

SETTLEMENT AGREEMENT AND RELEASE OF PRIVATE ATTORNEYS

GENERAL ACT CLAIMS

Plaintiff Lorisha Harris (“Plaintiff”), individually and in her capacity as a representative of the State of California on behalf of other PAGA Settlement Members (as defined herein), and Defendant Hobby Lobby Stores, Inc. (“Defendant”), hereby enter into this Settlement Agreement and Release of Private Attorneys General Act Claims (“Settlement,” “Settlement Agreement,” or “Agreement”) as follows:

I. DEFINITIONS

As used in this Settlement, the following terms shall have the following meanings:

1. “Action” shall mean the civil action entitled *Lorisha Harris v. Hobby Lobby Stores, Inc.*, filed in the Superior Court for the County of San Bernardino on or about July 27, 2021, designated as Case No. CIVSB2121034.
2. “Complaint” shall refer to the Complaint for Enforcement Under the Private Attorneys General Act, California Labor Code § 2698, *et seq.* filed on July 27, 2021, in the Action.
3. “Court” shall refer to the Superior Court of the State of California for the County of San Bernardino, or other court assuming jurisdiction of this matter.
4. “Defendant” shall mean Defendant Hobby Lobby Stores, Inc.
5. “Defense Counsel” shall mean CDF Labor Law LLP.
6. “Effective Date” of this Settlement means the later of the following: (i) if there are no objections to the Settlement, then the date the Court grants final approval; (ii) if there are objections to the Settlement and the objections are overruled, then the sixty-first (61st) day after service of notice of entry of the Judgment entered by the Court; (iii) if there are objections to the Settlement, and if an appeal, review or writ is not sought from the Judgment, the sixty-first (61st) day after service of notice of entry of the Judgment; or (iv) if an appeal, review or writ is sought from the Judgment, the date upon which all appellate and/or other proceedings resulting from the appeal, review or writ have been finally terminated in such a manner as to permit the Judgment to take effect in substantially the form described herein.

7. “LWDA” refers to the California Labor & Workforce Development Agency.
8. “PAGA” refers to the Private Attorneys General Act of 2004, California Labor Code § 2698, *et seq.*
9. “PAGA Period” shall mean May 23, 2020, through March 18, 2022.
10. “PAGA Settlement Members” shall mean all persons employed by Defendant as an hourly paid or non-exempt employee in California at any time during the PAGA Period. For purposes of this Settlement only, and not otherwise as an admission of any misconduct or wrongdoing by Defendant, Defendant and Plaintiff stipulate that all PAGA Settlement Members are aggrieved employees pursuant to PAGA.
11. “PAGA Fund” shall mean the Total Settlement Consideration, less Plaintiff Counsel’s Payment, Service Award, and the Settlement Administration Costs.
12. “Plaintiff” refers to Lorisha Harris.
13. “Plaintiff’s Counsel” refers to Starpoint, LC.
14. “Parties” collectively refers to Plaintiff and Defendant (who are individually referred to as “Party”).
15. “Released Claims” shall mean any and all claims, arising during the PAGA Period, that were pled in the Complaint, and any and all claims that could have been pled based on the factual allegations in the Complaint, for civil penalties, including such claims based on an alleged failure to properly pay minimum and overtime wages, failure to provide compliant meal and rest periods and/or associated premium payments, failure to pay wages during employment and upon discharge, failure to provide compliant wage statements, failure to maintain requisite payroll records, failure to reimburse business expenses, and other claimed violations of California Labor Code §§ 201-203, 204, 226, 226.3, 226.7, 510, 512, 551, 552, 1174, 1174.5, 1194, 1197, 1197.1, 1198, 1199, 2800, or 2802, or the Industrial Welfare Commission Wage Orders.
16. “Released Parties” shall mean Defendant, and each and all of its current and former owners, officers, directors, managers, members, employees, agents, representatives, subsidiaries, parents, affiliates, predecessors, successors, joint venturers, co-owners, co-employers, joint employers, payroll

providers, attorneys, insurers, and reinsurers.

17. “Settlement Administrator” refers to a qualified, third-party settlement administrator agreed to by the Parties to administer the terms of the Settlement. The Parties agree to utilize Phoenix Settlement Administrators (“Phoenix”) to administer the Settlement, at an estimated cost of Twenty Thousand Dollars (\$20,000.00) or less.

II. RECITALS

18. On March 18, 2021, Plaintiff’s Counsel sent notice to the LWDA on behalf of Plaintiff, in compliance with California Labor Code § 2699.3, advising it of Plaintiff’s intention to seek civil penalties on behalf of the State of California with respect to Defendant’s employment of aggrieved employees and himself. The LWDA did not indicate that it intended to investigate the violations alleged in the notice. .

19. On July 27, 2021, Plaintiff commenced the Action.

20. Counsel for all Parties have thoroughly investigated the facts relating to the allegations in the Complaint and have made a thorough study of the legal principles applicable to the claim and allegations asserted against Defendant. Based on their investigation and evaluation of this case, Plaintiff’s Counsel has concluded that the settlement is fair, reasonable, and adequate in light of all known facts and circumstances, including the defenses asserted by Defendant, potential adverse findings regarding liability, and numerous potential appellate issues.

III. NON-ADMISSION OF LIABILITY

21. Based on the factual and legal issues involved, the expense and time necessary to prosecute the Action through trial, the risks, uncertainty and costs of further prosecution, the difficulty of demonstrating manageability of representative adjudication, difficulty of proof necessary to establish liability, and uncertainty regarding the extent of penalties to be assessed, as well as the relative benefits to the State of California and PAGA Settlement Members of an expeditious resolution to the Action, the Parties have concluded that the terms set forth in this Settlement are fair, reasonable, adequate and in the best interests of the State of California and PAGA Settlement Members.

22. Defendant denies any liability for any of the claims in the Action. Neither this

Settlement, nor any document referred to or contemplated herein, nor any action taken to carry out this Settlement, is, may be construed as, or may be used as, an admission, concession, or indication by or against Defendant of any unlawful conduct, fault, wrongdoing or liability whatsoever. Defendant specifically denies that it has engaged in any unlawful or wrongful conduct against Plaintiff or the PAGA Settlement Members.

IV. TERMS OF THE PAGA SETTLEMENT

A. The Total Settlement Consideration

23. Defendant shall pay a total gross amount of One Hundred Thirty-Two Thousand Five Hundred Dollars (\$132,500.00 USD) (the “Total Settlement Consideration”). The Total Settlement Consideration shall include Plaintiff’s Counsel Payment; Settlement Administration Costs; the Service Award; and the PAGA Fund. Defendant represents that there are approximately 124,994 effected pay periods from May 23, 2020, through March 18, 2022. In the event that the actual number of pay periods during the PAGA Period exceeds 124,994 pay periods by more than 12.5%, the Total Settlement Consideration shall be increased by the same number of percentage points above 12.5% by which the actual number of pay periods exceeds 124,994. For example, if the actual number of pay periods is determined to be 14.5% higher than 124,994, the Total Settlement Consideration shall be increased by 2%.

B. Plaintiff Counsel’s Payment of Attorneys’ Fees and Costs

24. Plaintiff’s Counsel will apply to the Court for an award of attorneys’ fees not to exceed thirty-six percent (36%), or Forty-Seven Thousand Seven Hundred Dollars (\$47,700.00 USD), of the Total Settlement Consideration, and Plaintiff’s Counsel will also seek reimbursement of reasonable litigation costs and expenses (attorneys’ fees and reasonable litigation costs and expenses are collectively referred to as “Plaintiff Counsel’s Payment”). Attorneys’ litigation costs and expenses are estimated not to exceed Three Thousand Five Hundred Dollars and Zero Cents (\$3,500).

25. Neither Defendant nor Defense Counsel will oppose or object to Plaintiff’s Counsel’s application for attorneys’ fees, not to exceed thirty-six percent (36%), or Forty-Seven Thousand Seven Hundred Dollars (\$47,700.00 USD), of the Total Settlement Payment, plus all documented and reasonable litigation costs and expenses.

26. Plaintiff Counsel's Payment shall be paid from the Total Settlement Consideration, subject to approval by the Court. Funds representing any reductions by the Court of Plaintiff Counsel's Payment shall be included in the PAGA Fund. The Court's approval of attorneys' fees and/or costs in an amount less than that requested, or the Court's denial of the request, shall not invalidate this Settlement.

C. Settlement Administration Costs

27. Settlement administration shall be done by a qualified, third-party settlement administrator agreed to by the Parties and approved by the Court (i.e., the Settlement Administrator). The Parties agree that the Settlement Administration Costs shall be paid from the Total Settlement Consideration, in an amount not to exceed Twenty Thousand Dollars and Zero Cents (\$20,000) (the "Settlement Administration Costs"), subject to Court approval. This includes all fees and costs for postage, envelopes, and computer searches to locate addresses; and expenses of the Settlement Administrator to implement and complete the settlement process according to the terms of this Settlement, to calculate and distribute payments under the Settlement, any cost associated with the escheatment process for any uncashed or undeliverable settlement checks, to prepare any necessary tax documents, and any other related fees and costs. The Parties and their counsel each represent that they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

28. The settlement administration fees and costs shall be paid from the Total Settlement Consideration. Any reductions by the Court or any unused amount shall revert to the PAGA Fund.

D. Service Award

29. Subject to approval by the Court, for her services in pursuit of the Action on behalf of the State of California with respect to PAGA Settlement Members and in exchange for her general release and California Civil Code § 1542 waiver, Plaintiff Lorisha Harris will receive Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500) ("Service Award") from the Total Settlement Consideration. Defendant will not oppose such application. The Court's approval of a service award in an amount less than that requested, or the Court's denial of the request, shall not invalidate this Settlement.

E. PAGA Fund

30. After deducting the Plaintiff Counsel's Payment, Settlement Administration Costs, and the Service Award from the Total Settlement Consideration, the remainder shall be allocated toward civil penalties recoverable under California Labor Code § 2698, *et seq.*, and will be paid to the Labor & Workforce Development Agency and PAGA Settlement Members (the "PAGA Fund").

31. Seventy-five percent (75%) of the PAGA Fund will be paid to the LWDA and twenty-five percent (25%) of the PAGA Fund will be paid to the PAGA Settlement Members, on a *pro rata* basis based on their proportionate share of the pay periods worked by PAGA Settlement Members in California during the PAGA Period.

V. COMPUTATION AND DISTRIBUTION OF TOTAL SETTLEMENT CONSIDERATION

A. Deposit of Total Settlement Payment

32. The Settlement Administrator shall establish a Qualified Settlement Fund pursuant to § 468B of the Internal Revenue Code for purposes of administering the Settlement. The Settlement Administrator shall furnish the Qualified Settlement Fund with its own Employer ID Number and calculate all settlement checks and withholdings required under law based on information that will be confidentially furnished by Defendant. There are no payroll deductions to be calculated under this Settlement, since no part of the Settlement will be classified as wages.

33. Funding of the Total Settlement Consideration shall occur as follows: no later than thirty (30) calendar days after the Effective Date, Defendant shall deposit the Total Settlement Consideration into the fund account established by the Settlement Administrator for administration of the Settlement.

34. 25% of the PAGA Fund will be paid to each PAGA Settlement Member ("Individual Settlement Payment") on a *pro rata* basis based on the following formula:

The Individual Settlement Payment to PAGA Settlement Members will be based on the number of pay periods worked by each PAGA Settlement Member in California during the PAGA Period ("pay periods"). Partial pay periods will be counted as full pay periods.

(a) Each PAGA Settlement Member's Individual Settlement Payment will be

calculated by multiplying 25% of the PAGA Fund by the fraction that has as its numerator the PAGA Settlement Member's number of individual pay periods worked during the PAGA Period and has as its denominator the total number of pay periods of all PAGA Settlement Members.

- (b) Defendant's records shall be determinative for purposes of calculating the number of pay periods and any payments to PAGA Settlement Members.

B. Distribution of PAGA Fund

35. Defendant shall provide the Settlement Administrator with a list of the last known full names, last known mailing addresses, and Social Security Numbers of the PAGA Settlement Members (collectively, the "PAGA Settlement Member Information List"), within fifteen (15) calendar days after the Effective Date. The contact information is being provided confidentially to the Settlement Administrator only, and the Settlement Administrator shall treat the information as private and confidential and take all necessary precautions to maintain the confidentiality of contact information of the PAGA Settlement Members. This information is to be used only to carry out the Settlement Administrator's duties as specified in this Settlement.

36. Within seven (7) calendar days after the Total Settlement Consideration is fully funded, the Settlement Administrator shall pay to the LWDA seventy-five percent (75%) of the PAGA Fund.

37. Within seven (7) calendar days after the Total Settlement Consideration is fully funded, the Settlement Administrator shall distribute the Individual Settlement Payments to PAGA Settlement Members.

38. Within seven (7) calendar days after the Total Settlement Consideration is fully funded, the Settlement Administrator shall distribute to Plaintiff's Counsel their Court-approved Plaintiff's Counsel Payment, either via wire transfer payment or check, as specified by Plaintiff's Counsel.

Within seven (7) calendar days after the Total Settlement Consideration is fully funded, the Settlement Administrator shall distribute to Plaintiff the Court-approved Service Award.

39. The Settlement Administrator will send the Individual Settlement Payments to PAGA Settlement Members by postmarked First Class U.S. Mail.

40. To provide the best notice and delivery of Individual Settlement Payments practicable,

any Individual Settlement Payment returned to the Settlement Administrator as non-delivered shall be sent by post-marked First-Class U.S. Mail to the forwarding address affixed thereto, if any. If no forwarding address is provided for an Individual Settlement Payment that is returned as non-deliverable within ten (10) calendar days of the original mailing, then, within five (5) calendar days, the Settlement Administrator shall use the best available technology accessible (e.g. skip tracing, address verification, etc.) to the Settlement Administrator or other mutually agreeable method to locate PAGA Settlement Members and will then re-mail the Individual Settlement Payment along with Cover Letter to the address identified by the best available technology accessible to the Settlement Administrator or other mutually agreeable method. If no updated or more current address is located, the Individual Settlement Payment for that individual will be deemed undeliverable. If any PAGA Settlement Members cannot be located within one (1) attempt at re-mailing by the Settlement Administrator, the Individual Settlement Payment for that individual will be deemed undeliverable and cancelled.

41. The Settlement Administrator shall maintain a list of the postmark date for the original mailing of the Individual Settlement Payments to PAGA Settlement Members, the postmark date of any subsequent mailing to any PAGA Settlement Members, and a list of PAGA Settlement Members who did not receive the Individual Settlement Payment due to the inability to locate a valid address using the procedures described herein or who otherwise could not be located within an attempt at re-mailing.

42. All Individual Settlement Payment checks will remain valid and negotiable for one hundred and eighty (180) calendar days from the date of their mailing by the Settlement Administrator. Thereafter, the checks will be cancelled and any and all remaining funds associated with such cancelled checks will be transmitted to the non-profit organization Doctor's Without Borders. The Parties and their counsel each represent that they do not have any financial interest in, or otherwise have a relationship with, this non-profit organization that could create a conflict of interest.

43. As soon as practicable, the Settlement Administrator will prepare and issue IRS Form 1099 to PAGA Settlement Members who received a payment.

44. If any state or federal taxing authority contacts, investigates, or pursues any action against any PAGA Settlement Members for their individual share of taxes related to any payments made under

this Settlement, each PAGA Settlement Member shall be responsible for their own defense of and payment for any claim of unpaid taxes, interest, or penalties brought by any state or federal taxing authority for the PAGA Settlement Member's share of any state or federal tax obligation. PAGA Settlement Members shall be instructed that, if they have any questions about any liability to any state or federal taxing authority, they shall contact the Settlement Administrator and shall not contact Defendant, any of the Released Parties, or Defense Counsel.

C. Settlement Administration Payment

45. Within seven (7) calendar days after the Total Settlement Consideration is fully funded, the Settlement Administrator shall deduct an amount equivalent to the Court-approved Settlement Administration Costs.

VI. CLAIMS RELEASED BY PLAINTIFF AND THE LWDA WITH RESPECT TO THE PAGA SETTLEMENT MEMBERS

A. Claims Released by All PAGA Settlement Members

46. Upon the Effective Date, all PAGA Settlement Members, including and not limited to Plaintiff, will be deemed to fully release and forever discharge the Released Parties from any and all Released Claims. As a result of this release, the LWDA and also PAGA Settlement Members will be unable to bring a claim under for or recover anything for Released Claims.

B. Claims Released by Plaintiff

47. Upon the Effective Date, Plaintiff will be deemed to fully release and forever discharge the Released Parties from any and all claims, charges, demands, obligations, actions, causes of action, liabilities, debts, promises, agreements, demands, attorneys' fees, losses, expenses, and costs of any nature whatsoever, contingent or non-contingent, matured or unmatured, liquidated or unliquidated, known or unknown, suspected or unsuspected, filed or unfiled, that Plaintiff may have or have had against Released Parties (whether directly or indirectly), or any of them, arising out of any known or unknown fact, condition or incident occurring prior to the Effective Date. As of the Effective Date, Plaintiff expressly waives and relinquishes all of her rights and benefits, if any, arising under the provisions of California Civil Code § 1542, which provides:

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 releasing party.

VII. MISCELLANEOUS PROVISIONS

A. Seeking Approval of the Settlement

The Parties recognize that Court approval is required in the event of any settlement of a PAGA action, in accordance with California Labor Code § 2699(1)(2), and that a judgment with respect to the Action is binding in resolving the Action with respect to all aggrieved employees and the State of California upon Court approval, pursuant to California Labor Code § 2699(1) and *Arias v. Superior Ct.* (2009) 46 Cal.4th 969. Parties further recognize that a settlement of a PAGA action is not subject to class action procedural rules, and that PAGA Settlement Members do not have the right to opt out of or otherwise exclude themselves from the Settlement, or object to the Settlement.. In order to comply with the requirements of California Labor Code § 2699, promptly upon execution of this Agreement, Plaintiff shall request that the Court approve the Settlement, including and not limited to the amounts allocated for payment of PAGA penalties, attorneys' fees and costs, service award, and settlement administration costs, and apply to the Court for the entry of an order approving the Settlement and all of the requested payments and entering judgment based on the Settlement ("Approval Order and Judgment"). On the same day that Plaintiff applies to the Court for approval of the Settlement, Plaintiff's counsel shall submit a copy of the Settlement to the LWDA in conformity with California Labor Code § 2699(1)(2).

B. Mutual Full Cooperation

48. Plaintiff and Defendant, Plaintiff's Counsel, and Defense Counsel agree to fully cooperate with each other to accomplish the terms of this Settlement, including, but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms herein. The Parties agree to use their best efforts and any other efforts that may become necessary by order of the Court, or otherwise, to effectuate this Settlement. Should the Court decline to approve material aspects of the Settlement, the Parties shall work together in good faith to

address any concerns raised by the Court and propose a revised Settlement for the Court's approval.

C. Parties' Authority

49. The signatories hereto represent that they are fully authorized to enter into this Settlement.

D. Binding Nature of the Settlement

50. This Settlement shall be binding upon, and inure to the benefit of, the successors or assigns of the Released Parties. Plaintiff represents, covenants, and warrants that she has not directly or indirectly, assigned, transferred, encumbered, any claim, demand, and action, cause of action or rights released in this Settlement.

51. This Settlement may be amended or modified only by a written instrument, to be signed by counsel for the Parties and approved by the Court. No rights under this Settlement may be waived except in writing.

52. This Settlement constitutes the entire agreement between Plaintiff and Defendant relating to the terms contained herein. All prior or contemporaneous agreements, understandings and statements, whether oral or written, whether express or implied, and whether by a Party or its counsel, concerning this Settlement are merged herein. No oral or written representations, warranties or inducements have been made to any party concerning this Settlement or its exhibits other than the representations, warranties and covenants contained and memorialized in such documents.

53. Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement or any of its provisions. Each term of this Settlement is intended to be contractual and not merely a recital.

E. Joint Drafting of Settlement Documents

54. Plaintiff's Counsel and Defense Counsel have arrived at this Settlement as a result of a series of arm's-length negotiations, taking into account all relevant factors, present and potential. This Settlement has been drafted jointly by Plaintiff's Counsel and Defense Counsel and, therefore, in any construction or interpretation of this Settlement, the same shall not be construed against any of the Parties.

F. Execution of the Settlement

55. This Settlement may be executed in one or more counterparts and by facsimile, electronic, or other means. All executed copies of this Settlement, including facsimile, electronic, and photocopies thereof shall have the same force and effect and shall be as legally binding and enforceable as the original.

I. California Law & Continuing Jurisdiction of the Court

56. This Settlement shall be subject to and governed by the laws of the State of California. Pursuant to California Code of Civil Procedure § 664.6, the Parties agree that the Court shall retain jurisdiction over the Parties, and over this Settlement, in order to: (i) monitor and enforce compliance of Settlement, and/or (ii) resolve any disputes over this Settlement or the administration of the benefits of this Settlement.

J. Representations by Plaintiff

57. Plaintiff acknowledges the following:

- (a) Plaintiff has carefully read and fully understands all of the provisions of this Settlement;
- (b) Plaintiff knowingly and voluntarily agrees to all of the terms set forth in this Settlement and has not been coerced, threatened, or intimidated into executing this Settlement;
- (c) Plaintiff was advised, and hereby is advised in writing, to consider the terms of this Settlement and consult with his attorney before signing this Settlement.
- (d) Other than the fees and costs awarded pursuant to the terms of this Settlement, Plaintiff acknowledges that all Parties shall bear their own fees and costs through the conclusion of the Action.

K. Representations by Defendant

58. Defendant acknowledges the following:

- (a) Defendant has carefully read and fully understand all of the provisions of this Settlement;
- (b) Defendant knowingly and voluntarily agrees to all of the terms set forth in this

Settlement and has not been coerced, threatened, or intimidated into executing this Settlement;

- (c) Defendant was advised, and hereby are advised in writing, to consider the terms of this Settlement and consult with their attorney before signing this Settlement.
- (d) Other than the fees and costs awarded pursuant to the terms of this Settlement, Defendant acknowledges that all Parties shall bear their own fees and costs through the conclusion of the Action.

IN WITNESS WHEREOF, this Settlement Agreement is executed on the date set forth below.

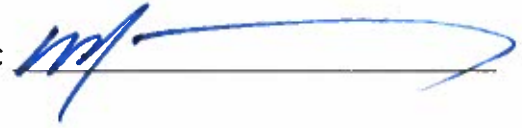
AGREED TO BY PLAINTIFF:

Dated: May 27, 2022

By: 
LORISHA HARRIS

AGREED TO BY DEFENDANT:

Dated: 6-2-22

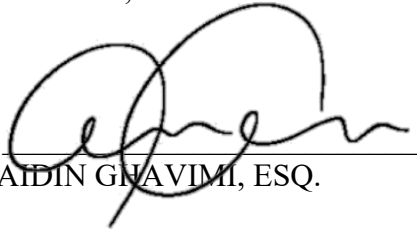
By: 
for HOBBY LOBBY STORES, INC.

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AGREED TO BY PLAINTIFF'S COUNSEL:

Dated: 05/25/2022

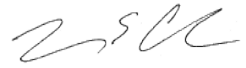
STARPOINT, LC

By: 
AIDIN GNAVIMI, ESQ.

AGREED TO BY DEFENSE COUNSEL:

Dated: June 2, 2022

CDF LABOR LAW LLP

By: 
BRIAN E. COLE II, ESQ.