

PRIVATE ATTORNEYS GENERAL ACT SETTLEMENT AGREEMENT

This Private Attorneys General Act Agreement (“Agreement”) is made and entered into between IMELDA OCEGUERA PEREZ (acting in her individual capacity and in a representative capacity as a private attorney general on behalf of Aggrieved Employees (defined below) and the State of California) (“Plaintiff” or “Perez”) and LAWTON CONSTRUCTION & RESTORATION, INC., a California corporation (“Defendant” or “Lawton”). Plaintiff and Defendant are collectively referred to herein as the “Parties.”

I. DEFINITIONS

The following terms, when used in this Agreement, shall have the following meanings:

1. “PAGA Action” means the matter entitled *Imelda Oceguera Perez v. Lawton Construction & Restoration, Inc.*, Placer County Superior Court Case No. S-CV-0046669, and as set forth in Plaintiff’s correspondence to the California Labor and Workforce Development Agency (“LWDA Letter”) dated February 16, 2021.
2. “Aggrieved Employees” consist of all nonexempt former and current employees of Defendant from May 6, 2020 until the date that the Court approves this Agreement. The number of Aggrieved Employees, including Plaintiff, is estimated to be one hundred fifty three (153) and the number of pay periods from May 6, 2020 to December 31, 2022 is estimated to be three thousand nine hundred ninety one (3,991).
3. “PAGA Complaint” means the Representative Action Complaint *Imelda Oceguera Perez v. Lawton Construction & Restoration, Inc.*, Placer County Superior Court Case No. S-CV-0046669, filed on May 6, 2021.
4. “Agreement” means the Settlement Agreement of the PAGA Action as memorialized in this Agreement.
5. “Court” means the Superior Court of California for the County of Placer.
6. “LWDA” means the California Labor and Workforce Development Agency.
7. “Effective Date” means the date of entry of an Order by the Court approving the Agreement.
8. “Judgment” means the final approval Order and judgment entered by the Superior Court of California, County of Placer in this Action.
9. “Individual PAGA Payment” means the amount to be paid to each Aggrieved Employee based on the formula described herein.
10. “Maximum Settlement Amount” is the non-reversionary sum of Three Hundred Seventy Thousand Dollars and Zero Cents (\$370,000.00), which represents the total amount payable under this Agreement by Defendant, including, without limitation, payments to all Aggrieved Employees, payment to the LWDA, payment to the Settlement Administrator, and payment of Plaintiff’s attorneys’ fees and costs.

11. "Net Settlement Amount" is the amount remaining to distribute to the LWDA and Aggrieved Employees after the following amounts (if approved by the Court) are subtracted from the Maximum Agreement Amount: (a) Plaintiff's attorneys' fees up to 33.3% of the Maximum Agreement Amount, currently estimated at One Hundred Twenty-Three Thousand Two Hundred Ten Dollars (\$123,210.00); (b) Plaintiff's costs up to Fifteen Thousand Dollars (\$15,000.00); and (c) the cost of a Settlement Administrator, estimated to be Five Thousand Dollars and Zero Cents (\$5,000.00).

12. "PAGA" means the California Labor Code Private Attorneys General Act, California Labor Code § 2698, *et seq.*

13. "PAGA Period" means the time period from May 6, 2020 until the date the Court approves this Agreement.

14. "PAGA Released Claims" means any and all claims under PAGA that are pled in the PAGA Action, or which could have been pled under the PAGA Action based on the factual allegations in the PAGA Complaint and Plaintiff's February 16, 2021, LWDA Letter that arose during the PAGA Period.

15. "Parties" means Plaintiff Imelda Oceguera Perez and Defendant Lawton Construction & Restoration, Inc.

16. "Plaintiff" means Imelda Oceguera Perez.

17. "Plaintiff's Counsel" means Justin Lo and May T. To of Work Lawyers PC.

18. "Defendant" means Lawton Construction & Restoration, Inc.

19. "Defendant's counsel" means Wendy A. Green Esq. and Jason W. Schaff, Esq. of Flesher Schaff & Schoeder, Inc.

II. RECITALS

1. On February 16, 2021, Plaintiff provided written notice to the LWDA and Defendant asserting claims for civil penalties pursuant to PAGA stemming from alleged violations of the California Labor Code described in the PAGA Action.

2. On May 6, 2021, Plaintiff and her counsel filed the PAGA Complaint. In her PAGA Complaint, Plaintiff alleges a single cause of action asserting violations for: (1) failure to provide meal periods in violation of Labor Code section 512; (2) failure to provide rest breaks in violation of Labor Code section 226.7; (3) failure to provide complete and accurate wage statements in violation of Labor Code section 226; (4) failure to pay overtime wages; (5) failure to pay minimum wages; (6) failure to timely pay wages during employment; and (7) failure to pay all wages due to discharged and quitting employees.

3. The Parties have conducted a thorough investigation into the facts of the PAGA Action. This included exchanging extensive data and information as well as documents relating to the underlying alleged violations.

4. On February 17th and 23rd of 2023, the Parties participated in mediation with mediator David Perrault, Esq. With the assistance of Mr. Perrault, the Parties agreed to fully and finally resolve the PAGA Action as to Plaintiff and Aggrieved Employees.

III. OPERATIVE TERMS OF THE SETTLEMENT AGREEMENT

The Parties agree as follows:

1. **Non-Admission.** Nothing in this Agreement shall be construed to be an admission by Plaintiff that her claims do not have merit or by Defendant of any liability or wrongdoing as to Plaintiff, Aggrieved Employees or any other person, and Defendant specifically disclaims any such liability or wrongdoing. The Parties have entered into this Agreement with the intention to avoid further disputes and litigation with the attendant inconvenience, expenses, and risks. This Agreement and any related court documents or orders are not and may not be cited or admitted as evidence of liability.

2. **Funding of Maximum Settlement Amount.** Defendant shall pay Three Hundred Seventy Thousand Dollars and Zero Cents (\$370,000.00) as the non-reversionary Maximum Settlement Amount. Defendant will not pay more than the Maximum Settlement Amount. The Maximum Settlement Amount shall be deposited in an interest-bearing account set up by the Settlement Administrator and funded as follows:

- A. First Payment: Within thirty (30) calendar days of the Effective Date, Defendant shall deposit the first payment of One Hundred Twenty Thousand Dollars and Zero Cents (\$120,000.00) with the Settlement Administrator;
- B. Second Payment: Within sixty (60) calendar days of the Effective Date, Defendant shall deposit the second payment of One Hundred Thousand Dollars and Zero Cents (\$100,000.00) with the Settlement Administrator;
- C. Third Payment: Within ninety (90) calendar days of the Effective Date, Defendant shall deposit the third payment of One Hundred Thousand Dollars and Zero Cents (\$100,000.00) with the Settlement Administrator;
- D. Fourth Payment: Within one hundred twenty (120) calendar days of the Effective Date, Defendant shall deposit the fourth and final payment of Fifty Thousand Dollars (\$50,000.00) with the Settlement Administrator.

Failure to timely tender any payment to the Settlement Administrator of any of the above installment payments will be deemed a breach of this Agreement. In the event of any breach of the Agreement, the unpaid amounts and all other accrued obligations shall automatically become immediately due and payable within thirty (30) calendar days. The Parties agree the Court shall retain jurisdiction to enforce this settlement agreement pursuant to CCP § 664.6.

3. **Escalator Clause.** The Parties agree that the following Escalator Clause will not take effect unless, if, as of December 31, 2022, the total pay periods for Aggrieved Employees is more than 10% of the estimated total pay periods of 3,991 (which is 4,390 pay periods or more):

As stated above, for the period from May 6, 2020 through December 31, 2022, Defendant represents that the number of relevant pay periods from May 6, 2020 through December 31, 2022, based on review of records, is estimated to be three thousand nine hundred ninety one (3,991), and that the total number of Aggrieved Employees is estimated to be one hundred fifty three (153). If the actual number of pay periods increases by ten percent (10%) or more through December 31, 2022, Defendant shall either (1) increase the Global Settlement Amount on a proportional basis, or (2) back the PAGA release date up to where the pay periods are 10% or less. In the event the number of pay periods worked increases by more than 10%, or 4,390 pay periods worked, and Defendant elects to increase the Maximum Settlement Amount on a proportional basis, then the Maximum Settlement Amount shall be increased proportionally by the pay periods in excess of 3,991 multiplied by the pay period value. The pay periods value shall be calculated by dividing the Global Settlement Amount by 3,991. The Parties agree that the pay period value amounts to \$92.71 per pay period ($\$370,000/3,991$ pay periods). Thus, for example, should there be 4,500 pay periods in the PAGA Period, then the Maximum Settlement Amount shall be increased by \$47,189.39 (4,500 pay periods – 3,991 pay period x \$92.71).

4. **Plaintiff's Attorneys' Fees and Costs.** Defendant will not oppose Plaintiff's request for attorneys' fees in the amount up to one third of the Maximum Settlement Amount (estimated to be \$123,210.00) and costs incurred in prosecuting this PAGA Action (estimated to be up to \$15,000.00). In the event the Court approves a payment of less than these amounts, the difference will be added to the Net Settlement Amount (although Plaintiff may appeal an order granting less than the full amount sought for attorneys' fees and costs). Defendant will report these payments on IRS Form 1099 issued to Plaintiff's Counsel.

5. **Allocation of Net Settlement Amount.** The Net Settlement Amount shall be designated as "2699 Civil Penalties" and shall be distributed 75% to the LWDA and 25% to Aggrieved Employees, pursuant to Lab. Code § 2699(i). The 25% portion to be paid to Aggrieved Employees shall be paid to all Aggrieved Employees pro rata based on the number of pay periods worked by each Aggrieved Employee during the PAGA Period.

6. **Representative PAGA Release.** In her capacity as a private attorney general or "aggrieved employee" acting on behalf of herself, the State of California and Aggrieved Employees, Plaintiff hereby releases Defendant and its respective heirs, executors, administrators, successors, assignees, parents, subsidiaries and related entities, owners, officers, directors, shareholders, employees, agents, servants, representatives, independent contractors, members, attorneys, insurers, re-insurers, assigns, and affiliates, and any and all other entities with whom they have been, are now, or may hereafter be affiliated, and any of their affiliated companies, predecessors, successors and assigns, as well as their past or present officers, directors, agents, representatives, attorneys, insurers, re-insurers, assigns, or employees (collectively "Releasees") from any and all of the PAGA Released Claims that arose during the PAGA Period. The PAGA Released Claims do not include any claims that cannot be released as a matter of law.

7. **PAGA Released Claims.** Plaintiff agrees that upon entry of an Order approving the Agreement, all Aggrieved Employees will release any and all PAGA Released Claims against the Released Parties that arose during the PAGA Period. Upon entry of the Order approving the Agreement and/or judgment entered thereon, Plaintiff and all Aggrieved Employees will be forever barred from pursuing any and all of the PAGA Released Claims that arose during the PAGA Period against the Released Parties.

8. **Covenants and Representations by Plaintiff and Plaintiff's Counsel.**

a. Plaintiff represents and warrants that she has not assigned or transferred or purported to assign or transfer to any person or entity, any claim or portion thereof, or interest therein, which is or may be subject to this Agreement.

b. Plaintiff acknowledges that she has read this Agreement, that she fully understands her rights, privileges and duties under the Agreement, and enters into this Agreement freely and voluntarily. Plaintiff further acknowledges that she had the opportunity to consult with her attorneys to explain the terms of this Agreement and the consequences of signing this Agreement.

9. **Confidentiality.** Except as provided below, and excepting to the extent necessary to effectuate the Agreement or as required by court or legal process, Plaintiff and Plaintiff's Counsel will keep the terms of this Agreement confidential. Neither Plaintiff nor Plaintiff's Counsel shall issue a press release, hold a press conference, publish information about the Agreement on any website or through any social media or otherwise publicize the Agreement or communicate its terms in public or in private, unless ordered by the Court. However, for the limited purpose of establishing adequacy of counsel in future actions, Plaintiff's Counsel may reference the Action by name and case number in a declaration establishing adequacy as class or representative counsel.

To permit judicial review and approval of the PAGA Payment, as required by Labor Code § 2698, *et seq.*, Plaintiff's Counsel will file the Agreement with the Court and submit the Agreement to the LWDA as part of the Parties' request for Court approval of the Agreement, per Lab. Code § 2699(1)(2).

10. **Termination of Agreement.** If the Court does not approve the Agreement, if the Court does not enter judgment, as provided for in this Agreement, or if appellate review is sought and, on such review, the Court's decision is materially modified or reversed, or if one or more of the terms of the Agreement is not approved or is materially modified or reversed or found to be invalid, then either of the Parties shall have the right within ten (10) calendar days of written notice thereof to elect to terminate the Agreement, in which case the Agreement shall have no force or effect, and the Parties shall be deemed to have reverted to their respective status as of the date and time immediately prior to the execution of this Agreement.

11. **Motion or Application for Approval of Settlement and Judgment.** As part of the Motion to approve the Agreement, Plaintiff shall submit a proposed order and/or judgment which enters judgment in the Action in accordance with the terms of the Agreement and retains jurisdiction over the Action for the purpose of enforcing the terms of the Agreement following approval of the Agreement. This Agreement is expressly conditioned upon the Court approving

this Agreement and/or entering judgment as set forth herein. The Parties waive their right to appeal and agree that the judgment will become final upon entry by the Court. The judgment will not release or bar any claims other than the PAGA Released Claims as to Plaintiff and Aggrieved Employees.

IV. ADMINISTRATION OF SETTLEMENT

1. **Settlement Administrator.** The Parties agree that Phoenix Settlement Administrators will manage the administration of this Settlement ("Settlement Administrator").

2. **Provision of Information for Aggrieved Employees.** Defendant will in good faith compile from its records a list of Aggrieved Employees that will be in a computer-readable format, such as a Microsoft Excel spreadsheet, and shall include each Aggrieved Employee's full name, last known mailing address, last known telephone number, start date(s) of employment, end date(s) of employment, total pay periods worked, and Social Security numbers. The list shall also include the sum total of all pay periods worked by Aggrieved Employees during the PAGA Period.

Within ten (10) business days of the Effective Date, Defendant will circulate the spreadsheet to the Settlement Administrator for purposes of calculating Individual PAGA Payments and mailing.

3. **Explanatory Letter and Individual PAGA Payments.** The Settlement Administrator will include copies of the explanatory letter, which will be mutually approved by the Parties, along with Individual PAGA Payments to all Aggrieved Employees via regular First-Class U.S. Mail. The explanatory letter and Individual PAGA Payments will be mailed to Aggrieved Employees by the Settlement Administrator within fifteen (15) business days after Defendant's funding and payment of the entirety of the Maximum Settlement Amount and after receipt of a spreadsheet from the Defendant with sufficient information to allow payments to be made.

The amount to be received by each Aggrieved Employee, will be based on the formula set forth in Section III.5., *supra*. Checks will remain negotiable for 180 days. Each Individual PAGA Payment shall be deemed penalties and reported using IRS Form 1099.

4. **Undeliverable Notices.** The Settlement Administrator shall exercise its best judgment to determine the current mailing address for each Aggrieved Employee.

Any checks returned as non-deliverable on or before the check cashing deadline will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator will promptly attempt to determine the correct address using a skip-trace or other search using the name, address or Social Security number of the Aggrieved Employee involved and will perform a single re-mailing.

Defendant fully discharges its obligations to those Aggrieved Employees to whom it will pay Individual PAGA Payments through the mailing of a check, regardless of whether such checks are actually received and/or negotiated by Aggrieved Employees. Funds represented by checks returned as undeliverable after a re-mailing, and funds represented by checks remaining un-cashed for more than 180 days after issuance, will be tendered to the California Department of Industrial

Relations – Unclaimed Wage Fund in the names of the Aggrieved Employees to whom the checks were issued.

5. **Payment of Remainder.** Within fifteen (15) business days after Defendant's funding and payment of the entirety of the Maximum Settlement Amount, the Settlement Administrator will distribute the following additional payments: (1) the 75% share of 2699 Civil Penalties to the LWDA and (2) Court-approved attorneys' fees and costs to Plaintiff's Counsel.

6. **Accounting.** Within five (5) business days after mailing the Individual PAGA Payments and the additional payments to the LWDA and court-approved attorneys' fees and costs to Plaintiff's Counsel, the Settlement Administrator will provide an accounting under oath to Plaintiff's Counsel and to Defendant's counsel of the amounts paid from the Settlement.

7. **Tax Consequences.** Individual PAGA Payments made under this Agreement will be attributed 100% as penalties and interest and paid via IRS Form 1099 issued to each Aggrieved Employee. Neither Plaintiff nor Defendant, nor counsel for either of the Parties, makes any representations or warranties with respect to tax consequences of any payment under this Agreement.

V. MISCELLANEOUS PROVISIONS

1. **Drafting.** The Parties agree that the terms and conditions of this Agreement are the result of lengthy, intensive, arm's-length negotiations between the Parties and that neither Plaintiff nor Defendant shall be considered the "drafter" of this Agreement for purposes of having terms construed against that Party.

2. **Successors.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators and successors.

3. **Costs and Fees.** The Parties shall each bear their own costs, attorneys' fees, mediator fees and other fees incurred in connection with this Agreement and the PAGA Action, except as specifically set forth in Section V.15.

4. **Governing Law.** This Agreement shall be construed under and governed by the laws of the State of California. All questions of validity, interpretation or performance of any of its terms or of any rights or obligations of the Parties to this Agreement shall be governed by California law. If any legal or equitable action is necessary to enforce the terms of this Agreement, it shall be brought in the County of Placer in the State of California.

5. **Complete Agreement.** The Parties each acknowledge and represent that no promise or representation relating to the subject of this Agreement not contained in this Agreement has been made to them and acknowledge and represent that this Agreement contains the entire understanding between them and contains all terms and conditions pertaining to the compromise and Agreement of the PAGA Released Claims. This Agreement cannot be amended or modified except by a writing signed by the Parties hereto.

6. **Nullification of Agreement.** In the event that: (i) the Court does not approve the Agreement as provided herein; or (ii) the Agreement does not become final for any other reason, then this Agreement and any documents generated to bring it into effect, will be null and void, and

the Parties will be returned to their original respective positions.

7. **Judgment and Continued Jurisdiction.** After approval of this Agreement, the Court will have continuing jurisdiction solely for purposes of addressing: (i) the interpretation and enforcement of the terms of the Agreement, (ii) settlement administration matters, and (iii) such post-Judgment matters as may be appropriate under court rules or as set forth in this Agreement.

8. **Amendment or Modification.** This Agreement may be amended or modified only by a written instrument, signed by either the Parties or their successors-in-interest or counsel for all Parties.

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

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

11. **Acknowledgement that the Settlement is Fair and Reasonable.** The Parties believe this Agreement is a fair, adequate and reasonable settlement of the Action, and have arrived at this Agreement after arm's-length negotiations by experienced counsel. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Agreement.

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

13. **Severability.** If any term or provision of this Agreement is held to be invalid or unenforceable, the remaining portions of this Agreement will continue to be valid and will be performed, construed and enforced to the fullest extent permitted by law, and the invalid or unenforceable term will be deemed amended and limited in accordance with the intent of the Parties, as determined from the face of the Agreement, to the extent necessary to permit the maximum enforceability or validation of the term or provision.

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

remedy.

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

16. **Mutual Preparation.** The Parties have had a full opportunity to negotiate the terms and conditions of this Agreement. Accordingly, this Agreement will not be construed more strictly against one Party merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being recognized that, because of the arm's-length negotiations between the Parties, all Parties have contributed to the preparation of this Agreement.

17. **Representation by Counsel.** The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Agreement, and this Agreement has been executed with the consent and advice of counsel and reviewed in full.

18. **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 Agreement.

19. **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.

20. **Denial of Liability.** The Parties expressly recognize that the making of this Agreement does not in any way constitute an admission or concession of wrongdoing on the part of Defendant. Nothing in this Agreement, nor any action taken in implementation thereof, nor any statements, discussions or communications, nor any materials prepared, exchanged, issued or used during the course of this Action, is intended by the Parties to, nor will any of the foregoing constitute, be introduced, be used or be admissible in any way in any other judicial, arbitral, administrative, investigative or other forum or proceeding, as evidence of any violation of any federal, state or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity. Notwithstanding the foregoing, this Agreement may be used in any Court proceeding that has as its purpose the interpretation, implementation or enforcement of the Agreement or any orders or judgments of the Court entered into in connection therewith.

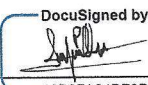
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[SIGNATURES ON NEXT PAGE]

IN WITNESS THEREOF, the Parties each acknowledge that they have read the foregoing Agreement, accept and agree to the provisions contained in this Agreement and hereby execute it voluntarily and with full understanding of its consequences.

Dated: 3/14/2023, 2023

IMELDA OCEGUERA PEREZ (Plaintiff)

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Imelda Ocegüera Pérez

Dated: March 27th, 2023

**LAWTON CONSTRUCTION &
RESTORATION, INC. (Defendant)**


By: Brett Lawton
Its: Chief Executive Officer