class Notice only summarizes the Action, the Settlement, and related matters. You may inspect the Court files at the Orange County Superior Court, located at Orange County Superior Court, Civil Complex Center, 751 W. Santa Ana Boulevard, Santa Ana, California 92701, from 8:00 a.m. to 4:00 p.m., Monday through Friday. Information about the Court's current COVID-19 protocols can be found on the Court's website: <https://www.occourts.org/index.html>. Alternatively, you can view the case records online at the court's website: <https://www.occourts.org/online-services/case-access/>. Click "Civil Case & Document Access", then click "Accept Terms". Follow the instructions for submitting the Case Number: 30-2021-01197517-CU-OE-CXC, the Year Filed: 2021. Then click "search" to view the case record.

Any questions regarding this Class Notice or the Action may be directed to the Settlement Administrator at [insert Settlement Administrator's address and telephone number]. Alternatively, you may contact your own attorney, at your own expense, to advise you, or you may contact Class Counsel at the address and telephone number set forth above. If your address changes, or is different from the address on the envelope enclosing this Notice, please promptly notify the Settlement Administrator.

PLEASE DO NOT CALL OR WRITE THE COURT ABOUT THIS NOTICE.