

**BLUMENTHAL NORDREHAUG BHOWMIK
DE BLOUW LLP**

Norman B. Blumenthal (State Bar #068687)
Kyle R. Nordrehaug (State Bar #205975)
Aparajit Bhowmik (State Bar #248066)
2255 Calle Clara
La Jolla, CA 92037
Telephone: (858)551-1223
Facsimile: (858) 551-1232
Email: Kyle@bamlawca.com
Website: www.bamlawca.com

Nazo Koulloukian (SBN 263809)
nazo@koullaw.com

KOUL LAW FIRM

3435 Wilshire Blvd., Suite 1710
Los Angeles, CA 90010
Telephone: (213) 761-5484
Facsimile: (818) 561-3938

Sahag Majarian, II, Esq. (SBN 146621)
Sahagii@aol.com

LAW OFFICES OF SAHAG MAJARIAN II

18250 Ventura Blvd.
Tarzana, CA 91356
Telephone: (818) 609-0807
Facsimile: (818) 609-0892

Attorneys for Plaintiffs

SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF ORANGE

MANUEL FRANCO and ALFONSO
GUZMAN, on behalf of themselves, on
behalf of all persons similarly situated, and on
behalf of the State of California as a private
attorney general,

Plaintiffs,

vs.

STATES LOGISTICS SERVICES, INC., a
California Corporation; and DOES 1 through
50, inclusive,

Defendants.

CASE NO.: **30-2022-01239095-CU-OE-CXC**

**SUPPLEMENTAL DECLARATION OF
KYLE NORDREHAUG IN SUPPORT OF
MOTION FOR PRELIMINARY APPROVAL
OF CLASS SETTLEMENT**

Hearing Date: March 7, 2025
Hearing Time: 1:30 p.m.

Judge: Hon. Layne H. Melzer
Dept.: CX102

Action Filed: July 6, 2021
Trial Date: Not set

1 I, Kyle Nordrehaug, declare as follows:

2 1. I am a partner of the law firm of Blumenthal Nordrehaug Bhowmik De Blouw LLP,
3 counsel of record for Plaintiffs Manuel Franco and Alfonso Guzman (“Plaintiffs”) in this matter.
4 As such, I am fully familiar with the facts, pleadings and history of this matter. The following facts
5 are within my own personal knowledge, and if called as a witness, I could testify competently to the
6 matters stated herein.

7 2. This declaration is being submitted in support of Plaintiffs’ unopposed motion for
8 preliminary approval of the proposed class action settlement with Defendant States Logistics
9 Services, Inc. (“Defendant”) and in response to the Court’s ruling on January 17, 2025

10
11 Revisions to the First Amended Class Action and PAGA Settlement Agreement

12 3. Attached hereto as Exhibit #1 is a copy of the fully executed First Amended Class
13 Action and PAGA Settlement Agreement (“Agreement”) along with the exhibits thereto. The form
14 of the Agreement is based upon the Los Angeles County Superior Court model form for a class and
15 PAGA settlement. This Declaration incorporates by reference the definitions in the Agreement, and
16 all terms defined therein shall have the same meaning as set forth in the Agreement. Attached
17 hereto as Exhibit #2 is a redline showing the revisions to the Agreement. The Agreement was
18 revised in accordance with the Court’s ruling for January 17, 2025 as follows:

19 A. **Paragraph 1.42** - The Response Deadline was revised to make clear that the
20 for Class Members to whom Class Notice Packets are resent after having
21 been returned undeliverable to the Administrator, the Response Deadline
22 shall be 45 days after the re-mailing of the Class Notice.

23 B. **Paragraph 8.4(d)** - The language for re-mailed Class Notices was revised to
24 make clear that the Response Deadline for written objections, Challenges to
25 Workweeks and/or Pay Periods, and Requests for Exclusion will be extended
26 to the Response Deadline that is 45 days after the re-mailing.

27 C. **Paragraph 8.5(a)** - The language for Requests for Exclusions was revised to
28 make clear that Class Members whose Class Notice Packet is re-mailed, the

1 Response Deadline will be extended to the date that is 45 days after the re-
2 mailing.

3 D. **Paragraph 8.6** - The language for challenges to workweeks was revised to
4 make clear that Class Members whose Class Notice Packet is re-mailed, the
5 Response Deadline will be extended to the date that is 45 days after the re-
6 mailing.

7 E. **Paragraph 8.7(b)** - The language for written objections was revised to make
8 clear that Class Members whose Class Notice Packet is re-mailed, the
9 Response Deadline will be extended to the date that is 45 days after the re-
10 mailing.

11 F. **Paragraph 9** - The escalator language was revised to remove the option of
12 the Defendant to remove the election of the Defendant to change the end date,
13 and instead only provides for a pro rata increase to the Gross Settlement
14 Amount in the even the escalator is triggered. Ultimately, the Parties do not
15 believe the escalator provision will have any application here because as the
16 Declaration of Kimberly Litzler verified (attached as Exhibit #4 to the
17 Declaration of Nordrehaug - ROA #119), the final workweek counsel for the
18 Class was approximately 115,815, which does not trigger the escalator
19 provision.
20

21 Revisions to the Class Notice:

22 4. The Class Notice was revised in accordance with the Court's ruling for January 17,
23 2025. The revised Class Notice is attached as Exhibit A to the Agreement, and a redline showing
24 the revisions to the Class Notice is in Exhibit #2 hereto. The Class Notice was revised as follows:

25 A. **Title** - The title of the Class Notice was revised to include PAGA.

26 B. **Page 2** - Language was inserted to briefly explain PAGA and its purpose.

27 C. **Page 2** - A reference to "PAGA" as part of the settlement was inserted.

28 D. **Page 2** - The first named of Alfonso Guzman was inserted.

1
2 Revisions to the Dispute Form

3 5. The Dispute Form was revised in accordance with the Court's ruling for January 17,
4 2025. The revised Dispute Form is attached as Exhibit C to the Agreement, and a redline showing
5 the revisions to the Dispute Form is in Exhibit #2 hereto. The Dispute Form was revised at the end
6 instructions to make clear that disputes may be mailed, faxed or emailed, and to provide the
7 information as to the mailing address, fax number and email address to be used.

8
9 Revisions to the Proposed Order Granting Motion for Preliminary Approval:

10 6. The Proposed Order was revised in accordance with the Court's ruling for January
11 17, 2025. The revised Proposed Order being submitted along with this supplemental declaration for
12 the March 7, 2025 hearing, and is attached as Exhibit D to the Agreement. A redline showing the
13 revisions to the Proposed Order is in Exhibit #2 hereto. The Proposed Order was revised as follows:

- 14 A. **Caption** - The caption page was revised to refer to PAGA and to reflect the
15 new hearing date and the new judicial assignment.
- 16 B. **Paragraph 1** - This paragraph was revised to reflect Gross Settlement
17 Amount and the proposed disbursements.
- 18 C. **Paragraph 3** - This paragraph was revised to identify the revised Agreement
19 and where it appears in the docket.
- 20 D. **Paragraph 8** - The Response Deadline for Requests for Exclusion was
21 revised to make clear that in the event of a re-mailing the Response Deadline
22 is 45 days from the date of re-mailing.
- 23 E. **Paragraph 10** - The Response Deadline for disputes was revised to make
24 clear that in the event of a re-mailing the Response Deadline is 45 days from
25 the date of re-mailing.
- 26 F. **Paragraph 11** - The Response Deadline for written objections was revised to
27 make clear that in the event of a re-mailing the Response Deadline is 45 days
28 from the date of re-mailing.

1 G. **Paragraph 16** - This paragraph was revised to include the proposed date for
2 the final approval hearing and to insert the location information for the
3 hearing.

4 H. **Paragraph 18** - This paragraph was inserted to reflect the Court's continuing
5 jurisdiction.

6
7 Valuation of Class Claims:

8 7. As to the Class whose claims are at issue, Plaintiffs used the expert to analyze the
9 data and determine the potential unpaid wages for the employees. The maximum potential damages
10 as calculated by Plaintiffs' expert were calculated to be \$85,218 for the alleged unpaid wages due to
11 rounding, \$161,395 for the alleged unpaid overtime wages, \$3,247,819 for the alleged unpaid wages
12 due to off-the-clock work based upon 1 hour per week, \$2,453 for the alleged unpaid overtime due
13 to miscalculation of the regular rate, \$6,417 in alleged underpaid meal premiums and sick pay due
14 to the miscalculation of the regular rate, \$877,072 for alleged meal period damages based upon a
15 12.4% potential violation rate observed in the time records for shifts worked and after deducting
16 meal premiums already paid by Defendant, \$1,906,795 for alleged rest period damages based upon a
17 19.6% potential violation rate observed in the time records for rest periods., and \$132,995 for
18 alleged unreimbursed business expenses for personal cell phone usage at \$5 per month. As a result,
19 the total damage valuation was calculated that Defendant was subject to a maximum damage claim
20 in the amount of \$6,420,136. As to potential penalties, Plaintiff calculated that potential waiting
21 time penalties were a maximum of between \$2,706,529 and \$3,722,905, depending on the predicate
22 violation, and potential wage statement penalties were \$5,032,000. Defendant vigorously disputed
23 Plaintiffs' calculations and exposure theories. Consequently, the Gross Settlement Amount of
24 \$1,149,500 represents more than 17.9% of the maximum value of the alleged damages at issue in
25 this case at the time this Settlement was negotiated.¹ Given the amount of the settlement as

26
27 ¹ The specific details as to the calculation of the maximum valuations of the Class claims for
28 purposes of mediation and the negotiation of the Settlement were set forth in paragraphs 6(A)-(I) of
 the Declaration of Nordrehaug [ROA #119] and will therefore not be repeated here.

1 compared to the potential maximum value of claims in this case and the defenses asserted by
2 Defendant, this settlement is fair and reasonable. The Court's ruling for January 17, 2025 requested
3 additional information concerning the risk-rating and estimate realistic recoveries for the class
4 claims, which Plaintiffs now provide as follows:

5 A. **Risk-Rating and Estimated Realistic Recovery** The above provides the
6 estimate of the maximum recoveries on the class claims. The above maximum calculations should
7 then be adjusted in consideration for both the risk of certification and the risk of establishing class-
8 wide liability on all claims. The alleged unpaid wages due to alleged off-the-clock work presents a
9 medium likelihood of certification (50%) because of the potential for variances between employees,
10 a medium likelihood of liability (50%) in light of the Defendant's argument that all work time was
11 recorded, and a medium likelihood (50%) that class-wide damages could be proven at this maximum
12 amount in light of Defendant's contention that any work off-the-clock was minimal as Plaintiffs'
13 claim was based on clock-in delays and sporadic phone calls. Using these risk ratios, the reasonable
14 class recovery on this off-the-clock claim would be \$405,977. The meal period claim presents a
15 medium likelihood of certification (50%) and a medium likelihood of liability (50%) in light of the
16 12.4% incidence of potential violations in the time records and Plaintiff's argument that there are
17 issues with the Defendant's policies that prevent fully off-duty meal breaks. Using these risk ratios,
18 the reasonable class recovery on this meal period claim would be \$219,268. The rest period claim
19 presents the same a medium likelihood of certification (50%) and a low likelihood of liability (25%)
20 because of the Defendant's defense that they have facially lawful policies that instruct employees to
21 take the required rest breaks. Using these risk ratios, the reasonable class recovery on this rest
22 period claim would be \$238,349. The expense reimbursement claim presents a high likelihood of
23 certification (75%), but a medium likelihood of liability (50%) because of the Defendant's defense
24 that personal cell phone usage was a not a required expense as such expense was merely convenient
25 to the employee which is not recoverable and because proof of the dollar amount of damages for
26 usage would be difficult to establish. Using these risk ratios, the reasonable class recovery on this
27 reimbursement claim would be \$49,873. The claim for unpaid wages due to rounding presents a
28 high likelihood of certification (75%) and a high likelihood of liability. Using these risk ratios, the

1 reasonable class recovery on this rounding claim would be \$47,935. The claim for unpaid wages due
2 to miscalculation of the regular rate (overtime, meal premiums and sick pay) presents a high
3 likelihood of certification (75%) and a high likelihood of liability. Using these risk ratios, the
4 reasonable class recovery on this miscalculation claim would be \$4,989. The waiting time claim is
5 entirely derivative of the above claims for failure to pay wages, and therefore bear the same risks,
6 and also have the additional risk of Defendant's "good faith" defense, which I estimate would
7 reduce the likelihood further by 50% for the good faith defense, leads to a reasonable realistic
8 recovery on this waiting time claim of \$465,363. As to the wage statement claim, this claim is
9 derivative and perhaps could only be recovered based upon a theory that the hours worked were not
10 accurately stated. If we apply the risks from the reporting time claim, and then an additional 50%
11 risk for the unique defenses to this claim which are lack of wilfulness and not intentional because of
12 alleged lawful policies, leads to a reasonable class recovery on this wage statement claim of
13 \$629,000. Importantly, the recent decision that good faith belief of compliance by the employer in
14 *Naranjo v. Spectrum Sec. Servs., Inc.*, 15 Cal. 5th 1056, 1065 (2024), now makes it more likely that
15 the claims for waiting time and wage statement penalties, even if wages were owed to the Class,
16 would be negated entirely and have a value of \$0. All combined, these realistic recoveries for class
17 claims total \$2,060,754, and if the waiting time and wage statement penalties are excluded under
18 *Naranjo*, the actual realistic recoveries for damages to the Class would total \$966,391, which
19 compares favorably to the amount of the settlement in this case, which is guaranteed and without
20 delay and appeal. Based upon the above, the Gross Settlement Amount is more than 55% of the
21 total of these realistic recoveries for class claims and could exceed the realistic recovery if only
22 damages are considered.

23
24 Estimated High and Low of Individual Class and PAGA Payments:

25 8. Based upon 1,392 Class Members who collectively worked 115,815 Workweeks, the
26 Gross Settlement Amount provides an average value of approximately \$825 per Class Member and
27 \$9.92 per Workweek and after deductions the Net Settlement Amount provides an average recovery
28 of approximately \$474.37 per Class Member and a recovery of \$5.70 per Workweek. This means

1 that a Class Member who worked the entire 220 weeks in the Class Period could receive the highest
2 recovery \$1,254, and a Class member who worked only a single week in the Class Period will have
3 the lowest recovery of \$5.70.

4 9. Based upon 1,368 Aggrieved Employees who worked a total of 55,612 PAGA Pay
5 Periods (Agreement at ¶ 4.1), the 25% allocation of the PAGA Penalties to them (\$6,250) will result
6 in the following recoveries: (1) highest recovery will be \$11.80 for an Aggrieved Employee who
7 worked all 105 pay periods in the PAGA Period; (2) the average recovery will be \$4.56 for
8 Aggrieved Employees; and, (3) the lowest recovery will be \$0.11 for an Aggrieved Employee who
9 worked only one pay period. In the PAGA Period.

10
11 PAGA Allocation:

12 10. The Court's ruling for January 17, 2025 stated that the \$25,000 PAGA Penalties
13 allocation seemed low. As experienced Class Counsel, I have spoken with the LWDA and reviewed
14 viable material on PAGA and the allocations. The LWDA has taken the position in both briefing
15 and in our discussions that the PAGA allocation should not be viewed in a vacuum, but rather in a
16 class settlement must be considered along with the recovery to the Class. This is to be distinguished
17 from the situation where the settlement is only for PAGA penalties. The officials at the LWDA
18 have expressed to me that they are satisfied when the employees are receiving a meaningful
19 recovery as part of the class settlement, which furthers the purposes of PAGA. In addition, the
20 PAGA Penalties allocation was set at 2% of the Gross Settlement Amount, which is an allocation
21 approved hundreds of times by Courts in California. A larger allocation to PAGA from the Gross
22 Settlement Amount would largely be paid to the State of California and only 25% to the Aggrieved
23 Employees, which is not to be preferred over a larger recovery to the Class. Finally, the LWDA was
24 served with both the Agreement in this case and the motion for preliminary approval, and they have
25 not indicated any opposition or objection. For these reasons, and for the reasons explained in
26 paragraph 33 of the Declaration of Nordrehaug [ROA #119], the PAGA Penalties allocation is fair
27 and reasonable in this class and PAGA settlement.

1 I declare under penalty of perjury under the laws of the State of California that the foregoing
2 is true and correct. Executed this 21st day of February, 2025, at La Jolla, California.

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4 By: /s/ Kyle Nordrehaug
5 Kyle Nordrehaug
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EXHIBIT #1

FIRST AMENDED CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

This First Amended Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between plaintiffs Manuel Franco and Alfonso Guzman (“Plaintiffs”) and defendant States Logistics Services, Inc. (“Defendant”). The Agreement refers to Plaintiffs and Defendant collectively as the “Parties,” or individually as “Party.”

1. DEFINITIONS

In addition to other terms defined in this Agreement, the terms below have the following meaning in this Agreement:

- 1.1. “Administrator” means ILYM Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.2. “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval.
- 1.3. “Aggrieved Employees” means all individuals who were employed by Defendant in the State of California and classified as a non-exempt employee at any time during the PAGA Period.
- 1.4. “Class” means all individuals who were employed by Defendant in the State of California and classified as a non-exempt employee at any time during the Class Period.
- 1.5. “Class Counsel” means Norman B. Blumenthal, Kyle R. Nordrehaug, Aparajit Bhowmik, Jeffrey S. Herman, Sergio J. Puche, Trevor G Moran of Blumenthal Nordrehaug Bhowmik De Blouw LLP [“BNBD”]; Nazo Koulloukian of Koul Law Firm [“KLF”]; and Sahag Majarian, II of Law Offices of Sahag Majarian, II [“SM”].
- 1.6. “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts to be paid to Class Counsel for reasonable attorneys’ fees and expenses, respectively, as approved by the Court, to compensate Class Counsel for their legal work in connection with the Operative Complaint, including their pre-filing investigation, their filing of the Operative Complaint, all related litigation activities, all Settlement work, all post-Settlement compliance procedures, and related litigation expenses billed in connection with the Operative Complaint.

- 1.7. “Class Data” means Class Member identifying information in Defendant’s possession including the Class Member’s name, last-known mailing address, Social Security number, and number of Workweeks and PAGA Pay Periods.
- 1.8. “Class Member” means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non- Participating Class Member who qualifies as an Aggrieved Employee).
- 1.9. “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.
- 1.10. “Class Notice” means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class Members in English with a Spanish translation, in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.
- 1.11. “Class Notice Packet(s)” means the Class Notice to be provided to the Class Members by the Administrator along with a Request for Exclusion Form, attached as Exhibit B, and a Dispute Form, attached as Exhibit C to this Agreement (other than formatting changes to facilitate printing by the Administrator).
- 1.12. “Class Period” means the period of time from May 2, 2020 to July 20, 2024.
- 1.13. “Class Representatives” means the named Plaintiffs Manuel Franco and Alfonso Guzman in the Operative Complaint seeking Court approval to serve as Class Representatives.
- 1.14. “Class Representative Service Payment” means the payments made to the Class Representatives for initiating the Operative Complaint, performing work in support of the Operative complaint, undertaking the risk of liability for Defendant’s expenses, and for the general release of all claims by the Plaintiffs.
- 1.15. “Court” means the Superior Court of California, County of Orange.
- 1.16. “Defendant” means States Logistics Services, Inc.
- 1.17. “Defense Counsel” means Nicole M. Shafer and Kimberley L. Litzler of Jackson Lewis, P.C.
- 1.18. “Effective Date” means the date by when all of the following have occurred: (i) a long form settlement agreement has been executed by all Parties and their respective counsel;

(ii) the Court has given preliminary approval to the settlement; (iii) the Class Notice has been given to the Class Members, providing them with an opportunity to dispute information contained in the Class Notice, to opt out of the Settlement, or to object to the Settlement; (iv) the Court has held a final approval hearing and entered a final order and Judgment certifying the Class and approving this Settlement; and (v) the later of the following events: 65 calendar days following entry of the Court's final order approving the settlement; or if any appeal, writ or other appellate proceeding opposing this Settlement has been filed within 65 calendar days following entry of the Court's final order approving the Settlement, then when any appeal, writ or other appellate proceeding opposing the settlement has been resolved finally and conclusively with no right to pursue further remedies or relief. In this regard, it is the intention of the Parties that the Settlement shall not become effective until the Court's order approving the Settlement is completely final, there is no further recourse by an appellant or objector who seeks to contest the Settlement.

- 1.19. "Final Approval" means the Court's order granting final approval of the Settlement substantially in the form attached hereto as Exhibit E to this Agreement and incorporated by reference into this Agreement.
- 1.20. "Final Approval Hearing" means the Court's hearing on the Motion for Final Approval of the Settlement to determine whether to approve finally and implement the terms of this Agreement and enter the Judgment.
- 1.21. "Final Judgment" means the judgment entered by the Court upon granting Final Approval of the Settlement substantially in the form attached hereto as Exhibit E to this Agreement and incorporated by reference into this Agreement.
- 1.22. "Gross Settlement Amount" means One Million One Hundred Forty-Nine Thousand Five Hundred Dollars (\$1,149,500.00) which is the total amount to be paid by Defendant as provided by this Agreement except as provided in Paragraph 9 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, Class Representative Service Payments, and the Administration Expenses Payment. This Gross Settlement Amount is an all-in amount without any reversion to Defendant, and excludes any employer payroll taxes, if any, due on the portion of the Individual Class Payments allocated to wages which shall not be paid from the Gross Settlement and shall be the separate additional obligation of Defendant.
- 1.23. "Individual Class Payment" means the Participating Class Member's pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.
- 1.24. "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 25%

of the PAGA Penalties calculated according to the number of PAGA Pay Periods worked during the PAGA Period.

- 1.25. “LWDA” means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).
- 1.26. “LWDA PAGA Payment” means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).
- 1.27. “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The Net Settlement Amount is to be paid to Participating Class Members as Individual Class Payments.
- 1.28. “Non-Participating Class Member” means a Class Member who opts out of the Class Settlement by submitting a valid and timely Request for Exclusion to the Administrator.
- 1.29. “Operative Complaint” means the Plaintiffs’ lawsuit alleging wage and hour violations against Defendant captioned, *Manuel Franco vs. States Logistics Services, Inc.*, Case No. 21STCV24781, originally initiated on July 6, 2021 in Los Angeles County Superior Court, and now pending in Superior Court of the State of California, County of Orange as Case No. 30-2022-01239095-CU-OE-CJC, which is currently pled in the First Amended Class and Representative Action Complaint filed on July 24, 2024.
- 1.30. “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.
- 1.31. “PAGA Period” means the period of time from July 6, 2020 to July 20, 2024.
- 1.32. “PAGA” means the Private Attorneys General Act (Labor Code §§ 2698. et seq.).
- 1.33. “PAGA Notices” means the Plaintiff Franco’s April 29, 2021 letter to Defendant and the LWDA and Plaintiff Guzman’s August 17, 2021 letter to Defendant and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a).
- 1.34. “PAGA Penalties” means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees (\$6,250.00) and the 75% to LWDA (\$18,750.00) in settlement of PAGA claims.
- 1.35. “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion.

- 1.36. “Plaintiffs” means Manuel Franco and Alfonso Guzman, the named plaintiffs in the Operative Complaint.
- 1.37. “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement, substantially in the form attached hereto as Exhibit D to this Agreement and incorporated by this reference herein.
- 1.38. “Released Class Claims” means all claims that were alleged, or reasonably could have been alleged, based on facts stated in the Operative Complaint which occurred during the Class Period during employment in a non-exempt position in California, which includes claims for failure to pay minimum wages, failure to pay overtime wages, failure to provide required meal periods, failure to provide required rest periods, failure to provide accurate itemized wage statements, failure to reimburse employees for required business expenses, failure to provide wages when due, unfair competition based on these claims, and derivative penalties. Except as expressly set forth in this Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, discrimination, unemployment insurance, disability, social security, workers’ compensation, Plaintiffs’ respective non-wage and hour individual claims that are subject to a separate release, or Class claims based on facts occurring outside the Class Period.
- 1.39. “Released PAGA Claims” means all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the facts stated in the Operative Complaint and the PAGA Notices, which occurred during the PAGA Period during employment in a non-exempt position in California. The Released PAGA Claims do not include other PAGA claims, underlying wage and hour claims, claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, discrimination, unemployment insurance, disability, social security, worker’s compensation, Plaintiffs’ respective nonwage and hour individual claims that are subject to a separate release, and PAGA claims outside of the PAGA Period.
- 1.40. “Released Parties” means: Defendant and each of its former and present directors, officers, shareholders, owners, attorneys, insurers, predecessors, successors, assigns and subsidiaries.
- 1.41. “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.
- 1.42. “Response Deadline” means sixty (60) calendar days after the Administrator mails Class Notice Packets to Class Members and Aggrieved Employees and shall be the last date on which Class Members may: (a) submit Requests for Exclusion from the Settlement, or (b) submit his or her Objection to the Settlement. For Class Members to whom Class Notice Packets are resent after having been returned undeliverable to the

Administrator, the Response Deadline shall be 45 days after the remailing of the Class Notice.

1.43. “Settlement” means the disposition of the Operative Complaint and all related claims effectuated by this Agreement and the Judgment.

1.44. “Workweek(s)” means any week during the Class Period in which a Class Member worked for Defendant as a Class Member for at least one day.

2. RECITALS

The Franco Class Action

2.1. On May 19, 2021, Plaintiff Franco filed a Class Action Complaint against Defendant in the Superior Court of the State of California, County of Los Angeles (the “Franco Class Action”). Plaintiff Franco’s Class Action Complaint asserted claims that Defendant:

- (a) Violated California Business and Professions Code § 17200 *et seq.*;
- (b) Failed to pay minimum wages in violation of California Labor Code §§ 1194, 1197 & 1197.1.
- (c) Failed to pay overtime wages in violation of California Labor Code § 510, *et seq.*;
- (d) Failed to provide required meal periods in violation of California Labor Code §§ 226.7 & 512 and the applicable IWC Wage Order;
- (e) Failed to provide required rest periods in violation of California Labor Code §§ 226.7 & 512 and the applicable IWC Wage Order;
- (f) Failed to provide accurate itemized wage statements in violation of California Labor Code § 226;
- (g) Failed to reimburse employees for required expenses in violation of California Labor Code § 2802;
- (h) Failed to provide wages when due in violation of California Labor Code §§ 201, 202 and 203; and,
- (i) Wrongfully Terminated in violation of public policy.¹

2.2. On August 3, 2021, Plaintiff Franco filed a Request for Dismissal of the Franco Class Action, without prejudice, which the Court granted on August 6, 2021.

The Franco PAGA Action

2.3. On July 6, 2021, Plaintiff Franco filed a separate Representative Action Complaint against Defendant in the Superior Court of the State of California, County of Los Angeles (the “Franco PAGA Action”). Plaintiff Franco’s Representative Action

¹ Claim (i) was asserted by Plaintiff Franco individually, whereas the remaining claims were asserted by Plaintiff Franco on classwide basis.

Complaint asserted one cause of action against Defendant for Civil Penalties Pursuant to Labor Code §§ 2699, *et seq.* for violations of Labor Code §§ 201, 202, 203, 204, *et seq.*, 210, 221, 226(a), 226.7, 351, 510, 512, 558(a)(1)(2), 1194, 1197, 1197.1, 1198, 2802, California Code of Regulations, Title 8, Section 11040 Subdivision 5(A)-(B), and the applicable Wage Order(s).

- 2.4. On October 13, 2021, the Parties filed a stipulation to transfer for all purposes the Franco PAGA Action to the Orange County Superior Court. On October 20, 2021, the Court signed the Order transferring the Franco PAGA Action to the Orange County Superior Court. On January 5, 2021, the Orange County Superior Court assigned the Franco PAGA Action to the Hon. Melissa R. McCormick (Case No. 30-2022-01239095-CU-OE-CJC).

The Franco Individual Arbitration

- 2.5. On August 24, 2021, Plaintiff Franco submitted a Demand for Arbitration with an Arbitration Complaint to JAMS, asserting one cause of action for Wrongful Termination in Violation of Public Policy (the “Franco Arbitration”).
- 2.6. On or about September 21, 2022, the Parties filed a stipulation in the Franco PAGA Action to submit Plaintiff Franco’s individual PAGA claims to arbitration and to stay the representative PAGA claim in the interim.
- 2.7. On December 19, 2022, Plaintiff Franco submitted an Amended Arbitration Complaint to JAMS, adding Plaintiff Franco’s individual wage and hour claims and individual PAGA claims to the Franco Arbitration.

The Guzman PAGA Action

- 2.8. On October 21, 2021, Plaintiff Guzman filed a separate Representative Action Complaint against Defendant in the Superior Court of the State of California, County of San Bernardino (the “Guzman PAGA Action”). Plaintiff Guzman’s Representative Action Complaint asserted one cause of action against Defendant for Civil Penalties Pursuant to Labor Code §§ 2699, *et seq.* for violations of Labor Code §§ 201, 202, 203, 204(a), 218, 226 (a), 226.3, 226.7, 510, 512, 558, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2802, 6400, 6401, 6402, 6403, 6404, 6407, 8 California Code of Regulations §3202, and Wage Order 9.
- 2.9. On January 18, 2023, the Court granted Defendant’s Motion to Compel Plaintiff Guzman’s individual PAGA claims to arbitration and stay the representative PAGA action in the interim.

The Guzman Individual Arbitration

- 2.10. On September 19, 2023, Plaintiff Guzman submitted a Demand for Arbitration to JAMS, asserting one cause of action for violation of the Private Attorneys General Act of 2004, Cal. Labor Code § 2698, *et seq.* (the “Guzman Arbitration”).

Pleading Amendment

- 2.11. As part of this Agreement, the Parties stipulated to the filing of a First Amended Consolidated Class and Representative Action Complaint in the Franco PAGA Action that adds class claims based on the facts of the PAGA Notices served by Franco and Guzman and named Plaintiff Franco and Plaintiff Guzman as class representatives. The First Amended Consolidated Class and Representative Action Complaint is the Operative Complaint, which was filed on July 24, 2024.
- 2.12. Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint, and denies any and all liability for the causes of action alleged.

Mediation and Settlement

- 2.13. On May 14, 2024, the Parties participated in an all-day mediation presided over by Hon. William C. Pate (Ret.), a respected mediator of wage and hour representative and class actions. Following the mediation, each side, represented by its respective counsel, was able to agree to settle the Operative Complaint based upon a mediator’s proposal which was memorialized in the form of a Memorandum of Understanding. This Agreement replaces and supersedes the Memorandum of Understanding and any other agreements, understandings, or representations between the Parties.
- 2.14. Prior to mediation, Plaintiffs obtained sufficient documents and information to sufficiently investigate the claims such that Plaintiffs’ investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 (“*Dunk/Kullar*”).
- 2.15. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or will be construed as an admission by Defendant that the claims in the Operative Complaint of Plaintiffs or the Class have merit or that Defendant bears any liability to Plaintiffs or the Class on those claims or any other claims, or as an admission by Plaintiffs that Defendant’s defenses in the Operative Complaint have merit. The Parties agree to certification of the Class for purposes of this Settlement only. If for any reason the settlement does not become effective, Defendant reserves the right to contest certification of any class for any reason and reserves all available defenses to the claims in the Operative Complaint.

2.16. The Parties, Class Counsel and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3. MONETARY TERMS

3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 9 below, Defendant promises to pay **\$1,149,500.00** and no more as the Gross Settlement Amount. This amount is all-inclusive of all payments contemplated in this resolution, excluding any employer-side payroll taxes on the portion of the Individual Class Payments allocated to wages which shall be separately paid by Defendant to the Administrator. Defendant has no obligation to pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendant.

3.2. Payments from the Gross Settlement Amount. Subject to the terms and conditions of this Agreement, the Administrator will make the following payments out of the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval.

(a) To Plaintiffs: Class Representative Service Payments to the Class Representatives of not more than \$10,000 each (in addition to any Individual Class Payment, Individual Settlements for non-wage and hour claims being separately settled, and any Individual PAGA Payment the Class Representative is entitled to receive as a Participating Class Member). Defendant will not oppose Plaintiffs' request for Class Representative Service Payments that do not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiffs will seek Court approval for any Class Representative Service Payments no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payments less than the amounts requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payments using IRS Form 1099. Plaintiffs assume full responsibility and liability for employee taxes owed on the Class Representative Service Payments.

(b) To Class Counsel: A Class Counsel Fees Payment of not more than one-third (1/3) of the Gross Settlement Amount, which is currently estimated to be \$383,166.67, and a Class Counsel Litigation Expenses Payment of not more than \$45,000. Class Counsel Fees Payment shall be apportioned among Class Counsel as follows: 50% to BNBD, 25% to KLF, and 25% to SM. Defendant will not oppose requests for these payments provided that do not exceed these amounts. Plaintiffs and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than 16 court days prior to the Final Approval Hearing.

If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiffs' Counsel arising from any claim to any portion any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds Defendant harmless, and indemnifies Defendant, from any dispute or controversy regarding any division or sharing of any of these payments.

- (c) To the Administrator: An Administration Expenses Payment not to exceed \$16,000 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses Payment is less, or the Court approves payment less than \$16,000, the Administrator will retain the remainder in the Net Settlement Amount for distribution to Participating Class Members.
- (d) To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of \$25,000.00 to be paid from the Gross Settlement Amount, with 75% (\$18,750.00) allocated to the LWDA PAGA Payment and 25% (\$6,250.00) allocated to the Individual PAGA Payments.
 - i. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties (\$6,250.00) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.
 - ii. If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.
- (e) To Each Participating Class Member: An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks.
 - i. Tax Allocation of Individual Class Payments. 20% of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. The remaining 80% of each

Participating Class Member's Individual Class Payment will be allocated to settlement of claims for non-wages, expense reimbursement, interest and penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

- ii. Effect of Non-Participating Class Members on Calculation of Individual Class Payments. Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.

4. SETTLEMENT FUNDING

- 4.1. Class Workweeks and Aggrieved Employee Pay Periods. Based on its records, Defendant has represented that the Class consists of approximately 1,392 Class Members who collectively worked a total of 109,324 Workweeks from May 2, 2020 through May 14, 2024, and approximately 1,368 Aggrieved Employees who worked a total of 55,612 PAGA Pay Periods. Defendant also represented that the Class Members signed arbitration agreements.
- 4.2. Class Data. Not later than 15 days after the Court grants Preliminary Approval of the Settlement, Defendant will deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted Class Member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.
- 4.3. Funding of the Gross Settlement Amount. Defendant shall fully fund the Gross Settlement Amount, and also fund the amounts necessary to fully pay Defendant's share of payroll taxes by transmitting the funds to the Administrator no later than 14 days after the Effective Date.

5. PAYMENTS FROM THE GROSS SETTLEMENT AMOUNT

- 5.1. Within 14 days after Defendant funds the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment and the Class Presentative Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.
- 5.2. The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the “void date,” which is 180 days after the date of mailing, when the check will be voided. Before checks are mailed, the Administrator must update the recipients’ mailing addresses using the National Change of Address database. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Class Payments to all Participating Class Members (including those for whom Class Notice Packets were returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice Packets were returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Administrator must update the recipients’ mailing addresses using the National Change of Address Database. If a Participating Class Member’s or Aggrieved Employee’s check is not cashed within 120 days after its last mailing to the affected individual, the Administrator will also send the individual a notice informing him or her that unless the check is cashed by the void date, it will expire and become non-negotiable, and offer to replace the check if it was lost or misplaced but not cashed.
- 5.3. The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are retuned undelivered without a USPS forwarding address. Within 7 days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the void date.
- 5.4. For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed

Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure Section 384, subd. (b).

5.5. The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

6. RELEASE OF CLAIMS. Effective on the date when Defendant fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiffs, Participating Class Members, Aggrieved Employees and the LWDA will release claims against all Released Parties as follows:

6.1. Plaintiffs' Release. Plaintiffs and their respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained, in the Operative Complaint, Plaintiffs' PAGA Notices, or ascertained during the litigation of the Operative Complaint and released under 6.2, below ("Plaintiffs' Release"). Plaintiffs' Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, or workers' compensation benefits that arose at any time. Plaintiffs acknowledge that Plaintiffs may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believe to be true but agree, nonetheless, that Plaintiffs' Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs' discovery of them.

(a) Plaintiffs' Waiver of Rights Under Civil Code Section 1542. For purposes of Plaintiffs' Release, Plaintiffs expressly waive and relinquish the provisions, rights, and benefits, if any, of section 1542 of the California 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.

(b) Plaintiffs Other Claims. Plaintiff Franco and Plaintiff Guzman represent that they have additional individual non-wage and hour claims against Defendants. Plaintiff Franco and Plaintiff Guzman are separately settling their individual claims. In addition to the Gross Settlement Amount, Plaintiff Franco and Plaintiff Guzman will also separately be paid for resolution of their individual non-wage and hour claims as set forth in separate confidential individual settlement agreements. These

individual settlements to be paid to Plaintiff Franco and Plaintiff Guzman are in addition to the Gross Settlement Amount and will be memorialized in confidential individual settlement agreements that will be separate from this Agreement. Therefore, the Civil Code Section 1542 released above in Section 6.1(a) does not extend to Plaintiff Franco and Plaintiff Guzman's individual non-wage and hour claims that are being separately settled. If the Court requires the Parties to submit the terms of the individual settlement agreements to obtain approval of this Settlement, the Parties agree that the individual settlement agreement will be submitted in camera under seal to the Court.

6.2. Release by Participating Class Members. All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from the Released Class Claims.

6.3. Release of PAGA Claims. All Aggrieved Employees and the LWDA are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all Released PAGA Claims.

7. **MOTION FOR PRELIMINARY APPROVAL.** The Parties agree to jointly prepare and file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the Court's procedures and instructions.

7.1. Defendant's Responsibilities. Within 14 calendar days of the full execution of this Agreement, Defendant will prepare and deliver to Class Counsel a signed declaration that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement. Defendant shall also verify the number of Workweeks for the Class during the Class Period.

7.2. Plaintiffs' Responsibilities. Plaintiffs will prepare and deliver to Defense Counsel all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice Packets; (iv) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Class Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Class Members; and the nature and extent of any financial relationship with Plaintiffs, Class Counsel or Defense Counsel; (v) a signed declaration from Plaintiffs confirming willingness and competency to serve and disclosing all facts relevant to any actual or

potential conflicts of interest with Class Members, and/or the Administrator; (vi) a signed declaration from each Class Counsel firm attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint, (Labor Code section 2699, subd. (1)(1)), this Agreement (Labor Code section 2699, subd. (1)(2)); and (vii) all facts relevant to any actual or potential conflict of interest with Class Members, the Administrator. In their Declarations, Plaintiffs and Class Counsel Declaration shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.

7.3. Responsibilities of Counsel. Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval no later than 30 days after the full execution of this Agreement; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

7.4. Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

8. SETTLEMENT ADMINISTRATION

8.1. Selection of Administrator. The Parties have jointly selected ILYM Group, Inc. to serve as the Administrator and verified that, as a condition of appointment, ILYM Group, Inc. agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Administrator's duties will include preparing, printing, and mailing the Class Notice Packets to all Class Members; conducting a National Change of Address search to update Class Member addresses before mailing the Class Notice Packets; re-mailing Class Notice Packets that are returned to the Class Member's new address; setting up a toll-free telephone number and email and a fax number to receive communications from Class Members; receiving and reviewing for validity completed Requests for Exclusion; providing the Parties with weekly status reports about the delivery of Class Notice Packets and receipt of Requests for Exclusion, objections and disputes; calculating Individual Class Payments and Individual PAGA Payments; issuing the checks to effectuate the payments due under the Settlement; issuing the tax reports required under

this Settlement; and otherwise administering the Settlement pursuant to this Agreement. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

8.2. Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for the purposes of calculating payroll tax withholdings and providing reports to the state and federal tax authorities.

8.3. Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund (“QSF”) under US Treasury Regulation section 468B-1.

8.4. Notice to Class Members.

- (a) No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, PAGA Members, Workweeks, and Pay Periods in the Class Data.
- (b) Using best efforts to perform as soon as possible, and in no event later than 14 days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service (“USPS”) mail, the Class Notice with Spanish translation, substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notice Packets, the Administrator shall update Class Member addresses using the National Change of Address database.
- (c) Not later than 3 business days after the Administrator’s receipt of any Class Notice Packet returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice Packet using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice Packet to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send the Class Notice Packet to Class Members whose Class Notice Packet is returned by the USPS a second time.
- (d) The deadlines for Class Members’ written objections, Challenges to Workweeks and/or Pay Periods, and Requests for Exclusion will be extended to the Response Deadline that is 45 days after the remailing for all Class Members whose notice is

re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.

- (e) If the Administrator, Defendant or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received a Class Notice Packet, the Parties will expeditiously meet and confer in person or by telephone, and in good faith, in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice Packet requiring them to exercise options under this Agreement not later than 14 days after receipt of Class Notice Packet, or the deadline dates in the Class Notice Packet, whichever are later.

8.5. Requests for Exclusion (Opt-Outs).

- (a) Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than the Response Deadline (which Response Deadline will be 45 days after the re-mailing for Class Members whose Class Notice Packet is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.
- (b) The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.
- (c) Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Releases under Paragraph 6.2 of the Agreement, regardless of whether the Participating Class Member actually receives the Class Notice Packet or objects to the Settlement.

- (d) Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in Paragraph 6.3 of this Agreement and are eligible for an Individual PAGA Payment. If a Class Member submits both a Request for Exclusion and an objection, only the Request for Exclusion will be accepted, and the objection will be void.

8.6. Challenges to Calculation of Workweeks. Each Class Member shall have until the Response Deadline (which Response Deadline will be 45 days after the re-mailing for Class Members whose Class Notice Packet is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, email or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination as to the challenges.

8.7. Objections to Settlement.

- (a) Only Participating Class Members may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payment.
- (b) Participating Class Members may send written objections to the Administrator, by fax, email, or mail. In the alternative, or in addition to a written objection, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than the Response Deadline (which Response Deadline will be 45 days after the re-mailing for Class Members whose Class Notice Packet was re-mailed).
- (c) Non-Participating Class Members have no right to object to any of the class action components of the Settlement. If a Class Member submits both a Request for Exclusion and an objection, only the Request for Exclusion will be accepted, and the objection will be void.

8.8. Administrator Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

- (a) Website, Email Address and Toll-Free Number. The Administrator will establish and maintain and use an internet website to post information of interest to Class Members including the date, time and location for the Final Approval Hearing and copies of the Settlement Agreement, Motion for Preliminary Approval, the Preliminary Approval, the Class Notice Packet, the Motion for Final Approval, the Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and Class Representative Service Payment, the Final Approval and the Judgment. The Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Class Member calls, faxes, and emails.
- (b) Request for Exclusion (Opt-Outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than 5 days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion (“Exclusion List”); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).
- (c) Workweek and/or Pay Period Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class Member challenges over the calculation of Workweeks and/or Pay Periods. The Administrator’s decision shall be final and not appealable or otherwise susceptible to challenge.
- (d) Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notice Packets mailed or re-mailed, Class Notice Packets returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks and/or Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments (“Weekly Report”). The Weekly Reports must include providing the Administrator’s assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.
- (e) Administrator’s Declaration. Not later than 14 days before the date by which Plaintiffs are required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance

with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice Packets, the Class Notice Packets returned as undelivered, the re-mailing of Class Notice Packets, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.

- (f) Final Report by Administrator. Within 10 days after the Administrator disburses all funds of the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least 15 days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court. If a second declaration attesting to the distribution of uncashed checks is required, the Administrator shall provide this second declaration at least 7 days before any deadline for a second declaration and Class Counsel shall be responsible for filing the second declaration with the Court.

9. CLASS SIZE MODIFICATION AND ESCALATOR CLAUSE. Based on its records, Defendant represented that there are approximately 1,392 Class Members who worked 109,324 Workweeks from May 2, 2020 through May 14, 2024. In the event the total Workweeks in Defendant's final data through July 20, 2024 is more than 10% of 109,324 (i.e. if there are 120,256 or more total Workweeks), Defendant shall increase the Gross Settlement Amount pro rata, with a 10% grace margin (e.g., if the Workweek numbers increase by 11%, the Gross Settlement Amount shall increase by 1%).

10. DEFENDANT'S RIGHT TO WITHDRAW. If the number of valid Requests for Exclusion identified in the Exclusion List exceeds 5% of the total of all Class Members, Defendant may, but is not obligated, elect to withdraw from the Settlement. The Parties agree that, if Defendant withdraws, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Defendant will remain responsible for paying all Administration Expenses incurred as of the date Defendant makes this election to withdraw. Defendant must notify Class Counsel and the Court of its election to withdraw not later than 10 business days after the Administrator sends the final Exclusion List to Defense Counsel. Invalid Requests for Exclusion will have no effect on this threshold for an election.

11. MOTION FOR FINAL APPROVAL. Unless otherwise ordered by the Court, not later than 16 court days before the calendared Final Approval Hearing, Plaintiffs will file in Court, a motion for final approval of the Settlement that includes a request for approval of

the PAGA settlement under Labor Code section 2699(l), a Proposed Final Approval Order and a proposed Judgment (collectively “Motion for Final Approval”). Plaintiffs shall provide drafts of these documents to Defense Counsel not later than 5 court days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

11.1. Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than 5 court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

11.2. Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court’s concerns by revising the Agreement as necessary to obtain Final Approval. The Court’s decision to award less than the amounts requested for a Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administration Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

11.3. Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, the Operative Complaint, and the Settlement under C.C.P. section 664.6 solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

11.4. Waiver of the Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment reflected set forth in this Settlement, the Parties, their respective counsel, and all Participating Class Members who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If an objector appeals the Judgment, the Parties’ obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

11.5. Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of

release to be granted by Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on an equal basis, any additional Administration Expenses reasonably incurred at the time of remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

12. AMENDED JUDGMENT. If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit and a proposed amended judgment.

13. ADDITIONAL PROVISIONS

13.1. No Admission of Liability, Class Certification or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the Operative Complaint have merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiffs that Defendant's defenses in the Operative Complaint have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does not grant Preliminary Approval, Final Approval or Judgment pursuant to this Agreement, Defendant reserves the right to contest certification of any class for any reasons, and Defendant reserves all available defenses to the claims in the Operative Complaint, and Plaintiffs reserve the right to move for class certification on any grounds available and to contest Defendant's defenses. The Settlement, this Agreement and Parties' willingness to settle the Operative Complaint will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

13.2. Confidentiality Prior to Preliminary Approval. Plaintiffs, Class Counsel, Defendant and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiffs, Class

Counsel, Defendant and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, any with third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that “the matter was resolved,” or words to that effect. This paragraph does not restrict Class Counsel’s communications with Class Members in accordance with Class Counsel’s ethical obligations owed to Class Members.

- 13.3. No Solicitation. The Parties separately agree that they and their respective counsel and employees have not and will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel’s ability to communicate with Class Members in accordance with Class Counsel’s ethical obligations owed to Class Members.
- 13.4. Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.
- 13.5. Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiffs and Defendant, respectively, 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 reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.
- 13.6. Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will first seek the assistance of a mediator and then the Court for resolution.
- 13.7. No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.
- 13.8. Tax Advice. Neither Plaintiffs, Class Counsel, Defendant nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

- 13.9. Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.
- 13.10. Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 13.11. Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.
- 13.12. Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.
- 13.13. Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Operative Complaint and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.
- 13.14. Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendant in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiffs shall destroy, all paper and electronic versions of Class Data received from Defendant unless, prior to the Court's discharge of the Administrator's obligation, Defendant makes a written request to Class Counsel for the return, rather than the destruction, of Class Data.
- 13.15. Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.
- 13.16. Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.
- 13.17. Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiffs and the Class:

Norman B. Blumenthal
Kyle R. Nordrehaug
Blumenthal Nordrehaug Bhowmik De Blouw LLP
2255 Calle Clara
La Jolla, CA 92037
Tel.: (858) 551-1223
Fax: (858) 551-1232
E-Mail: norm@bamlawca.com
kyle@bamlawca.com

Nazo Koulloukian
Koul Law Firm
3435 Wilshire Blvd., Suite 1710
Los Angeles, CA 90010
Tel.: (213) 761-5484
Fax: (818) 561-3938
E-Mail: nazo@koullaw.com

Sahag Majarian, II, Esq.
Law Offices Of Sahag Majarian II
18250 Ventura Blvd.
Tarzana, CA 91356
Tel.: (818) 609-0807
Fax: (818) 609-0892
E-Mail: Sahagii@aol.com

To Defendant:

Nicole M. Shaffer
Kimberley L. Litzler
Jackson Lewis, P.C.
200 Spectrum Center Drive, Suite 500
Irvine, CA 92618
Tel.: (949) 885-1360
Fax: (949) 885-1380
E-Mail: Nicole.Shaffer@jacksonlewis.com
Kimberley.Litzler@jacksonlewis.com

13.18. Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

13.19. Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties

further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

13.20. Fair Settlement. The Parties, Class Counsel and Defense Counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Operative Complaint and have arrived at this Agreement through arms-length negotiations, taking into account all relevant factors, both current and potential.

14. EXECUTION BY PARTIES AND COUNSEL

The Parties and their counsel hereby execute this Agreement.

Dated: 02/20/2025


Manuel Franco (Feb 20, 2025 15:57 PST)
Plaintiff Manuel Franco

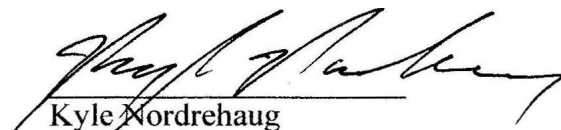
Dated: _____

Plaintiff Alfonso Guzman

Dated: _____

[name]
For Defendant States Logistics Services, Inc.

Dated: 2/20/25


Kyle Nordrehaug
Blumenthal Nordrehaug Bhowmik De Blouw LLP
Attorney for Plaintiffs

Dated: _____

Nazo Koulloukian
Koul Law Firm
Attorney for Plaintiffs

Dated: _____

Sahag Majarian, II
Law Offices of Sahag Majarian, II

further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

13.20. Fair Settlement. The Parties, Class Counsel and Defense Counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Operative Complaint and have arrived at this Agreement through arms-length negotiations, taking into account all relevant factors, both current and potential.

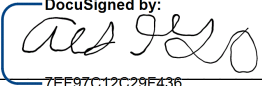
14. EXECUTION BY PARTIES AND COUNSEL

The Parties and their counsel hereby execute this Agreement.

Dated: _____

Plaintiff Manuel Franco

Dated: 2/20/2025

DocuSigned by:


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Plaintiff Alfonso Guzman

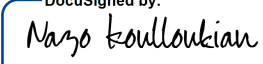
Dated: _____

[name]
For Defendant States Logistics Services, Inc.

Dated: _____

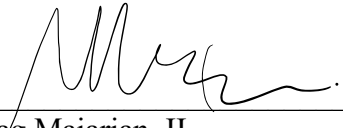
Kyle Nordrehaug
Blumenthal Nordrehaug Bhowmik De Blouw LLP
Attorney for Plaintiffs

Dated: 2/20/2025

DocuSigned by:


6F97388C1D414C7...
Nazo Koulloukian
Koul Law Firm
Attorney for Plaintiffs

Dated: 2/20/25



Sahag Majarian, II
Law Offices of Sahag Majarian, II

further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

13.20. Fair Settlement. The Parties, Class Counsel and Defense Counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Operative Complaint and have arrived at this Agreement through arms-length negotiations, taking into account all relevant factors, both current and potential.

14. EXECUTION BY PARTIES AND COUNSEL

The Parties and their counsel hereby execute this Agreement.

Dated: _____
Plaintiff Manuel Franco

Dated: _____
Plaintiff Alfonso Guzman

Dated: 2/20/2025
Jennifer Monson

Jennifer Monson [name]
For Defendant States Logistics Services, Inc.

Dated: _____
Kyle Nordrehaug
Blumenthal Nordrehaug Bhowmik De Blouw LLP
Attorney for Plaintiffs

Dated: _____
Nazo Koulloukian
Koul Law Firm
Attorney for Plaintiffs

Dated: _____
Sahag Majarian, II
Law Offices of Sahag Majarian, II

Attorney for Plaintiffs



Dated: 2/21/2025

Nicole M. Shaffer
Kimberley L. Litzler
Jackson Lewis, P.C.
Attorney for Defendant

EXHIBIT A

[NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION AND HEARING DATE FOR
FINAL COURT APPROVAL]

COURT APPROVED NOTICE OF CLASS ACTION AND PAGA SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL

Manuel Franco, et al. vs. States Logistics Services, Inc.

Superior Court of the State of California, County of Orange, Case No. 30-2022-01239095-CU-OE-CXC

*A court authorized this notice. This is not a solicitation.
This is not a lawsuit against you, and you are not being sued.*

To: All individuals who were employed by Defendant States Logistics Services, Inc. in the State of California and classified as a non-exempt employee at any time during the Class Period (May 2, 2020, through July 20, 2024).

The Superior Court of the State of California, County of Orange has granted preliminary approval of a proposed settlement of the above-captioned action. Because your rights may be affected by this settlement, please read this Court Approved Notice of Class Action Settlement and Hearing Date for Final Court Approval (“Class Notice”) carefully. The purpose of this Class Notice is to provide a description of the claims alleged in the action, the key terms of the settlement, and your rights and options with respect to the settlement.

YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR DO NOT ACT. PLEASE READ THIS CLASS NOTICE CAREFULLY.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
Do Nothing and Receive a Payment	To receive a cash payment from the Settlement, you do not have to do anything. Your estimated Individual Class Payment is: \$<< __ >>. See the explanation in Section 5 below. After final approval by the Court, the payment will be mailed to you at the same address as this Class Notice. In exchange for the settlement payment, you will release claims against the Defendant as detailed in Section 4 below. If your address has changed, you must notify the Administrator as explained in Section 6 below.
Exclude Yourself The Response Deadline is _____.	To exclude yourself, you must send a written request for exclusion to the Administrator as provided below. If you request exclusion, you will receive no money from the class action portion of the Settlement and you will not be bound by the class action portion of the Settlement. If you are an Aggrieved Employee and exclude yourself, you will still be paid your share of the PAGA Penalties and will remain subject to the release of the Released PAGA Claims regardless of whether you submit a request for exclusion. Instructions are set forth in Section 7 below.
Object The Response Deadline is _____.	Write to the Administrator about why you do not agree with the settlement or appear at the Final Approval Hearing to make an oral objection. The Court’s Final Approval Hearing is scheduled to take place on _____ at 1:30 p.m., at the Orange County Superior Court, located at 751 West Santa Ana Blvd., Santa Ana, CA 92701, before Judge Layne Mezler in Department CX102. Directions regarding Objections are provided in Section 8 below.

1. Why did I receive this Class Notice?

On May 19, 2021, Plaintiff Manuel Franco filed a lawsuit alleging class claims against States Logistics Services, Inc. (“Defendant”) in the Superior Court of the State of California, County of Los Angeles (the “Franco Class Action”). The Franco Class Action asserted the following class claims against Defendant: unfair competition, failure to pay minimum wages, failure to pay overtime wages, failure to provide required meal periods, failure to provide required rest periods, failure to provide accurate itemized wage statements, failure to reimburse employees for required expenses, and failure to provide wages when due. On August 3, 2021, Plaintiff Franco filed a Request for Dismissal of the Franco Class Action, without prejudice, which the Court granted on August 6, 2021.

Separately, on July 6, 2021, Plaintiff Franco filed a separate Representative Action Complaint against Defendant in the Superior Court of the State of California, County of Los Angeles (the “Franco PAGA Action”) alleging a claim under the Labor Code Private Attorneys General Act (“PAGA”), which is a claim for civil penalties under the Private Attorneys General Act set forth in Labor Code section 2699, the purpose of which is to collect civil penalties in order to deter alleged Labor Code violations. On October 20, 2021, the Court signed the Order transferring the Franco PAGA Action to the Orange County Superior Court. On October 21, 2021, Plaintiff Alfonso Guzman filed a separate Representative Action Complaint against Defendant in the Superior Court of the State of California, County of San Bernardino (the “Guzman PAGA Action”) also alleging a PAGA claim.

As part of this Settlement, on July 24, 2024, Plaintiffs Manuel Franco and Alfonso Guzman (“Plaintiffs”) filed a First Amended Consolidated Class and Representative Action Complaint in the Franco PAGA Action that adds class claims based on the facts of the PAGA Notices served by Franco and Guzman and named Plaintiff Franco and Plaintiff Guzman as class representatives. The First Amended Consolidated Class and Representative Action Complaint is referred to as the “Operative Complaint”.

Pursuant to a court order, you are hereby notified that Plaintiffs and Defendant have reached a proposed class action and PAGA settlement (the “Settlement”) of the above-captioned action pending in the Superior Court of the State of California, in and for the County of Orange (the “Court”). The Honorable Lon Hurwitz has been assigned as the judge overseeing the Settlement.

The Court held a hearing on [REDACTED]. After the hearing, the Court granted Preliminary Approval of the Settlement. The Court conditionally certified the Class for settlement purposes only and directed that you receive this Class Notice to provide a summary of the Settlement so that you may better understand your rights and options under the Settlement. Capitalized terms in this Class Notice are defined herein and/or in the Parties’ Class Action and PAGA Settlement Agreement (“Agreement”).

You have received this Class Notice because you have been identified as a member of the Class and may be entitled to receive money from this Settlement.

The Class is defined as:

All individuals who were employed by Defendant in the State of California and classified as a non-exempt employee at any time during the Class Period.

The Class Period is the period of time from May 2, 2020 to July 20, 2024.

It is important that you read this Class Notice carefully as your rights may be affected by the Settlement.

2. What is this class action lawsuit about?

Plaintiffs are former employees of States Logistics Services, Inc. In the Operative Complaint, Plaintiffs allege the following class claims against Defendant: (1) unfair competition; (2) failure to pay minimum wages; (3) failure to pay overtime wages; (4) failure to provide meal periods; (5) failure to provide rest periods; (6) failure to provide accurate itemized statements; (7) failure to reimburse employees for required expenses; and (8) failure to provide wages when due; (9) failure to provide place of employment that is safe and healthful; (10) failure to provide safe working conditions. The Operative Complaint also alleges a representative claim under the California Private Attorneys General Act, Cal. Labor Code §§ 2698, *et seq.* (“PAGA”) for civil penalties based upon the above alleged violations.

Plaintiffs are represented by the law firms Blumenthal Nordrehaug Bhowmik De Blouw LLP, the Koul Law Firm, and the Law Offices of Sahag Majarian, II.

Defendant expressly denies any wrongdoing or legal liability arising out of the claims alleged in the Operative Complaint. Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint, and denies any and all liability for the causes of action alleged in the Operative Complaint. Defendant further denies that, for any purpose other than settling the claims, that Plaintiffs’ class claims are appropriate for class treatment. Defendant has asserted numerous procedural and legal defenses to the Action and contends that the facts and applicable law do not allow for any monetary or other relief to Plaintiffs or the Class. Defendant wishes to settle these claims only to avoid costly, disruptive, and time-consuming litigation. The Settlement represents a compromise and settlement of highly disputed claims. Nothing in the Settlement is intended or will be construed as an admission by Defendant that Plaintiffs’ claims in the lawsuit have merit, that it has any liability to Plaintiffs or the group of individuals that Plaintiffs seeks to represent in this lawsuit, or that it engaged in any wrongdoing.

3. What are the terms of the Settlement?

Gross Settlement Amount. Defendant has agreed to pay a Gross Settlement Amount of One Million One Hundred Forty-Nine Thousand Five Hundred Dollars (\$1,149,500.00) to fund the Settlement.

Amounts to be Paid From the Gross Settlement Amount. The Settlement provides for certain payments to be made from the Gross Settlement Amount as follows, the amounts of which will be decided by the Court at the Final Approval Hearing:

- *Administration Expenses Payment.* Payment to the Administrator, estimated not to exceed \$16,000, for expenses, including notifying the Class Members of the Settlement, distributing Individual Class Payments and tax forms, and handling questions about the Settlement.
- *Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment.* Payment to Class Counsel of reasonable attorneys’ fees not to exceed one-third (1/3) of the Gross Settlement Amount, which is presently \$383,166.67, and an additional amount to reimburse actual litigation costs incurred by the Plaintiff not to exceed \$45,000. The Class Counsel Fees Payment shall be apportioned among Class Counsel as follows: 50% to Blumenthal Nordrehaug Bhowmik De Blouw LLP, 25% to Koul Law Firm, and 25% to Law Offices of Sahag Majarian, II. Class Counsel has been prosecuting these claims on behalf of Plaintiffs and the Class on a contingency fee basis (that is, without being paid any money) and has been paying all litigation costs and expenses.

- *Class Representative Service Payments.* A Class Representative Service Payment in an amount not to exceed \$10,000 each to the Plaintiffs, subject to Court approval, to compensate Plaintiffs for services on behalf of the Class in initiating and prosecuting the claims, and for the risks Plaintiffs undertook.
- *PAGA Penalties.* A payment of \$25,000 relating to the claim for penalties under PAGA, 75% (\$18,750) of which will be paid to the California Labor Workforce Development Agency (“LWDA”), and 25% (\$6,250) of which shall be distributed as “Individual PAGA Payments” to the Aggrieved Employees calculated by (a) dividing the amount of the Aggrieved Employees’ 25% share of PAGA Penalties (\$6,250.00) by the total number of PAGA Period Pay Periods during the PAGA Period and (b) multiplying the result by each Aggrieved Employee’s PAGA Period Pay Periods.
 - The “PAGA Period” is July 6, 2020 to July 20, 2024.
 - “Aggrieved Employees” means all individuals who were employed by Defendant in the State of California and classified as a non-exempt employee at any time during the PAGA Period.

Calculation of Payments to Class Members (“Individual Class Payments”).

The “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payments, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment.

The Net Settlement Amount is estimated to be at least \$ _____. The Administrator will pay an Individual Class Payment from the Net Settlement Amount to each Participating Class Member. The Individual Class Payment for each Participating Class Member will be calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member’s Workweeks.

“Workweek(s)” means any week during the Class Period in which a Class Member worked for Defendant as a Class Member for at least one day.

The number of Workweeks will be based on Defendant’s records, however, Class Members may challenge the number of Workweeks as explained below.

Conditions of Settlement. This Settlement is conditioned upon the Court entering an order granting final approval of the Settlement and entering Judgment.

4. What Do I Release Under the Settlement?

Released Class Claims. Effective on the date when Defendant fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, all Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from the Released Class Claims. The “Released Class Claims” are all claims that were alleged, or reasonably could have been alleged, based on facts stated in the Operative Complaint which occurred during the Class Period during employment in a non-exempt position in California, which includes claims for failure to pay minimum wages, failure to pay overtime wages, failure to provide required meal periods, failure to provide required rest periods, failure to provide accurate itemized wage statements, failure to reimburse employees for required business expenses, failure to provide wages when due, unfair competition based on these claims, and derivative penalties. Except as expressly set forth in the Agreement, Participating Class Members do not release any other

claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, discrimination, unemployment insurance, disability, social security, workers' compensation, Plaintiffs' respective non-wage and hour individual claims that are subject to a separate release, or Class claims based on facts occurring outside the Class Period.

This means that, if you do not timely exclude yourself from the Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against the Released Parties for the Released Class Claims resolved by this Settlement. It also means that all of the Court's orders in the Operative Complaint will apply to you and legally bind you.

Released PAGA Claims. Effective on the date when Defendant fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, all Aggrieved Employees and the LWDA are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all Released PAGA Claims. The "Released PAGA Claims" are all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the facts stated in the Operative Complaint and the PAGA Notices, which occurred during the PAGA Period during employment in a non-exempt position in California. The Released PAGA Claims do not include other PAGA claims, underlying wage and hour claims, claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, discrimination, unemployment insurance, disability, social security, worker's compensation, Plaintiffs' respective nonwage and hour individual claims that are subject to a separate release, and PAGA claims outside of the PAGA Period. The release of the Released PAGA Claims shall be effective as to all Aggrieved Employees, regardless of whether an Aggrieved Employee submitted a request for an exclusion from the Class.

"Released Parties" collectively mean: Defendant and each of its former and present directors, officers, shareholders, owners, attorneys, insurers, predecessors, successors, assigns and subsidiaries.

5. How much will my payment be?

Defendant's records reflect that you have << ____ >> Workweeks during the Class Period (May 2, 2020 to July 20, 2024).

Although the exact share of the Net Settlement Amount cannot be precisely calculated at this time, based on this information, your estimated Individual Class Payment is << ____ >>.

[if applicable - In addition, your Individual PAGA Payment is << ____ >>.]

If you wish to challenge the information set forth above, then you must submit a written, signed dispute challenging the information along with supporting documents, to the Administrator at the address provided in this Class Notice no later than the Response Deadline, which is _____ [sixty (60) days after the mailing of the Class Notice or 45 days after the re-mailing for Class Members whose Class Notice Packet is re-mailed]. You may also fax the dispute to _____ or email the dispute to _____ by no later than the Response Deadline. Any dispute should include credible written evidence and will be resolved by the Administrator. A Dispute form is included with this Class Notice.

Tax Matters. Each Participating Class Member's Individual Class Payment will be apportioned as follows: (1) twenty percent (20%) shall be allocated to alleged wages for which an IRS Form W-2 will issue and which shall be subject to tax withholdings customarily made from an employee's wages and all other authorized and required withholdings; and (2) eighty percent (80%) shall be allocated to settlement of claims for

non-wages, expense reimbursement, interest and penalties, not subject to wage withholdings, for which an IRS Form 1099 will issue.

Neither Class Counsel nor Defendant's Counsel intend anything contained in this Class Notice to constitute advice regarding taxes or taxability. The tax issues for each Participating Class Member are unique to him/her, and each Participating Class Member may wish to consult a tax advisor concerning the tax consequences of the payments received under the Settlement.

6. How can I get a payment?

To get money from the Settlement, **you do not have to do anything**. A check for your Individual Class Payment, and any Individual PAGA Payment (if applicable), will be mailed automatically to the same address as this Class Notice. If your address is incorrect or has changed, you must notify the Administrator. The Administrator is: ILYM Group, Inc., _____ (800) _____.

If the Court grants final approval of the Settlement and enters Judgment on the Settlement, and there are no objections or appeals, your Settlement payment will be mailed approximately three months after final approval. If there are objections or appeals the payments will be delayed because resolving them can take time, usually more than a year. Please be patient.

7. What if I don't want to be a part of the Settlement?

If you do not wish to participate in the Settlement, you may exclude yourself from the Settlement or "opt out." **If you opt out, you will receive NO money from the Settlement, and you will not be bound by its terms, which means you will retain your right to sue the Defendant as to the Released Class Claims resolved by this Settlement.** However, Aggrieved Employees who opt out will still be paid their Individual PAGA Payment and will remain bound by the release of the Released PAGA Claims regardless of their request for exclusion.

To opt out, you must mail to the Administrator, by First Class Mail, a written, signed and dated request to opt-out postmarked no later than the Response Deadline which is _____ [sixty (60) days after the mailing of the Class Notice or 45 days after the re-mailing for Class Members whose Class Notice Packet is re-mailed]. You may also fax your request to opt out to _____ or email the dispute to _____ by no later than the Response Deadline. A Request for Exclusion form is included with this Class Notice. The Request for Exclusion should state in substance: "I wish to be excluded from the Class in the *Manuel Franco, et al. vs. States Logistics Services, Inc.* lawsuit." The Request for Exclusion must state the Class Member's full name, present address, telephone number, and the name and number of the case, which is *Manuel Franco, et al. vs. States Logistics Services, Inc.*, Case No. 30-2022-01239095-CU-OE-CXC. The request to opt-out must be completed by you. No other person may opt-out for a living member of the Class.

The address for the Administrator is _____. Absent good cause found by the Court, written requests for exclusion that are faxed, emailed, or postmarked after _____, or are incomplete or unsigned will be rejected, and those Class Members will remain bound by the Settlement and the release(s) described above.

8. How do I tell the Court that I don't agree with the Settlement?

Any Class Member who has not opted out and believes that the Settlement should not be finally approved by the Court for any reason may object to the proposed Settlement, either in writing or in person. Objections that

are in writing must state (1) the Class Member's name, current address, telephone number, and the approximate dates of employment in California by Defendant; (2) the words "Notice of Objection" or "Formal Objection"; (3) describe why you believe the Settlement is unfair; and (4) the name and number of the case, which is *Manuel Franco, et al. vs. States Logistics Services, Inc.*, in the Superior Court of the State of California, County of Orange, Case No. 30-2022-01239095-CU-OE-CXC.

All written objections must be mailed to the Administrator at _____, no later than the Response Deadline of _____ [sixty (60) days after the mailing of the Class Notice or 45 days after the re-mailing for Class Members whose Class Notice Packet is re-mailed]. You may also fax the objection to _____ or email the objection to _____ by no later than this Response Deadline.

Alternatively, Class Members may appear at the Final Approval Hearing to make an oral objection without submitting a written objection. At this time, the Court now hears matters both in person and remotely through Zoom through the court's online check-in process. If you need assistance, you may contact Class Counsel. Please check the Court's website for current information and instructions concerning appearances and how to view Court proceedings: <https://www.occourts.org/media-relations/civil.html>.

To object to the Settlement, you must not opt out, and if the Court approves the Settlement despite your objection, you will be bound by the terms of the Settlement in the same way as Class Members who do not object and you will still be mailed a check for your Individual Class Payment and any Individual PAGA Payment owed. Absent good cause found by the Court, any Class Member who does not object in the manner provided in this Class Notice shall have waived any objection to the Settlement, whether by appeal or otherwise.

9. Who are the attorneys representing the Parties?

The addresses for Parties' counsel are as follows:

Class Counsel:

Norman Blumenthal
Kyle Nordrehaug
Blumenthal Nordrehaug Bhowmik De Blouw LLP
2255 Calle Clara
La Jolla, CA 92037
Tel: 858-551-1223 / Fax: 858-551-1232
Email: kyle@bamlawca.com
Website: www.bamlawca.com

Counsel for Defendant:

Nicole M. Shaffer
Jackson Lewis P.C.
3390 University Ave., Suite 110
Riverside, CA 92501

Kimberley L. Litzler
Jackson Lewis P.C.
200 Spectrum Center Drive, Suite 500
Irvine, CA 92618

12. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Final Approval Hearing at 1:30 p.m. on _____, in Department CX102 of the Superior Court of California, County of Orange, 751 West Santa Ana Blvd., Santa Ana, CA 92701, before Judge Layne Melzer. At this hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. The purpose of this hearing is for the Court to determine whether to grant final approval of the Settlement. If there are objections, the Court will consider them. This hearing may be rescheduled by the Court without further notice to you. **You are not required to attend** the Final Approval Hearing, although any Class Member is welcome to attend the hearing.

13. How do I get more information about the Settlement?

You may contact the Administrator or Class Counsel for more information. The Administrator's contact information is as follows:

Administrator:

Name of Company: ILYM Group, Inc.

Email Address: _____

Mailing Address: _____

Telephone Number: _____

Fax Number: _____

Settlement Website: _____

This Class Notice summarizes the proposed Settlement. The Agreement sets forth everything Defendant and Plaintiffs have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Final Judgment, or any other Settlement documents is to go to The Administrator's website at <<_____>> where they will be posted as they become available. You may also get more details by examining the Court's file via the Civil Case and Document Access for the California Superior Court for the County of Orange (<https://www.occourts.org/online-services/case-access/>) and entering the Case No. 30-2022-01239095.

PLEASE DO NOT CALL THE COURT ABOUT THIS CLASS NOTICE.

IMPORTANT:

- You must inform the Administrator of any change of address to ensure receipt of your Settlement payment.
- Settlement checks will be null and void 180 days after issuance if not deposited or cashed. In such event, the Administrator will pay all unclaimed funds to the paid to the California Controller's Unclaimed Property Fund in the name of the Participating Class Member where the funds may be claimed at https://www.sco.ca.gov/upd_msg.html.
- If your check is lost or misplaced, you should contact the Administrator immediately to request a replacement.
-
- 4936-0664-9373, v. 1

EXHIBIT B

[REQUEST FOR EXCLUSION FORM]

REQUEST FOR EXCLUSION FORM

***Manuel Franco vs. States Logistics Services, Inc.,*
Superior Court of the State of California, County of Orange,
Case No. 30-2022-01239095-CU-OE-CXC**

I confirm that I have received the Court Approved Notice of Class Action Settlement and Hearing Date for Final Court Approval, which describes my rights and the options I may take in response to the parties' proposed Settlement in the above-referenced lawsuit.

By signing and returning this Request for Exclusion Form, I confirm that I wish to be removed from the proposed Class, that I do not want to participate as a Class Member, and that I do not want to be included in the proposed Class Settlement.

I understand and acknowledge that, by signing and submitting this form: (1) I will not receive any money from the proposed Settlement except my portion, if any, of the civil penalties that is allocated in settlement of the California Labor Code Private Attorney General Act of 2004 claim alleged by Plaintiffs; (2) I will not be bound by the class portion of the proposed Settlement and will only be bound by the release of the Released PAGA Claims; and (3) I will not have any right to object to the proposed Settlement.

THE EXCLUSION FORM MUST BE SIGNED, DATED, AND MAILED BY FIRST CLASS U.S. MAIL, POSTMARKED NO LATER THAN [INSERT DATE] TO: MANUEL FRANCO, ET AL. V. STATES LOGISTICS SERVICES, INC., C/O ILYM GROUP, INC., [INSERT ADDRESS]. YOU MAY ALSO FAX THIS FORM TO: _____, OR EMAIL THE FORM TO: _____.

Name: _____

Address: _____

Telephone Number: _____

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

(Sign your name here)

Date

EXHIBIT C
[DISPUTE FORM]

DISPUTE FORM

***Manuel Franco vs. States Logistics Services, Inc.,
Superior Court of the State of California, County of Orange,
Case No. 30-2022-01239095-CU-OE-CXC***

Indicate Name/Address Changes, if any:

<<Name>>

<<Address>>

<<City>>, <<State>> <<Zip Code>>

XX - XX - _ _ _ _

If you were employed by Defendant States Logistics Services, Inc. (“Defendant”) in California and classified as an hourly, non-exempt employee at any time during the Class Period (May 2, 2020, through July 20, 2024), then you may be a Class Member.

The amount of your estimated Individual Class Payment is based upon the Workweeks your worked during the Class Period based on Defendant’s company records, as set forth below and in the Class Notice you received.

I. YOUR COMPENSABLE WORKWEEKS

Defendant’s records show that during the Class Period, you worked as a non-exempt employee in California, which qualifies you as a Class Member, and your total number of Workweeks during the Class Period are:

<<NUMBER OF WORKWEEKS>>.

II. YOUR ESTIMATED INDIVIDUAL CLASS PAYMENT

Based upon the above numbers of Workweeks listed above, your estimated pre-tax Individual Class Payment is

<<INSERT>>.

III. CHALLENGE TO WEEKS WORKED

If you believe that the number of Workweeks stated above is correct, you do not have to do anything.

If you wish to dispute the number of Workweeks worked listed above, you must complete and postmark this Dispute Form, and provide all supporting information and/or documentation, to the Administrator by

<<RESPONSE DEADLINE>>.

Check the box below ONLY if you wish to dispute the information listed above:

☐ I wish to dispute the number of Workweeks listed above. I believe the correct amount of my Workweeks during the Class Period is _____. I have also included information and/or documentary evidence that support my dispute. I understand that, by submitting this dispute, I hereby authorize the Administrator to review Defendant’s records and make a determination as to the validity of my dispute based upon Defendant’s records as well as the records and information that I submit to the Administrator.

I declare under penalty of perjury under the laws of the State of California that the information I provided in this Dispute Form is true and correct.

Dated: _____

Signature: _____

Print or Type Name: _____

**THIS DISPUTE FORM MUST BE SIGNED, DATED, EITHER MAILED BY
FIRST CLASS U.S. MAIL, POSTMARKED, FAXED, OR EMAILED NO LATER
THAN [INSERT DATE], TO:]**

***Manuel Franco, et al. vs. States Logistics Services, Inc.
c/o ILYM Group, Inc.***

address

Fax: _____

Email: _____

EXHIBIT D

[ORDER GRANTING PRELIMINARY APPROVAL]

1 **BLUMENTHAL NORDREHAUG BHOWMIK**
2 **DE BLOUW LLP**

3 Norman B. Blumenthal (State Bar #068687)

4 Kyle R. Nordrehaug (State Bar #205975)

5 Aparajit Bhowmik (State Bar #248066)

6 2255 Calle Clara

7 La Jolla, CA 92037

8 Telephone: (858)551-1223

9 Facsimile: (858) 551-1232

10 Attorneys for Plaintiffs

11
12 SUPERIOR COURT OF THE STATE OF CALIFORNIA

13 COUNTY OF ORANGE

14 MANUEL FRANCO and ALFONSO
15 GUZMAN, on behalf of themselves, on behalf
16 of all persons similarly situated, and on behalf
17 of the State of California as a private attorney
18 general,

19 Plaintiffs,

20 vs.

21 STATES LOGISTICS SERVICES, INC., a
22 California Corporation; and DOES 1 through
23 50, inclusive,

24 Defendants.

CASE NO.: **30-2022-01239095-CU-OE-CXC**

**[REVISED PROPOSED] ORDER
GRANTING MOTION FOR
PRELIMINARY APPROVAL OF CLASS
ACTION AND PAGA SETTLEMENT**

Hearing Date: March 7, 2024

Hearing Time: 1:30 p.m.

Judge: Hon. Layne H. Melzer

Dept.: CX102

Action Filed: July 6, 2021

Trial Date: Not Set

1 This matter, having come before the Honorable Layne H. Melzer of the Superior Court of
2 the State of California, in and for the County Orange, on March 7, 2024, for the motion by
3 Plaintiffs Manuel Franco and Alfonso Guzman (“Plaintiffs”) for preliminary approval of the class
4 action and PAGA settlement with Defendant States Logistics Services, Inc. (“Defendant”). The
5 Court, having considered the briefs, argument of counsel and all matters presented to the Court
6 and good cause appearing, hereby GRANTS Plaintiffs’ Motion for Preliminary Approval of Class
7 Action Settlement.

8 **IT IS HEREBY ORDERED:**

9 1. The First Amended Class Action and PAGA Settlement Agreement (“Agreement”
10 or “Settlement”) is preliminarily approved as to the terms of the Agreement fall within the range
11 of approval as fair, adequate and reasonable. The Gross Settlement Amount is One Million One
12 Hundred Forty-Nine Thousand Five Hundred Dollars (\$1,149,500.00) and provides for the
13 following disbursements subject to Court approval: (1) Class Counsel Fees Payment not exceed
14 one-third of the Gross Settlement Amount which would presently be \$383,166.67; (2) Class
15 Counsel Litigation Expenses Payment not to exceed \$45,000; (3) Administration Expenses
16 Payment not to exceed \$16,000; (4) the Class Representative Service Payment to each plaintiff in
17 an amount not to exceed \$10,000 each (\$20,000 total); and (5) the PAGA Penalties payment of
18 \$25,000 to be allocated 75% to the California Labor and Workforce Development Agency
19 (“LWDA”) and 25% to the Aggrieved Employees. The amount remaining in the Gross Settlement
20 Amount after the deduction of Court-approved amounts for Individual PAGA Payments, the
21 LWDA PAGA Payment, the Class Representative Service Payment, the Class Counsel Fees
22 Payment, the Class Counsel Litigation Expenses Payment, and the Administration Expenses
23 Payment (called the “Net Settlement Amount”) shall be allocated to Class Members as their
24 Individual Class Payments.

25 2. Based on a review of the papers submitted by Plaintiffs, the Court finds that the
26 Settlement is the result of arm’s-length negotiations conducted after Plaintiffs and their counsel
27 adequately investigated the claims and became familiar with the strengths and weaknesses of those
28

1 claims. The assistant of an experienced mediator, Hon. William C. Pate (Ret.), in the Settlement
2 process supports the Court's conclusion that the Settlement is non-collusive and reasonable. The
3 Settlement is presumptively valid, subject only to any objections that may be raised at the Final
4 Approval Hearing and Final Approval by this Court.

5 3. This Order incorporates by reference all defined terms set forth in the Agreement,
6 which is attached as Exhibit #1 to the Supplemental Declaration of Kyle Nordrehaug in Support of
7 Plaintiffs' Motion for Preliminary Approval of Class Action Settlement ("Nordrehaug
8 Declaration") filed on February 21, 2025 [ROA # [REDACTED]].

9 4. The following persons are provisionally certified as the "Class" for Settlement
10 purposes only: "all individuals who were employed by Defendant in the State of California and
11 classified as a non-exempt employee at any time during the Class Period." The Class Period
12 means the period of time from May 2, 2020 to July 20, 2024.

13 5. The proposed Class satisfies the requirements for certification under California
14 Code of Civil Procedure Section 382 because the Class is readily ascertainable, and a well-defined
15 community of interest exists in the questions of law and fact affecting the Parties.

16 6. Plaintiffs Manuel Franco and Alfonso Guzman are appointed as the Class
17 Representatives. Norman B. Blumenthal, Kyle R. Nordrehaug, Aparajit Bhowmik, Jeffrey S.
18 Herman, Sergio J. Puche, Trevor G Moran of Blumenthal Nordrehaug Bhowmik De Blouw LLP,
19 Nazo Koulloukian of Koul Law Firm, and Sahag Majarian, II of Law Offices of Sahag Majarian,
20 II are appointed as Class Counsel.

21 7. The Parties' proposed notice plan is constitutionally sound and hereby approved as
22 the best notice practicable under the circumstances. The Court Approved Notice of Class Action
23 Settlement and Hearing Date for Final Court Approval ("Class Notice"), in the form attached
24 hereto as Exhibit #1, is sufficient to inform the Class of the terms of the Agreement, their rights to
25 receive monetary payments under the Agreement and the date and location of the Final Approval
26 Hearing. In addition, the Class Notice fairly, plainly, accurately, and reasonable informs the Class
27 of: (1) the nature of the Action, the definition of the Class, the identity of Class Counsel, and
28

1 essential terms of the Agreement; (2) Plaintiffs' and Class Counsel's applications for the Class
2 Representative Service Payment, and Class Counsel's request for Class Counsel Fees Payment and
3 Class Counsel Litigation Expenses Payment; (3) a formula used to determine each Class
4 Member's estimated payment; (4) Class Members' rights to appear through counsel if they desire;
5 (5) how to object to the Settlement or submit a Request for Exclusion from the Settlement if a
6 Class Member wishes to do so; and (6) how to obtain additional information regarding the Action
7 and the Settlement (California Rule of Court 3.766.) The Court further finds that the notice
8 requirements of California Rule of Court 3.769, subd. (f) are satisfied, and that the Class Notice
9 adequately advises the Class of their rights under the Settlement. Counsel for the Parties are
10 authorized to correct any typographical errors in the Class Notice and make clarifications, to the
11 extent the same are found or needed, so long as such corrections do not substantially or materially
12 later the substance of the Class Notice and other notice documents. The font of the Class Notice
13 shall not be smaller than what was provided to the Court.

14 8. Class Members may exclude themselves from the Settlement (except for the
15 Released PAGA Claims) by submitting the Request for Exclusion Form attached hereto as Exhibit
16 #2, the form of which is approved by the Court. Class Members who wish to exclude themselves
17 (opt-out of) the Settlement must send the Administrator a signed written Request for Exclusion
18 form. All Requests for Exclusion must be postmarked by no later than sixty (60) days after the
19 date of the mailing of the Class Notice. If a Class Notice Packet is re-mailed, the response date for
20 Request for Exclusions will be extended to the date that is forty-five (45) days after the remailing..
21 The Administrator shall send copies of any Requests for Exclusion to Class Counsel and
22 Defendant's Counsel and shall file a declaration concurrently with the filing of Plaintiffs' Motion
23 for Final Approval, authenticating a copy of every Request for Exclusion Form received by the
24 Administrator.

25 9. Class Members who opt-out of the Settlement will still be bound by the released of
26 the Released PAGA Claims, as defined in the Agreement, if they were an Aggrieved Employee
27 employed by Defendant during the PAGA Period.

1 10. Only Class Members who do not request exclusion from the Settlement may submit
2 a dispute as to their workweeks. Class Members who wish to dispute their workweeks must send
3 the Administrator a signed Dispute Form attached hereto as Exhibit #3, the form of which is
4 approved by the Court. All Dispute Forms must be postmarked no later than sixty (60) days after
5 the date of the mailing of the Class Notice. If a Class Notice Packet is re-mailed, the response
6 date for Dispute Forms will be extended to the date that is forty-five (45) days after the remailing..
7 The Administrator shall send copies of any Dispute Forms to Class Counsel and Defendant's
8 Counsel and shall file a declaration concurrently with the filing of Plaintiff's Motion for Final
9 Approval, authenticating a copy of every Dispute Form received by the Administrator.

10 11. Only Class Members who do not request exclusion from the Settlement may object
11 to the class action components of the Settlement, including contesting the fairness of the
12 Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel
13 Litigation Payment and/or Class Representative Service Payment. Class Members may send
14 written objections to the Administrator by fax, email, or mail. Alternatively, or in addition to a
15 written objection, Class Members may appear in Court (or hire an attorney to appear in Court) to
16 present verbal objections at the Final Approval Hearing. A Class Member who elects to send a
17 written objection to the Administrator must do so no later than sixty (60) days after the date of the
18 mailing of the Class Notice. If a Class Notice Packet is re-mailed, the response date for any
19 written objections will be extended to the date that is forty-five (45) days after the remailing..
20 Alternatively, Class Members may appear at the final approval hearing, and may present evidence
21 and file briefs or other papers that may be proper and relevant to the issues to be heard and
22 determined by the Court as provided in the Notice.

23 12. The Court finds that a copy of the Agreement was provided to the LWDA pursuant
24 to California Labor Code § 2699(1)(2).

25 13. ILYM Group, Inc. is appointed to act as Administrator, pursuant to the terms set for
26 in the Settlement. The Administrator is ordered to carry out the Settlement according to its terms
27
28

1 and in conformity with this Order, including disseminating the Class Notice according to the
2 notice plan described in the Agreement.

3 14. Neither the Agreement, nor any exhibit, document, or instrument delivered
4 thereunder shall be construed as a concession or admission by Defendant in any way that the
5 claims asserted have any merit or that this Action was properly brought as a class or representative
6 action, and shall not be used as evidence of, or used against Defendant as, an admission or
7 indication in any way, including with respect to any claim of any liability, wrongdoing, fault or
8 omission by Defendant or with respect to the truth of any allegation asserted by any person.
9 Whether or not the Agreement is finally approved, neither the Agreement, nor any exhibit,
10 document, statement, proceeding or conduct related to the Agreement, nor any reports or accounts
11 thereof, shall in any event be construed as, offered or admitted in evidence as, received as or
12 deemed to be evidence for any purpose adverse to the Defendant, including, but not limited to,
13 evidence of a presumption, concession, indication or admission by Defendant of any liability,
14 fault, wrongdoing, omission, concession or damage.

15 15. The Parties are ordered to carry out the Settlement according to its terms.

16 16. A Final Approval Hearing will be held on July 25, 2025 at 1:30 p.m. in Department
17 CX102 of the Civil Complex Center courthouse located at 751 W. Santa Ana Blvd., Santa Ana,
18 CA 92701, to determine whether the Settlement should be granted final approval as fair,
19 reasonable and adequate as to the Class Members. The Court reserves the right to continue the
20 data of the Final Approval Hearing without further notice to the Class Members. The Court
21 retains jurisdiction to consider all further applications arising out of or in connection with the
22 Agreement.

23 17. The Motion for Final Approval of the Class Action and PAGA Settlement,
24 including requests to approve the Class Representative Service Payments and Class Counsel's
25 request for Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment, shall be
26 filed with the Court and served on all counsel no later than sixteen (16) court days before the Final
27 Approval Hearing.

18. The Court retains continuing jurisdiction to construe, interpret, implement and enforce the Agreement, to hear and resolve any contested challenge to a claim for settlement benefits, and to supervise and adjudicate any dispute arising from or in connection with the distribution of settlement benefits.

IT IS SO ORDERED.

Dated: _____

HON. LAYNE H. MELZER
JUDGE, SUPERIOR COURT OF CALIFORNIA

4919-5193-0909, v. 1

EXHIBIT E

[FINAL APPROVAL ORDER AND JUDGMENT]

1 **BLUMENTHAL NORDREHAUG BHOWMIK**
2 **DE BLOUW LLP**

3 Norman B. Blumenthal (State Bar #068687)

4 Kyle R. Nordrehaug (State Bar #205975)

5 Aparajit Bhowmik (State Bar #248066)

6 2255 Calle Clara

7 La Jolla, CA 92037

8 Telephone: (858)551-1223

9 Facsimile: (858) 551-1232

10 Attorneys for Plaintiffs

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 COUNTY OF ORANGE
13

14 MANUEL FRANCO and ALFONSO
15 GUZMAN, on behalf of themselves, on behalf
16 of all persons similarly situated, and on behalf
17 of the State of California as a private attorney
18 general,

19 Plaintiffs,

20 vs.

21 STATES LOGISTICS SERVICES, INC., a
22 California Corporation; and DOES 1 through
23 50, inclusive,

24 Defendants.

CASE NO.: 30-2022-01239095-CU-OE-CXC

**[PROPOSED] ORDER GRANTING
PLAINTIFFS' MOTION FOR FINAL
APPROVAL OF CLASS ACTION
SETTLEMENT AND FINAL JUDGMENT**

Hearing Date:

Hearing Time:

Judge: Hon. Lon Hurwitz

Dept.: CX103

Action Filed: July 6, 2021

Trial Date: Not Set

25
26
27
28 **[PROPOSED] ORDER GRANTING FINAL APPROVAL OF SETTLEMENT AND FINAL
JUDGMENT**

1 **[PROPOSED] ORDER & JUDGMENT**

2 The Motion of Plaintiffs Manuel Franco and Alfonso Guzman ("Plaintiffs") for Final
3 Approval of Class Action Settlement, Class Representatives' Service Payments, and Attorneys'
4 Fees and Costs ("Final Approval Motion") came on regularly for hearing before this Court on
5 , at , pursuant to the California Rule of Court 3.769 and this Court's
6 early Order Granting Preliminary Approval of Class Action Settlement ("Preliminary Approval
7 Order"). Having considered the parties' Class Action and PAGA Settlement Agreement
8 ("Agreement" or Settlement"), and the documents and evidence presented in support thereof, and
9 recognizing the sharply disputed factual and legal issues involved in this case, the risks of further
10 prosecution, and the substantial benefits to be received by the Class Members pursuant to the
11 Settlement, the Court hereby makes a final ruling that the Settlement is fair, reasonable and
12 adequate, and is the product of good faith, arm's-length negotiations between the parties. Good
13 cause appearing therefor, the Court hereby GRANTS Plaintiffs' Final Approval Motion and
14 hereby ORDERS the following:

15 1. Final Judgment is hereby entered in conformity with the Agreement and this Final
16 Approval Order. Notice of entry of this Final Judgment shall be given to all Parties by Class
17 Counsel on behalf of Plaintiffs and all Class Members. The Final Judgment shall be posted on the
18 Administrator's website as set forth in the Class Notice to the Class. It shall not be necessary to
19 send notice of entry of this Final Judgment to individual Class Members. Pursuant to Labor Code
20 section 2699, subdivision (1)(2), Class Counsel shall submit a copy of this Final Judgment to the
21 LWDA within 10 days after its entry.

22 2. The conditional class certification is hereby made final, and the Court thus certifies,
23 for purposes of the Settlement, the following Class:

24 All individuals who were employed by Defendant in the State of California and
25 classified as a non-exempt employee at any time during the Class Period.

26 The Class Period means the period of time from May 2, 2020, through July 20,
27 2024.

28 **[PROPOSED] ORDER GRANTING FINAL APPROVAL OF SETTLEMENT AND FINAL
JUDGMENT**

3. Plaintiffs are hereby confirmed as Class Representatives. Norman B. Blumenthal, Kyle R. Nordrehaug, Aparajit Bhowmik, Jeffery S. Herman, Sergio J. Puche, Trevor G. Moran of Blumenthal Nordrehaug Bhowmik De Blouw LLP, Nazo Koulloukian of Koul Law Firm, and Sahag Majarian, II of Law Offices of Sahag Majarian, II are hereby confirmed as Class Counsel.

4. The Class Notice was provided to the Class Members as set forth in the Settlement, which was approved by the Court on [REDACTED], and the notice process has been completed in conformity with the Settlement and the Court's Preliminary Approval Order. The Court finds that said notice was the best notice practicable under the circumstances. and was reasonably calculated to communicate actual notice of the litigation and the proposed settlement to the Class. The Class Notice provided due and adequate notice of the proceedings and matters set forth therein, informed the Class Members of their rights, and fully satisfied the requirements of California Rule of Court 3.769, and due process.

5. The Court finds that [REDACTED] Class Members objected to the Settlement, that [REDACTED] Class Members opted out of the Settlement, and that the [REDACTED] % participate rate in the Settlement supports final approval. The names of the Class Members that requested exclusion from the Settlement are [REDACTED].

6. The Court hereby approves the settlement as set forth in the Settlement as fair, reasonable, adequate, and directs the parties to effectuate the Settlement according to its terms.

7. For purposes of settlement only, the Court finds that: (a) the Class Members are ascertainable and so numerous that joinder of all class members is impracticable; (b) there are questions of law or fact common to the Class Members, and there is a well-defined community of interest among the Class Members with respect to the subject matter of the litigation; (c) the claims of the Class Representatives are typical of the claims of the Class Members; (d) the Class Representatives have fairly and adequately protected the interests of the Class Members; (e) a class action is superior to other available methods for an efficient adjudication of this controversy;

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1 and (f) Class Counsel are qualified to serve as counsel for the Class Representatives and the Class
2 Members.

3 8. The Court finds that given the absence of objections to the Settlement, this Order
4 shall be considered final as of the date of entry.

5 9. The Court finds that the Individual Class Payments, as provided for in the
6 Settlement, are fair, reasonable, and adequate, and orders the Administrator to distribute the
7 Individual Class Payments in conformity with the terms of the Settlement.

8 10. The Court orders Defendant States Logistics Services, Inc. (“Defendant”) to
9 deposit the Gross Settlement Amount of \$1,149,500.00 with the Administrator, ILYM Group, Inc.,
10 within fourteen (14) days of the Effective Date.

11 11. The Court finds that Class Representative Service Payments in the amount of
12 \$10,000.00 each to the Plaintiffs, for a total of \$20,000.00, are reasonable in light of the risks and
13 burdens undertaken by the Plaintiffs in this litigation and for their time and effort in bringing and
14 prosecuting this matter on behalf of the Class. The Court finds that these payments are fair,
15 reasonable, and adequate, and orders that the Administrator make these payments in conformity
16 with the terms of the Settlement.

17 12. The Court finds that attorneys’ fees in the amount of \$383,166.67 and litigation
18 costs of \$  for Class Counsel are fair, reasonable, and adequate in light of the
19 common fund created by the Settlement. The Class Counsel Fees Payment shall be apportioned
20 among Class Counsel as follows: 50% to Blumenthal Nordrehaug Bhowmik De Blouw LLP, 25%
21 to Koul Law Firm, and 25% to Law Offices of Sahag Majarian, II. The Class Counsel Litigation
22 Expenses Payment shall be allocated as follows: \$ _____ to Blumenthal Nordrehaug Bhowmik
23 De Blouw LLP, \$ _____ to Koul Law Firm, and \$ _____ to Law Offices of Sahag
24 Majarian, II. The Administrator is ordered to distribute these payments to Class Counsel in
25 conformity with the terms of the Settlement.

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13. The Court orders that the Administrator shall be paid \$_____ from the Gross Settlement Amount in conformity with the terms of the Settlement, for all of its work done and to be done until the completion of this matter and finds that sum appropriate.

14. The Court finds that the PAGA Penalties payment to the in the amount of \$25,000.00 is fair, reasonable, and adequate. The PAGA Penalties amount shall be allocated 75% (\$18,750) as the LWDA PAGA Payment California Labor & Workforce Development Agency (“LWDA”), and 25% (\$6,250) to the Individual PAGA Payments to be distributed by (a) dividing the amount of the Aggrieved Employees’ 25% share of PAGA Penalties (\$6,250.00) by the total number of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee’s PAGA Pay Periods. “Aggrieved Employees” are all individuals who were employed by Defendant in the State of California and classified as a non-exempt employee at any time during the PAGA Period. The “PAGA Period” is July 6, 2020 to July 20, 2024. The LWDA was notified of the settlement and served with a copy of the Agreement, and the LWDA has not objected to the Settlement. The Administrator is ordered to distribute this LWDA PAGA Payment and the Individual PAGA Payments in conformity with the terms of the Settlement.

15. This Court orders that any settlement checks shall be negotiable for 180 calendar days from the date of issuance of the check, and that any settlement checks that remain uncashed after 180 days after they are mailed shall be distributed to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Civil Code § 1500, et seq., in the name of the Class Member to whom the check was issued.

16. As of the Effective Date and upon Defendant's complete funding of the Gross Settlement Amount, Plaintiffs and each Class Members who has not submitted a valid and timely request for exclusion, shall fully release and discharge Defendant and each of its former and present directors, officers, shareholders, owners, attorneys, insurers, predecessors, successors, assigns and subsidiaries (collectively, the "Released Parties") as follows: All Participating Class Members will release all claims that were alleged, or reasonably could have been alleged, based

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1 on facts stated in the Operative Complaint which occurred during the period of time from May 2,
2 2020 to July 20, 2024 (the “Class Period”) during employment in a non-exempt position in
3 California, which includes claims for failure to pay minimum wages, failure to pay overtime
4 wages, failure to provide required meal periods, failure to provide required rest periods, failure to
5 provide accurate itemized wage statements, failure to reimburse employees for required business
6 expenses, failure to provide wages when due, unfair competition based on these claims, and
7 derivative penalties (collectively, the “Released Class Claims”). In addition, all Aggrieved
8 Employees will release all claims for PAGA penalties that were alleged, or reasonable could have
9 been alleged, based on the facts stated in the Operative Complaint and PAGA Notices, which
10 occurred during the period of time from July 6, 2020 to July 20, 2024 (the “PAGA Period”) during
11 employment in a non-exempt position in California (“Released PAGA Claims”).

12 17. This document shall constitute a final judgment pursuant to California Rule of
13 Court 3.769(h), which provides, “If the court approves the settlement agreement after the final
14 approval hearing, the court must make and enter judgment. The judgment must include a
15 provision for the retention of the court’s jurisdiction over the parties to enforce the terms of the
16 judgment. The court may not enter an order dismissing the action at the same time as, or after,
17 entry of judgment.” The Court will retain jurisdiction to enforce the Settlement, the Final
18 Approval Order, and this Judgment.

19 ///

20 18. Plaintiffs shall file a Final Disbursement Declaration on or before
21 _____, A Non-Appearance Case Review Re: Filing of Final Disbursement
22 Declaration is set for _____, at _____.

23 **IT IS SO ORDERED.**

24
25 Dated: _____

26 _____
27 HON. LON HURWITZ
JUDGE, SUPERIOR COURT OF CALIFORNIA

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EXHIBIT #2

CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between plaintiffs Manuel Franco and Alfonso Guzman (“Plaintiffs”) and defendant States Logistics Services, Inc. (“Defendant”). The Agreement refers to Plaintiffs and Defendant collectively as the “Parties,” or individually as “Party.”

1. DEFINITIONS

In addition to other terms defined in this Agreement, the terms below have the following meaning in this Agreement:

- 1.1. “Administrator” means ILYM Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.2. “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval.
- 1.3. “Aggrieved Employees” means all individuals who were employed by Defendant in the State of California and classified as a non-exempt employee at any time during the PAGA Period.
- 1.4. “Class” means all individuals who were employed by Defendant in the State of California and classified as a non-exempt employee at any time during the Class Period.
- 1.5. “Class Counsel” means Norman B. Blumenthal, Kyle R. Nordrehaug, Aparajit Bhowmik, Jeffrey S. Herman, Sergio J. Puche, Trevor G Moran of Blumenthal Nordrehaug Bhowmik De Blouw LLP [“BNBD”]; Nazo Koulloukian of Koul Law Firm [“KLF”]; and Sahag Majarian, II of Law Offices of Sahag Majarian, II [“SM”].
- 1.6. “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts to be paid to Class Counsel for reasonable attorneys’ fees and expenses, respectively, as approved by the Court, to compensate Class Counsel for their legal work in connection with the Operative Complaint, including their pre-filing investigation, their filing of the Operative Complaint, all related litigation activities, all Settlement work, all post-Settlement compliance procedures, and related litigation expenses billed in connection with the Operative Complaint.

- 1.7. “Class Data” means Class Member identifying information in Defendant’s possession including the Class Member’s name, last-known mailing address, Social Security number, and number of Workweeks and PAGA Pay Periods.
- 1.8. “Class Member” means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non- Participating Class Member who qualifies as an Aggrieved Employee).
- 1.9. “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.
- 1.10. “Class Notice” means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class Members in English with a Spanish translation, in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.
- 1.11. “Class Notice Packet(s)” means the Class Notice to be provided to the Class Members by the Administrator along with a Request for Exclusion Form, attached as Exhibit B, and a Dispute Form, attached as Exhibit C to this Agreement (other than formatting changes to facilitate printing by the Administrator).
- 1.12. “Class Period” means the period of time from May 2, 2020 to July 20, 2024.
- 1.13. “Class Representatives” means the named Plaintiffs Manuel Franco and Alfonso Guzman in the Operative Complaint seeking Court approval to serve as Class Representatives.
- 1.14. “Class Representative Service Payment” means the payments made to the Class Representatives for initiating the Operative Complaint, performing work in support of the Operative complaint, undertaking the risk of liability for Defendant’s expenses, and for the general release of all claims by the Plaintiffs.
- 1.15. “Court” means the Superior Court of California, County of Orange.
- 1.16. “Defendant” means States Logistics Services, Inc.
- 1.17. “Defense Counsel” means Nicole M. Shafer and Kimberley L. Litzler of Jackson Lewis, P.C.
- 1.18. “Effective Date” means the date by when all of the following have occurred: (i) a long form settlement agreement has been executed by all Parties and their respective counsel;

(ii) the Court has given preliminary approval to the settlement; (iii) the Class Notice has been given to the Class Members, providing them with an opportunity to dispute information contained in the Class Notice, to opt out of the Settlement, or to object to the Settlement; (iv) the Court has held a final approval hearing and entered a final order and Judgment certifying the Class and approving this Settlement; and (v) the later of the following events: 65 calendar days following entry of the Court's final order approving the settlement; or if any appeal, writ or other appellate proceeding opposing this Settlement has been filed within 65 calendar days following entry of the Court's final order approving the Settlement, then when any appeal, writ or other appellate proceeding opposing the settlement has been resolved finally and conclusively with no right to pursue further remedies or relief. In this regard, it is the intention of the Parties that the Settlement shall not become effective until the Court's order approving the Settlement is completely final, there is no further recourse by an appellant or objector who seeks to contest the Settlement.

- 1.19. "Final Approval" means the Court's order granting final approval of the Settlement substantially in the form attached hereto as Exhibit E to this Agreement and incorporated by reference into this Agreement.
- 1.20. "Final Approval Hearing" means the Court's hearing on the Motion for Final Approval of the Settlement to determine whether to approve finally and implement the terms of this Agreement and enter the Judgment.
- 1.21. "Final Judgment" means the judgment entered by the Court upon granting Final Approval of the Settlement substantially in the form attached hereto as Exhibit E to this Agreement and incorporated by reference into this Agreement.
- 1.22. "Gross Settlement Amount" means One Million One Hundred Forty-Nine Thousand Five Hundred Dollars (\$1,149,500.00) which is the total amount to be paid by Defendant as provided by this Agreement except as provided in Paragraph 9 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, Class Representative Service Payments, and the Administration Expenses Payment. This Gross Settlement Amount is an all-in amount without any reversion to Defendant, and excludes any employer payroll taxes, if any, due on the portion of the Individual Class Payments allocated to wages which shall not be paid from the Gross Settlement and shall be the separate additional obligation of Defendant.
- 1.23. "Individual Class Payment" means the Participating Class Member's pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.
- 1.24. "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 25%

of the PAGA Penalties calculated according to the number of PAGA Pay Periods worked during the PAGA Period.

- 1.25. “LWDA” means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).
- 1.26. “LWDA PAGA Payment” means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).
- 1.27. “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The Net Settlement Amount is to be paid to Participating Class Members as Individual Class Payments.
- 1.28. “Non-Participating Class Member” means a Class Member who opts out of the Class Settlement by submitting a valid and timely Request for Exclusion to the Administrator.
- 1.29. “Operative Complaint” means the Plaintiffs’ lawsuit alleging wage and hour violations against Defendant captioned, *Manuel Franco vs. States Logistics Services, Inc.*, Case No. 21STCV24781, originally initiated on July 6, 2021 in Los Angeles County Superior Court, and now pending in Superior Court of the State of California, County of Orange as Case No. 30-2022-01239095-CU-OE-CJC, which is currently pled in the First Amended Class and Representative Action Complaint filed on July 24, 2024.
- 1.30. “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.
- 1.31. “PAGA Period” means the period of time from July 6, 2020 to July 20, 2024.
- 1.32. “PAGA” means the Private Attorneys General Act (Labor Code §§ 2698. et seq.).
- 1.33. “PAGA Notices” means the Plaintiff Franco’s April 29, 2021 letter to Defendant and the LWDA and Plaintiff Guzman’s August 17, 2021 letter to Defendant and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a).
- 1.34. “PAGA Penalties” means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees (\$6,250.00) and the 75% to LWDA (\$18,750.00) in settlement of PAGA claims.
- 1.35. “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion.

- 1.36. “Plaintiffs” means Manuel Franco and Alfonso Guzman, the named plaintiffs in the Operative Complaint.
- 1.37. “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement, substantially in the form attached hereto as Exhibit D to this Agreement and incorporated by this reference herein.
- 1.38. “Released Class Claims” means all claims that were alleged, or reasonably could have been alleged, based on facts stated in the Operative Complaint which occurred during the Class Period during employment in a non-exempt position in California, which includes claims for failure to pay minimum wages, failure to pay overtime wages, failure to provide required meal periods, failure to provide required rest periods, failure to provide accurate itemized wage statements, failure to reimburse employees for required business expenses, failure to provide wages when due, unfair competition based on these claims, and derivative penalties. Except as expressly set forth in this Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, discrimination, unemployment insurance, disability, social security, workers’ compensation, Plaintiffs’ respective non-wage and hour individual claims that are subject to a separate release, or Class claims based on facts occurring outside the Class Period.
- 1.39. “Released PAGA Claims” means all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the facts stated in the Operative Complaint and the PAGA Notices, which occurred during the PAGA Period during employment in a non-exempt position in California. The Released PAGA Claims do not include other PAGA claims, underlying wage and hour claims, claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, discrimination, unemployment insurance, disability, social security, worker’s compensation, Plaintiffs’ respective nonwage and hour individual claims that are subject to a separate release, and PAGA claims outside of the PAGA Period.
- 1.40. “Released Parties” means: Defendant and each of its former and present directors, officers, shareholders, owners, attorneys, insurers, predecessors, successors, assigns and subsidiaries.
- 1.41. “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.
- 1.42. “Response Deadline” means sixty (60) calendar days after the Administrator mails Class Notice Packets to Class Members and Aggrieved Employees and shall be the last date on which Class Members may: (a) submit Requests for Exclusion from the Settlement, or (b) submit his or her Objection to the Settlement. For Class Members to whom Class Notice Packets are resent after having been returned undeliverable to the

Administrator, the Response Deadline shall be 45 days after the remailing of the Class Notice ~~shall have an additional 14 calendar days beyond the Response Deadline has expired.~~

1.43. “Settlement” means the disposition of the Operative Complaint and all related claims effectuated by this Agreement and the Judgment.

1.44. “Workweek(s)” means any week during the Class Period in which a Class Member worked for Defendant as a Class Member for at least one day.

2. RECITALS

The Franco Class Action

2.1. On May 19, 2021, Plaintiff Franco filed a Class Action Complaint against Defendant in the Superior Court of the State of California, County of Los Angeles (the “Franco Class Action”). Plaintiff Franco’s Class Action Complaint asserted claims that Defendant:

- (a) Violated California Business and Professions Code § 17200 *et seq.*;
- (b) Failed to pay minimum wages in violation of California Labor Code §§ 1194, 1197 & 1197.1.
- (c) Failed to pay overtime wages in violation of California Labor Code § 510, *et seq.*;
- (d) Failed to provide required meal periods in violation of California Labor Code §§ 226.7 & 512 and the applicable IWC Wage Order;
- (e) Failed to provide required rest periods in violation of California Labor Code §§ 226.7 & 512 and the applicable IWC Wage Order;
- (f) Failed to provide accurate itemized wage statements in violation of California Labor Code § 226;
- (g) Failed to reimburse employees for required expenses in violation of California Labor Code § 2802;
- (h) Failed to provide wages when due in violation of California Labor Code §§ 201, 202 and 203; and,
- (i) Wrongfully Terminated in violation of public policy.¹

2.2. On August 3, 2021, Plaintiff Franco filed a Request for Dismissal of the Franco Class Action, without prejudice, which the Court granted on August 6, 2021.

The Franco PAGA Action

2.3. On July 6, 2021, Plaintiff Franco filed a separate Representative Action Complaint against Defendant in the Superior Court of the State of California, County of Los

¹ Claim (i) was asserted by Plaintiff Franco individually, whereas the remaining claims were asserted by Plaintiff Franco on classwide basis.

Angeles (the “Franco PAGA Action”). Plaintiff Franco’s Representative Action Complaint asserted one cause of action against Defendant for Civil Penalties Pursuant to Labor Code §§ 2699, *et seq.* for violations of Labor Code §§ 201, 202, 203, 204, *et seq.*, 210, 221, 226(a), 226.7, 351, 510, 512, 558(a)(1)(2), 1194, 1197, 1197.1, 1198, 2802, California Code of Regulations, Title 8, Section 11040 Subdivision 5(A)-(B), and the applicable Wage Order(s).

2.4. On October 13, 2021, the Parties filed a stipulation to transfer for all purposes the Franco PAGA Action to the Orange County Superior Court. On October 20, 2021, the Court signed the Order transferring the Franco PAGA Action to the Orange County Superior Court. On January 5, 2021, the Orange County Superior Court assigned the Franco PAGA Action to the Hon. Melissa R. McCormick (Case No. 30-2022-01239095-CU-OE-CJC).

The Franco Individual Arbitration

2.5. On August 24, 2021, Plaintiff Franco submitted a Demand for Arbitration with an Arbitration Complaint to JAMS, asserting one cause of action for Wrongful Termination in Violation of Public Policy (the “Franco Arbitration”).

2.6. On or about September 21, 2022, the Parties filed a stipulation in the Franco PAGA Action to submit Plaintiff Franco’s individual PAGA claims to arbitration and to stay the representative PAGA claim in the interim.

2.7. On December 19, 2022, Plaintiff Franco submitted an Amended Arbitration Complaint to JAMS, adding Plaintiff Franco’s individual wage and hour claims and individual PAGA claims to the Franco Arbitration.

The Guzman PAGA Action

2.8. On October 21, 2021, Plaintiff Guzman filed a separate Representative Action Complaint against Defendant in the Superior Court of the State of California, County of San Bernardino (the “Guzman PAGA Action”). Plaintiff Guzman’s Representative Action Complaint asserted one cause of action against Defendant for Civil Penalties Pursuant to Labor Code §§ 2699, *et seq.* for violations of Labor Code §§ 201, 202, 203, 204(a), 218, 226 (a), 226.3, 226.7, 510, 512, 558, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2802, 6400, 6401, 6402, 6403, 6404, 6407, 8 California Code of Regulations §3202, and Wage Order 9.

2.9. On January 18, 2023, the Court granted Defendant’s Motion to Compel Plaintiff Guzman’s individual PAGA claims to arbitration and stay the representative PAGA action in the interim.

The Guzman Individual Arbitration

- 2.10. On September 19, 2023, Plaintiff Guzman submitted a Demand for Arbitration to JAMS, asserting one cause of action for violation of the Private Attorneys General Act of 2004, Cal. Labor Code § 2698, *et seq.* (the “Guzman Arbitration”).

Pleading Amendment

- 2.11. As part of this Agreement, the Parties stipulated to the filing of a First Amended Consolidated Class and Representative Action Complaint in the Franco PAGA Action that adds class claims based on the facts of the PAGA Notices served by Franco and Guzman and named Plaintiff Franco and Plaintiff Guzman as class representatives. The First Amended Consolidated Class and Representative Action Complaint is the Operative Complaint, which was filed on July 24, 2024.
- 2.12. Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint, and denies any and all liability for the causes of action alleged.

Mediation and Settlement

- 2.13. On May 14, 2024, the Parties participated in an all-day mediation presided over by Hon. William C. Pate (Ret.), a respected mediator of wage and hour representative and class actions. Following the mediation, each side, represented by its respective counsel, was able to agree to settle the Operative Complaint based upon a mediator’s proposal which was memorialized in the form of a Memorandum of Understanding. This Agreement replaces and supersedes the Memorandum of Understanding and any other agreements, understandings, or representations between the Parties.
- 2.14. Prior to mediation, Plaintiffs obtained sufficient documents and information to sufficiently investigate the claims such that Plaintiffs’ investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 (“*Dunk/Kullar*”).
- 2.15. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or will be construed as an admission by Defendant that the claims in the Operative Complaint of Plaintiffs or the Class have merit or that Defendant bears any liability to Plaintiffs or the Class on those claims or any other claims, or as an admission by Plaintiffs that Defendant’s defenses in the Operative Complaint have merit. The Parties agree to certification of the Class for purposes of this Settlement only. If for any reason the settlement does not become effective, Defendant reserves the right to contest certification of any class for any reason and reserves all available defenses to the claims in the Operative Complaint.

2.16. The Parties, Class Counsel and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3. MONETARY TERMS

3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 9 below, Defendant promises to pay **\$1,149,500.00** and no more as the Gross Settlement Amount. This amount is all-inclusive of all payments contemplated in this resolution, excluding any employer-side payroll taxes on the portion of the Individual Class Payments allocated to wages which shall be separately paid by Defendant to the Administrator. Defendant has no obligation to pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendant.

3.2. Payments from the Gross Settlement Amount. Subject to the terms and conditions of this Agreement, the Administrator will make the following payments out of the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval.

(a) To Plaintiffs: Class Representative Service Payments to the Class Representatives of not more than \$10,000 each (in addition to any Individual Class Payment, Individual Settlements for non-wage and hour claims being separately settled, and any Individual PAGA Payment the Class Representative is entitled to receive as a Participating Class Member). Defendant will not oppose Plaintiffs' request for Class Representative Service Payments that do not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiffs will seek Court approval for any Class Representative Service Payments no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payments less than the amounts requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payments using IRS Form 1099. Plaintiffs assume full responsibility and liability for employee taxes owed on the Class Representative Service Payments.

(b) To Class Counsel: A Class Counsel Fees Payment of not more than one-third (1/3) of the Gross Settlement Amount, which is currently estimated to be \$383,166.67, and a Class Counsel Litigation Expenses Payment of not more than \$45,000. Class Counsel Fees Payment shall be apportioned among Class Counsel as follows: 50% to BNBD, 25% to KLF, and 25% to SM. Defendant will not oppose requests for these payments provided that do not exceed these amounts. Plaintiffs and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than 16 court days prior to the Final Approval Hearing.

If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiffs' Counsel arising from any claim to any portion any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds Defendant harmless, and indemnifies Defendant, from any dispute or controversy regarding any division or sharing of any of these payments.

- (c) To the Administrator: An Administration Expenses Payment not to exceed \$16,000 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses Payment is less, or the Court approves payment less than \$16,000, the Administrator will retain the remainder in the Net Settlement Amount for distribution to Participating Class Members.
- (d) To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of \$25,000.00 to be paid from the Gross Settlement Amount, with 75% (\$18,750.00) allocated to the LWDA PAGA Payment and 25% (\$6,250.00) allocated to the Individual PAGA Payments.
 - i. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties (\$6,250.00) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.
 - ii. If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.
- (e) To Each Participating Class Member: An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks.
 - i. Tax Allocation of Individual Class Payments. 20% of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. The remaining 80% of each

Participating Class Member's Individual Class Payment will be allocated to settlement of claims for non-wages, expense reimbursement, interest and penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

- ii. Effect of Non-Participating Class Members on Calculation of Individual Class Payments. Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.

4. SETTLEMENT FUNDING

- 4.1. Class Workweeks and Aggrieved Employee Pay Periods. Based on its records, Defendant has represented that the Class consists of approximately 1,392 Class Members who collectively worked a total of 109,324 Workweeks from May 2, 2020 through May 14, 2024, and approximately 1,368 Aggrieved Employees who worked a total of 55,612 PAGA Pay Periods. Defendant also represented that the Class Members signed arbitration agreements.
- 4.2. Class Data. Not later than 15 days after the Court grants Preliminary Approval of the Settlement, Defendant will deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted Class Member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.
- 4.3. Funding of the Gross Settlement Amount. Defendant shall fully fund the Gross Settlement Amount, and also fund the amounts necessary to fully pay Defendant's share of payroll taxes by transmitting the funds to the Administrator no later than 14 days after the Effective Date.

5. PAYMENTS FROM THE GROSS SETTLEMENT AMOUNT

- 5.1. Within 14 days after Defendant funds the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment and the Class Presentative Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.
- 5.2. The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the “void date,” which is 180 days after the date of mailing, when the check will be voided. Before checks are mailed, the Administrator must update the recipients’ mailing addresses using the National Change of Address database. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Class Payments to all Participating Class Members (including those for whom Class Notice Packets were returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice Packets were returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Administrator must update the recipients’ mailing addresses using the National Change of Address Database. If a Participating Class Member’s or Aggrieved Employee’s check is not cashed within 120 days after its last mailing to the affected individual, the Administrator will also send the individual a notice informing him or her that unless the check is cashed by the void date, it will expire and become non-negotiable, and offer to replace the check if it was lost or misplaced but not cashed.
- 5.3. The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are returned undelivered without a USPS forwarding address. Within 7 days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the void date.
- 5.4. For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed

Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure Section 384, subd. (b).

5.5. The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

6. **RELEASE OF CLAIMS.** Effective on the date when Defendant fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiffs, Participating Class Members, Aggrieved Employees and the LWDA will release claims against all Released Parties as follows:

6.1. Plaintiffs' Release. Plaintiffs and their respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained, in the Operative Complaint, Plaintiffs' PAGA Notices, or ascertained during the litigation of the Operative Complaint and released under 6.2, below ("Plaintiffs' Release"). Plaintiffs' Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, or workers' compensation benefits that arose at any time. Plaintiffs acknowledge that Plaintiffs may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believe to be true but agree, nonetheless, that Plaintiffs' Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs' discovery of them.

(a) Plaintiffs' Waiver of Rights Under Civil Code Section 1542. For purposes of Plaintiffs' Release, Plaintiffs expressly waive and relinquish the provisions, rights, and benefits, if any, of section 1542 of the California 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.

(b) Plaintiffs Other Claims. Plaintiff Franco and Plaintiff Guzman represent that they have additional individual non-wage and hour claims against Defendants. Plaintiff Franco and Plaintiff Guzman are separately settling their individual claims. In addition to the Gross Settlement Amount, Plaintiff Franco and Plaintiff Guzman will also separately be paid for resolution of their individual non-wage and hour claims as set forth in separate confidential individual settlement agreements. These

individual settlements to be paid to Plaintiff Franco and Plaintiff Guzman are in addition to the Gross Settlement Amount and will be memorialized in confidential individual settlement agreements that will be separate from this Agreement. Therefore, the Civil Code Section 1542 released above in Section 6.1(a) does not extend to Plaintiff Franco and Plaintiff Guzman's individual non-wage and hour claims that are being separately settled. If the Court requires the Parties to submit the terms of the individual settlement agreements to obtain approval of this Settlement, the Parties agree that the individual settlement agreement will be submitted in camera under seal to the Court.

6.2. Release by Participating Class Members. All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from the Released Class Claims.

6.3. Release of PAGA Claims. All Aggrieved Employees and the LWDA are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all Released PAGA Claims.

7. **MOTION FOR PRELIMINARY APPROVAL.** The Parties agree to jointly prepare and file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the Court's procedures and instructions.

7.1. Defendant's Responsibilities. Within 14 calendar days of the full execution of this Agreement, Defendant will prepare and deliver to Class Counsel a signed declaration that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement. Defendant shall also verify the number of Workweeks for the Class during the Class Period.

7.2. Plaintiffs' Responsibilities. Plaintiffs will prepare and deliver to Defense Counsel all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice Packets; (iv) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Class Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Class Members; and the nature and extent of any financial relationship with Plaintiffs, Class Counsel or Defense Counsel; (v) a signed declaration from Plaintiffs confirming willingness and competency to serve and disclosing all facts relevant to any actual or

potential conflicts of interest with Class Members, and/or the Administrator; (vi) a signed declaration from each Class Counsel firm attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint, (Labor Code section 2699, subd. (1)(1)), this Agreement (Labor Code section 2699, subd. (1)(2)); and (vii) all facts relevant to any actual or potential conflict of interest with Class Members, the Administrator. In their Declarations, Plaintiffs and Class Counsel Declaration shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.

7.3. Responsibilities of Counsel. Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval no later than 30 days after the full execution of this Agreement; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

7.4. Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

8. SETTLEMENT ADMINISTRATION

8.1. Selection of Administrator. The Parties have jointly selected ILYM Group, Inc. to serve as the Administrator and verified that, as a condition of appointment, ILYM Group, Inc. agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Administrator's duties will include preparing, printing, and mailing the Class Notice Packets to all Class Members; conducting a National Change of Address search to update Class Member addresses before mailing the Class Notice Packets; re-mailing Class Notice Packets that are returned to the Class Member's new address; setting up a toll-free telephone number and email and a fax number to receive communications from Class Members; receiving and reviewing for validity completed Requests for Exclusion; providing the Parties with weekly status reports about the delivery of Class Notice Packets and receipt of Requests for Exclusion, objections and disputes; calculating Individual Class Payments and Individual PAGA Payments; issuing the checks to effectuate the payments due under the Settlement; issuing the tax reports required under

this Settlement; and otherwise administering the Settlement pursuant to this Agreement. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

8.2. Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for the purposes of calculating payroll tax withholdings and providing reports to the state and federal tax authorities.

8.3. Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund (“QSF”) under US Treasury Regulation section 468B-1.

8.4. Notice to Class Members.

(a) No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, PAGA Members, Workweeks, and Pay Periods in the Class Data.

(b) Using best efforts to perform as soon as possible, and in no event later than 14 days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service (“USPS”) mail, the Class Notice with Spanish translation, substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notice Packets, the Administrator shall update Class Member addresses using the National Change of Address database.

(c) Not later than 3 business days after the Administrator’s receipt of any Class Notice Packet returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice Packet using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice Packet to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send the Class Notice Packet to Class Members whose Class Notice Packet is returned by the USPS a second time.

(d) The deadlines for Class Members’ written objections, Challenges to Workweeks and/or Pay Periods, and Requests for Exclusion will be extended to an additional 14 days beyond the Response Deadline that is 45 days after the remailing provided in the Class Notice for all Class Members whose notice is re-mailed. The

Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.

- (e) If the Administrator, Defendant or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received a Class Notice Packet, the Parties will expeditiously meet and confer in person or by telephone, and in good faith, in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice Packet requiring them to exercise options under this Agreement not later than 14 days after receipt of Class Notice Packet, or the deadline dates in the Class Notice Packet, whichever ever are later.

8.5. Requests for Exclusion (Opt-Outs).

- (a) Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than the Response Deadline (which Response Deadline will be 45 days after the re-mailing plus an additional 14 days for Class Members whose Class Notice Packet is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.
- (b) The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.
- (c) Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Releases under Paragraph 6.2 of the Agreement, regardless of whether the Participating Class Member actually receives the Class Notice Packet or objects to the Settlement.

- (d) Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in Paragraph 6.3 of this Agreement and are eligible for an Individual PAGA Payment. If a Class Member submits both a Request for Exclusion and an objection, only the Request for Exclusion will be accepted, and the objection will be void.

8.6. Challenges to Calculation of Workweeks. Each Class Member shall have until the Response Deadline (~~which Response Deadline will be 45 days after the re-mailing plus an additional 14 days~~ for Class Members whose Class Notice Packet is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, email or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination as to the challenges.

8.7. Objections to Settlement.

- (a) Only Participating Class Members may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payment.
- (b) Participating Class Members may send written objections to the Administrator, by fax, email, or mail. In the alternative, or in addition to a written objection, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than the Response Deadline (~~which Response Deadline will be 45 days after the re-mailing plus an additional 14 days~~ for Class Members whose Class Notice Packet was re-mailed).
- (c) Non-Participating Class Members have no right to object to any of the class action components of the Settlement. If a Class Member submits both a Request for

Exclusion and an objection, only the Request for Exclusion will be accepted, and the objection will be void.

8.8. Administrator Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

- (a) Website, Email Address and Toll-Free Number. The Administrator will establish and maintain and use an internet website to post information of interest to Class Members including the date, time and location for the Final Approval Hearing and copies of the Settlement Agreement, Motion for Preliminary Approval, the Preliminary Approval, the Class Notice Packet, the Motion for Final Approval, the Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and Class Representative Service Payment, the Final Approval and the Judgment. The Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Class Member calls, faxes, and emails.
- (b) Request for Exclusion (Opt-Outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than 5 days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion (“Exclusion List”); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).
- (c) Workweek and/or Pay Period Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class Member challenges over the calculation of Workweeks and/or Pay Periods. The Administrator’s decision shall be final and not appealable or otherwise susceptible to challenge.
- (d) Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notice Packets mailed or re-mailed, Class Notice Packets returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks and/or Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments (“Weekly Report”). The Weekly Reports must include providing the Administrator’s assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.

(e) Administrator's Declaration. Not later than 14 days before the date by which Plaintiffs are required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice Packets, the Class Notice Packets returned as undelivered, the re-mailing of Class Notice Packets, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.

(f) Final Report by Administrator. Within 10 days after the Administrator disburses all funds of the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least 15 days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court. If a second declaration attesting to the distribution of uncashed checks is required, the Administrator shall provide this second declaration at least 7 days before any deadline for a second declaration and Class Counsel shall be responsible for filing the second declaration with the Court.

9. CLASS SIZE MODIFICATION AND ESCALATOR CLAUSE. Based on its records, Defendant represented that there are approximately 1,392 Class Members who worked 109,324 Workweeks from May 2, 2020 through May 14, 2024. In the event the total Workweeks in Defendant's final data through July 20, 2024 is more than 10% of 109,324 (i.e. if there are 120,256 or more total Workweeks), ~~at the option of Defendant,~~ Defendant shall ~~either~~ increase the Gross Settlement Amount pro rata, with a 10% grace margin (e.g., if the Workweek numbers increase by 11%, the Gross Settlement Amount shall increase by 1%), ~~or elect to move the end date for the Class Period to the latest date before July 20, 2024 with a total number of Workweeks that is within the 10% buffer, or pay the applicable pro rata amount above the buffer for any later end date selected by Defendant prior to Preliminary Approval (e.g., if Defendant selects a class period end date of July 1, 2024, the Gross Settlement Amount would increase by a pro rata share for any Workweeks more than 10% above 109,324 as of July 1, 2024, meaning for example if the total Workweek number as of July 1, 2024 is 11% more than the 109,324 Workweeks represented at mediation, the Gross Settlement Amount shall increase by 1%).~~

10. DEFENDANT'S RIGHT TO WITHDRAW. If the number of valid Requests for Exclusion identified in the Exclusion List exceeds 5% of the total of all Class Members,

Defendant may, but is not obligated, elect to withdraw from the Settlement. The Parties agree that, if Defendant withdraws, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Defendant will remain responsible for paying all Administration Expenses incurred as of the date Defendant makes this election to withdraw. Defendant must notify Class Counsel and the Court of its election to withdraw not later than 10 business days after the Administrator sends the final Exclusion List to Defense Counsel. Invalid Requests for Exclusion will have no effect on this threshold for an election.

11. MOTION FOR FINAL APPROVAL. Unless otherwise ordered by the Court, not later than 16 court days before the calendared Final Approval Hearing, Plaintiffs will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699(l), a Proposed Final Approval Order and a proposed Judgment (collectively “Motion for Final Approval”). Plaintiffs shall provide drafts of these documents to Defense Counsel not later than 5 court days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

11.1. Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than 5 court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

11.2. Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court’s concerns by revising the Agreement as necessary to obtain Final Approval. The Court’s decision to award less than the amounts requested for a Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administration Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

11.3. Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, the Operative Complaint, and the Settlement under C.C.P. section 664.6 solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

11.4. Waiver of the Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment reflected set forth in this Settlement, the Parties, their respective counsel, and all Participating Class Members

who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If an objector appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

11.5. Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on an equal basis, any additional Administration Expenses reasonably incurred at the time of remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

12. AMENDED JUDGMENT. If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit and a proposed amended judgment.

13. ADDITIONAL PROVISIONS

13.1. No Admission of Liability, Class Certification or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the Operative Complaint have merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiffs that Defendant's defenses in the Operative Complaint have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does not grant Preliminary Approval, Final Approval or Judgment pursuant to this Agreement, Defendant reserves the right to contest certification of any class for any reasons, and Defendant reserves all available defenses to the claims in the Operative Complaint, and Plaintiffs reserve the right to move for class certification on any grounds available and to contest Defendant's defenses. The Settlement, this Agreement and Parties' willingness to settle the Operative Complaint will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

- 13.2. Confidentiality Prior to Preliminary Approval. Plaintiffs, Class Counsel, Defendant and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiffs, Class Counsel, Defendant and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, any with third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.
- 13.3. No Solicitation. The Parties separately agree that they and their respective counsel and employees have not and will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.
- 13.4. Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.
- 13.5. Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiffs and Defendant, respectively, 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 reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.
- 13.6. Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to

implement the Settlement, the Parties will first seek the assistance of a mediator and then the Court for resolution.

- 13.7. No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.
- 13.8. Tax Advice. Neither Plaintiffs, Class Counsel, Defendant nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.
- 13.9. Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.
- 13.10. Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 13.11. Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.
- 13.12. Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.
- 13.13. Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Operative Complaint and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.
- 13.14. Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendant in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiffs shall destroy, all paper and electronic versions of Class Data received from Defendant unless, prior to the Court's discharge of the Administrator's obligation, Defendant makes a written request to Class Counsel for the return, rather than the destruction, of Class Data.

13.15. Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.

13.16. Calendar Days. Unless otherwise noted, all reference to “days” in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.

13.17. Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiffs and the Class:

Norman B. Blumenthal
Kyle R. Nordrehaug
Blumenthal Nordrehaug Bhowmik De Blouw LLP
2255 Calle Clara
La Jolla, CA 92037
Tel.: (858) 551-1223
Fax: (858) 551-1232
E-Mail: norm@bamlawca.com
kyle@bamlawca.com

Nazo Koulloukian
Koul Law Firm
3435 Wilshire Blvd., Suite 1710
Los Angeles, CA 90010
Tel.: (213) 761-5484
Fax: (818) 561-3938
E-Mail: nazo@koullaw.com

Sahag Majarian, II, Esq.
Law Offices Of Sahag Majarian II
18250 Ventura Blvd.
Tarzana, CA 91356
Tel.: (818) 609-0807
Fax: (818) 609-0892
E-Mail: Sahagii@aol.com

To Defendant:

Nicole M. Shaffer
Kimberley L. Litzler
Jackson Lewis, P.C.
200 Spectrum Center Drive, Suite 500
Irvine, CA 92618

Tel.: (949) 885-1360
Fax: (949) 885-1380
E-Mail: Nicole.Shaffer@jacksonlewis.com
Kimberley.Litzler@jacksonlewis.com

13.18. Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

13.19. Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

13.20. Fair Settlement. The Parties, Class Counsel and Defense Counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Operative Complaint and have arrived at this Agreement through arms-length negotiations, taking into account all relevant factors, both current and potential.

14. EXECUTION BY PARTIES AND COUNSEL

The Parties and their counsel hereby execute this Agreement.

Dated: _____
Plaintiff Manuel Franco

Dated: _____
Plaintiff Alfonso Guzman

Dated: _____

[name]
For Defendant States Logistics Services, Inc.

Dated: _____
Kyle Nordrehaug
Blumenthal Nordrehaug Bhowmik De Blouw LLP
Attorney for Plaintiffs

Dated: _____

Nazo Koulloukian
Koul Law Firm
Attorney for Plaintiffs

Dated: _____

Sahag Majarian, II
Law Offices of Sahag Majarian, II
Attorney for Plaintiffs

Dated: _____

Nicole M. Shaffer
Kimberley L. Litzler
Jackson Lewis, P.C.
Attorney for Defendant

EXHIBIT A

[NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION AND HEARING DATE FOR
FINAL COURT APPROVAL]

**COURT APPROVED NOTICE OF CLASS ACTION AND PAGA
SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL**

Manuel Franco, et al. vs. States Logistics Services, Inc.

Superior Court of the State of California, County of Orange, Case No. 30-2022-01239095-CU-OE-CXC

*A court authorized this notice. This is not a solicitation.
This is not a lawsuit against you, and you are not being sued.*

To: All individuals who were employed by Defendant States Logistics Services, Inc. in the State of California and classified as a non-exempt employee at any time during the Class Period (May 2, 2020, through July 20, 2024).

The Superior Court of the State of California, County of Orange has granted preliminary approval of a proposed settlement of the above-captioned action. Because your rights may be affected by this settlement, please read this Court Approved Notice of Class Action Settlement and Hearing Date for Final Court Approval ("Class Notice") carefully. The purpose of this Class Notice is to provide a description of the claims alleged in the action, the key terms of the settlement, and your rights and options with respect to the settlement.

**YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR DO NOT ACT. PLEASE
READ THIS CLASS NOTICE CAREFULLY.**

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
Do Nothing and Receive a Payment	To receive a cash payment from the Settlement, you do not have to do anything. Your estimated Individual Class Payment is: \$<< __ >>. See the explanation in Section 5 below. After final approval by the Court, the payment will be mailed to you at the same address as this Class Notice. In exchange for the settlement payment, you will release claims against the Defendant as detailed in Section 4 below. If your address has changed, you must notify the Administrator as explained in Section 6 below.
Exclude Yourself The Response Deadline is _____.	To exclude yourself, you must send a written request for exclusion to the Administrator as provided below. If you request exclusion, you will receive no money from the class action portion of the Settlement and you will not be bound by the class action portion of the Settlement. If you are an Aggrieved Employee and exclude yourself, you will still be paid your share of the PAGA Penalties and will remain subject to the release of the Released PAGA Claims regardless of whether you submit a request for exclusion. Instructions are set forth in Section 7 below.
Object The Response Deadline is _____.	Write to the Administrator about why you do not agree with the settlement or appear at the Final Approval Hearing to make an oral objection. The Court's Final Approval Hearing is scheduled to take place on _____ at 1:30 p.m., at the Orange County Superior Court, located at 751 West Santa Ana Blvd., Santa Ana, CA 92701, before Judge <u>Layne Mezler</u>Lon Hurwitz in Department <u>CX103</u>CX102. Directions regarding Objections are provided in Section 8 below.

1. Why did I receive this Class Notice?

On May 19, 2021, Plaintiff Manuel Franco filed a lawsuit alleging class claims against States Logistics Services, Inc. (“Defendant”) in the Superior Court of the State of California, County of Los Angeles (the “Franco Class Action”). The Franco Class Action asserted the following class claims against Defendant: unfair competition, failure to pay minimum wages, failure to pay overtime wages, failure to provide required meal periods, failure to provide required rest periods, failure to provide accurate itemized wage statements, failure to reimburse employees for required expenses, and failure to provide wages when due. On August 3, 2021, Plaintiff Franco filed a Request for Dismissal of the Franco Class Action, without prejudice, which the Court granted on August 6, 2021.

Separately, on July 6, 2021, Plaintiff Franco filed a separate Representative Action Complaint against Defendant in the Superior Court of the State of California, County of Los Angeles (the “Franco PAGA Action”) alleging a claim under the Labor Code Private Attorneys General Act (“PAGA”), which is a claim for civil penalties under the Private Attorneys General Act set forth in Labor Code section 2699, the purpose of which is to collect civil penalties in order to deter alleged Labor Code violations. On October 20, 2021, the Court signed the Order transferring the Franco PAGA Action to the Orange County Superior Court. On October 21, 2021, Plaintiff Alfonso Guzman filed a separate Representative Action Complaint against Defendant in the Superior Court of the State of California, County of San Bernardino (the “Guzman PAGA Action”) also alleging a PAGA claim.

As part of this Settlement, on July 24, 2024, Plaintiffs Manuel Franco and Alfonso Guzman (“Plaintiffs”) filed a First Amended Consolidated Class and Representative Action Complaint in the Franco PAGA Action that adds class claims based on the facts of the PAGA Notices served by Franco and Guzman and named Plaintiff Franco and Plaintiff Guzman as class representatives. The First Amended Consolidated Class and Representative Action Complaint is referred to as the “Operative Complaint”.

Pursuant to a court order, you are hereby notified that Plaintiffs and Defendant have reached a proposed class action and PAGA settlement (the “Settlement”) of the above-captioned action pending in the Superior Court of the State of California, in and for the County of Orange (the “Court”). The Honorable Lon Hurwitz has been assigned as the judge overseeing the Settlement.

The Court held a hearing on [REDACTED]. After the hearing, the Court granted Preliminary Approval of the Settlement. The Court conditionally certified the Class for settlement purposes only and directed that you receive this Class Notice to provide a summary of the Settlement so that you may better understand your rights and options under the Settlement. Capitalized terms in this Class Notice are defined herein and/or in the Parties’ Class Action and PAGA Settlement Agreement (“Agreement”).

You have received this Class Notice because you have been identified as a member of the Class and may be entitled to receive money from this Settlement.

The Class is defined as:

All individuals who were employed by Defendant in the State of California and classified as a non-exempt employee at any time during the Class Period.

The Class Period is the period of time from May 2, 2020 to July 20, 2024.

It is important that you read this Class Notice carefully as your rights may be affected by the Settlement.

2. What is this class action lawsuit about?

Plaintiffs are former employees of States Logistics Services, Inc. In the Operative Complaint, Plaintiffs allege the following class claims against Defendant: (1) unfair competition; (2) failure to pay minimum wages; (3) failure to pay overtime wages; (4) failure to provide meal periods; (5) failure to provide rest periods; (6) failure to provide accurate itemized statements; (7) failure to reimburse employees for required expenses; and (8) failure to provide wages when due; (9) failure to provide place of employment that is safe and healthful; (10) failure to provide safe working conditions. The Operative Complaint also alleges a representative claim under the California Private Attorneys General Act, Cal. Labor Code §§ 2698, *et seq.* (“PAGA”) for civil penalties based upon the above alleged violations.

Plaintiffs are represented by the law firms Blumenthal Nordrehaug Bhowmik De Blouw LLP, the Koul Law Firm, and the Law Offices of Sahag Majarian, II.

Defendant expressly denies any wrongdoing or legal liability arising out of the claims alleged in the Operative Complaint. Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint, and denies any and all liability for the causes of action alleged in the Operative Complaint. Defendant further denies that, for any purpose other than settling the claims, that Plaintiffs’ class claims are appropriate for class treatment. Defendant has asserted numerous procedural and legal defenses to the Action and contends that the facts and applicable law do not allow for any monetary or other relief to Plaintiffs or the Class. Defendant wishes to settle these claims only to avoid costly, disruptive, and time-consuming litigation. The Settlement represents a compromise and settlement of highly disputed claims. Nothing in the Settlement is intended or will be construed as an admission by Defendant that Plaintiffs’ claims in the lawsuit have merit, that it has any liability to Plaintiffs or the group of individuals that Plaintiffs seeks to represent in this lawsuit, or that it engaged in any wrongdoing.

3. What are the terms of the Settlement?

Gross Settlement Amount. Defendant has agreed to pay a Gross Settlement Amount of One Million One Hundred Forty-Nine Thousand Five Hundred Dollars (\$1,149,500.00) to fund the Settlement.

Amounts to be Paid From the Gross Settlement Amount. The Settlement provides for certain payments to be made from the Gross Settlement Amount as follows, the amounts of which will be decided by the Court at the Final Approval Hearing:

- *Administration Expenses Payment.* Payment to the Administrator, estimated not to exceed \$16,000, for expenses, including notifying the Class Members of the Settlement, distributing Individual Class Payments and tax forms, and handling questions about the Settlement.
- *Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment.* Payment to Class Counsel of reasonable attorneys’ fees not to exceed one-third (1/3) of the Gross Settlement Amount, which is presently \$383,166.67, and an additional amount to reimburse actual litigation costs incurred by the Plaintiff not to exceed \$45,000. The Class Counsel Fees Payment shall be apportioned among Class Counsel as follows: 50% to Blumenthal Nordrehaug Bhowmik De Blouw LLP, 25% to Koul Law Firm, and 25% to Law Offices of Sahag Majarian, II. Class Counsel has been prosecuting these claims on behalf of Plaintiffs and the Class on a contingency fee basis (that is, without being paid any money) and has been paying all litigation costs and expenses.

- *Class Representative Service Payments.* A Class Representative Service Payment in an amount not to exceed \$10,000 each to the Plaintiffs, subject to Court approval, to compensate Plaintiffs for services on behalf of the Class in initiating and prosecuting the claims, and for the risks Plaintiffs undertook.
- *PAGA Penalties.* A payment of \$25,000 relating to the claim for penalties under PAGA, 75% (\$18,750) of which will be paid to the California Labor Workforce Development Agency (“LWDA”), and 25% (\$6,250) of which shall be distributed as “Individual PAGA Payments” to the Aggrieved Employees calculated by (a) dividing the amount of the Aggrieved Employees’ 25% share of PAGA Penalties (\$6,250.00) by the total number of PAGA Period Pay Periods during the PAGA Period and (b) multiplying the result by each Aggrieved Employee’s PAGA Period Pay Periods.
 - The “PAGA Period” is July 6, 2020 to July 20, 2024.
 - “Aggrieved Employees” means all individuals who were employed by Defendant in the State of California and classified as a non-exempt employee at any time during the PAGA Period.

Calculation of Payments to Class Members (“Individual Class Payments”).

The “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payments, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment.

The Net Settlement Amount is estimated to be at least \$ _____. The Administrator will pay an Individual Class Payment from the Net Settlement Amount to each Participating Class Member. The Individual Class Payment for each Participating Class Member will be calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member’s Workweeks.

“Workweek(s)” means any week during the Class Period in which a Class Member worked for Defendant as a Class Member for at least one day.

The number of Workweeks will be based on Defendant’s records, however, Class Members may challenge the number of Workweeks as explained below.

Conditions of Settlement. This Settlement is conditioned upon the Court entering an order granting final approval of the Settlement and entering Judgment.

4. What Do I Release Under the Settlement?

Released Class Claims. Effective on the date when Defendant fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, all Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from the Released Class Claims. The “Released Class Claims” are all claims that were alleged, or reasonably could have been alleged, based on facts stated in the Operative Complaint which occurred during the Class Period during employment in a non-exempt position in California, which includes claims for failure to pay minimum wages, failure to pay overtime wages, failure to provide required meal periods, failure to provide required rest periods, failure to provide accurate itemized wage statements, failure to reimburse employees for required business expenses, failure to provide wages when due, unfair competition based on these claims, and derivative penalties. Except as expressly set forth in the Agreement, Participating Class Members do not release any other

claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, discrimination, unemployment insurance, disability, social security, workers' compensation, Plaintiffs' respective non-wage and hour individual claims that are subject to a separate release, or Class claims based on facts occurring outside the Class Period.

This means that, if you do not timely exclude yourself from the Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against the Released Parties for the Released Class Claims resolved by this Settlement. It also means that all of the Court's orders in the Operative Complaint will apply to you and legally bind you.

Released PAGA Claims. Effective on the date when Defendant fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, all Aggrieved Employees and the LWDA are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all Released PAGA Claims. The "Released PAGA Claims" are all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the facts stated in the Operative Complaint and the PAGA Notices, which occurred during the PAGA Period during employment in a non-exempt position in California. The Released PAGA Claims do not include other PAGA claims, underlying wage and hour claims, claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, discrimination, unemployment insurance, disability, social security, worker's compensation, Plaintiffs' respective nonwage and hour individual claims that are subject to a separate release, and PAGA claims outside of the PAGA Period. The release of the Released PAGA Claims shall be effective as to all Aggrieved Employees, regardless of whether an Aggrieved Employee submitted a request for an exclusion from the Class.

"Released Parties" collectively mean: Defendant and each of its former and present directors, officers, shareholders, owners, attorneys, insurers, predecessors, successors, assigns and subsidiaries.

5. How much will my payment be?

Defendant's records reflect that you have << _____ >> Workweeks during the Class Period (May 2, 2020 to July 20, 2024).

Although the exact share of the Net Settlement Amount cannot be precisely calculated at this time, based on this information, your estimated Individual Class Payment is << _____ >>.

[if applicable - In addition, your Individual PAGA Payment is << _____ >>.]

If you wish to challenge the information set forth above, then you must submit a written, signed dispute challenging the information along with supporting documents, to the Administrator at the address provided in this Class Notice no later than the Response Deadline, which is _____ [sixty (60) days after the mailing of the Class Notice or ~~an additional 45~~ 14 days after the re-mailing for Class Members whose Class Notice Packet is in the case of re-mailing]. You may also fax the dispute to _____ or email the dispute to _____ by no later than the Response Deadline. Any dispute should include credible written evidence and will be resolved by the Administrator. A Dispute form is included with this Class Notice.

Tax Matters. Each Participating Class Member's Individual Class Payment will be apportioned as follows: (1) twenty percent (20%) shall be allocated to alleged wages for which an IRS Form W-2 will issue and which shall be subject to tax withholdings customarily made from an employee's wages and all other authorized and required withholdings; and (2) eighty percent (80%) shall be allocated to settlement of claims for

non-wages, expense reimbursement, interest and penalties, not subject to wage withholdings, for which an IRS Form 1099 will issue.

Neither Class Counsel nor Defendant's Counsel intend anything contained in this Class Notice to constitute advice regarding taxes or taxability. The tax issues for each Participating Class Member are unique to him/her, and each Participating Class Member may wish to consult a tax advisor concerning the tax consequences of the payments received under the Settlement.

6. How can I get a payment?

To get money from the Settlement, **you do not have to do anything**. A check for your Individual Class Payment, and any Individual PAGA Payment (if applicable), will be mailed automatically to the same address as this Class Notice. If your address is incorrect or has changed, you must notify the Administrator. The Administrator is: ILYM Group, Inc., _____ (800) _____.

If the Court grants final approval of the Settlement and enters Judgment on the Settlement, and there are no objections or appeals, your Settlement payment will be mailed approximately three months after final approval. If there are objections or appeals the payments will be delayed because resolving them can take time, usually more than a year. Please be patient.

7. What if I don't want to be a part of the Settlement?

If you do not wish to participate in the Settlement, you may exclude yourself from the Settlement or "opt out." **If you opt out, you will receive NO money from the Settlement, and you will not be bound by its terms, which means you will retain your right to sue the Defendant as to the Released Class Claims resolved by this Settlement.** However, Aggrieved Employees who opt out will still be paid their Individual PAGA Payment and will remain bound by the release of the Released PAGA Claims regardless of their request for exclusion.

To opt out, you must mail to the Administrator, by First Class Mail, a written, signed and dated request to opt-out postmarked no later than the Response Deadline which is _____ [sixty (60) days after the mailing of the Class Notice or [45 days after the re-mailing for Class Members whose Class Notice Packet is re-mailed an additional 14 days in the case of re-mailing](#)]. You may also fax your request to opt out to _____ or email the dispute to _____ by no later than the Response Deadline. A Request for Exclusion form is included with this Class Notice. The Request for Exclusion should state in substance: "I wish to be excluded from the Class in the *Manuel Franco, et al. vs. States Logistics Services, Inc.* lawsuit." The Request for Exclusion must state the Class Member's full name, present address, telephone number, and the name and number of the case, which is *Manuel Franco, et al. vs. States Logistics Services, Inc.*, Case No. 30-2022-01239095-CU-OE-CXC. The request to opt-out must be completed by you. No other person may opt-out for a living member of the Class.

The address for the Administrator is _____. Absent good cause found by the Court, written requests for exclusion that are faxed, emailed, or postmarked after _____, or are incomplete or unsigned will be rejected, and those Class Members will remain bound by the Settlement and the release(s) described above.

8. How do I tell the Court that I don't agree with the Settlement?

Any Class Member who has not opted out and believes that the Settlement should not be finally approved by the Court for any reason may object to the proposed Settlement, either in writing or in person. Objections that

are in writing must state (1) the Class Member's name, current address, telephone number, and the approximate dates of employment in California by Defendant; (2) the words "Notice of Objection" or "Formal Objection"; (3) describe why you believe the Settlement is unfair; and (4) the name and number of the case, which is *Manuel Franco, et al. vs. States Logistics Services, Inc.*, in the Superior Court of the State of California, County of Orange, Case No. 30-2022-01239095-CU-OE-CXC.

All written objections must be mailed to the Administrator at _____, no later than the Response Deadline of _____ [sixty (60) days after the mailing of the Class Notice or 45 days after the re-mailing for Class Members whose Class Notice Packet is re-mailed an additional 14 days in the case of re-mailing]. You may also fax the objection to _____ or email the objection to _____ by no later than this Response Deadline.

Alternatively, Class Members may appear at the Final Approval Hearing to make an oral objection without submitting a written objection. At this time, the Court now hears matters both in person and remotely through Zoom through the court's online check-in process. If you need assistance, you may contact Class Counsel. Please check the Court's website for current information and instructions concerning appearances and how to view Court proceedings: <https://www.occourts.org/media-relations/civil.html>.

To object to the Settlement, you must not opt out, and if the Court approves the Settlement despite your objection, you will be bound by the terms of the Settlement in the same way as Class Members who do not object and you will still be mailed a check for your Individual Class Payment and any Individual PAGA Payment owed. Absent good cause found by the Court, any Class Member who does not object in the manner provided in this Class Notice shall have waived any objection to the Settlement, whether by appeal or otherwise.

9. Who are the attorneys representing the Parties?

The addresses for Parties' counsel are as follows:

Class Counsel:

Norman Blumenthal
Kyle Nordrehaug
Blumenthal Nordrehaug Bhowmik De Blouw LLP
2255 Calle Clara
La Jolla, CA 92037
Tel: 858-551-1223 / Fax: 858-551-1232
Email: kyle@bamlawca.com
Website: www.bamlawca.com

Counsel for Defendant:

Nicole M. Shaffer
[Jackson Lewis P.C.](#)
[3390 University Ave., Suite 110](#)
[Riverside, CA 92501](#)

Kimberley L. Litzler
Jackson Lewis, P.C.
200 Spectrum Center Drive, Suite 500
Irvine, CA 92618

12. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Final Approval Hearing at 1:30 p.m. on _____, in Department ~~CX103~~ CX102 of the Superior Court of California, County of Orange, 751 West Santa Ana Blvd., Santa Ana, CA 92701, before Judge ~~Lon Hurwitz~~ Layne Melzer. At this hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. The purpose of this hearing is for the Court to determine whether to grant final approval of the Settlement. If there are objections, the Court will consider them. This hearing may be rescheduled by the Court without further notice to you. **You are not required to attend** the Final Approval Hearing, although any Class Member is welcome to attend the hearing.

13. How do I get more information about the Settlement?

You may contact the Administrator or Class Counsel for more information. The Administrator's contact information is as follows:

Administrator:

Name of Company: ILYM Group, Inc.

Email Address: _____

Mailing Address: _____

Telephone Number: _____

Fax Number: _____

Settlement Website: _____

This Class Notice summarizes the proposed Settlement. The Agreement sets forth everything Defendant and Plaintiffs have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Final Judgment, or any other Settlement documents is to go to The Administrator's website at <<_____>> where they will be posted as they become available. You may also get more details by examining the Court's file via the Civil Case and Document Access for the California Superior Court for the County of Orange (<https://www.occourts.org/online-services/case-access/>) and entering the Case No. 30-2022-01239095.

PLEASE DO NOT CALL THE COURT ABOUT THIS CLASS NOTICE.

IMPORTANT:

- You must inform the Administrator of any change of address to ensure receipt of your Settlement payment.
- Settlement checks will be null and void 180 days after issuance if not deposited or cashed. In such event, the Administrator will pay all unclaimed funds to the paid to the California Controller's Unclaimed Property Fund in the name of the Participating Class Member where the funds may be claimed at https://www.sco.ca.gov/upd_msg.html.
- If your check is lost or misplaced, you should contact the Administrator immediately to request a replacement.

- [4936-0664-9373, v. 1](#)

EXHIBIT B

[REQUEST FOR EXCLUSION FORM]

REQUEST FOR EXCLUSION FORM

Manuel Franco vs. States Logistics Services, Inc.,
Superior Court of the State of California, County of Orange,
Case No. 30-2022-01239095-CU-OE-CXC

I confirm that I have received the Court Approved Notice of Class Action Settlement and Hearing Date for Final Court Approval, which describes my rights and the options I may take in response to the parties' proposed Settlement in the above-referenced lawsuit.

By signing and returning this Request for Exclusion Form, I confirm that I wish to be removed from the proposed Class, that I do not want to participate as a Class Member, and that I do not want to be included in the proposed Class Settlement.

I understand and acknowledge that, by signing and submitting this form: (1) I will not receive any money from the proposed Settlement except my portion, if any, of the civil penalties that is allocated in settlement of the California Labor Code Private Attorney General Act of 2004 claim alleged by Plaintiffs; (2) I will not be bound by the class portion of the proposed Settlement and will only be bound by the release of the Released PAGA Claims; and (3) I will not have any right to object to the proposed Settlement.

THE EXCLUSION FORM MUST BE SIGNED, DATED, AND MAILED BY FIRST CLASS U.S. MAIL, POSTMARKED NO LATER THAN [INSERT DATE] TO: MANUEL FRANCO, ET AL. V. STATES LOGISTICS SERVICES, INC., C/O ILYM GROUP, INC., [INSERT ADDRESS]. YOU MAY ALSO FAX THIS FORM TO:, OR EMAIL THE FORM TO:

Name: _____

Address: _____

Telephone Number: _____

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

(Sign your name here)

Date

EXHIBIT C
[DISPUTE FORM]

DISPUTE FORM

***Manuel Franco vs. States Logistics Services, Inc.,
Superior Court of the State of California, County of Orange,
Case No. 30-2022-01239095-CU-OE-CXC***

Indicate Name/Address Changes, if any:

<<Name>>

<<Address>>

<<City>>, <<State>> <<Zip Code>>

XX - XX - _ _ _ _

If you were employed by Defendant States Logistics Services, Inc. (“Defendant”) in California and classified as an hourly, non-exempt employee at any time during the Class Period (May 2, 2020, through July 20, 2024), then you may be a Class Member.

The amount of your estimated Individual Class Payment is based upon the Workweeks you worked during the Class Period based on Defendant’s company records, as set forth below and in the Class Notice you received.

I. YOUR COMPENSABLE WORKWEEKS

Defendant’s records show that during the Class Period, you worked as a non-exempt employee in California, which qualifies you as a Class Member, and your total number of Workweeks during the Class Period are:

<<NUMBER OF WORKWEEKS>>.

II. YOUR ESTIMATED INDIVIDUAL CLASS PAYMENT

Based upon the above numbers of Workweeks listed above, your estimated pre-tax Individual Class Payment is

<<INSERT>>.

III. CHALLENGE TO WEEKS WORKED

If you believe that the number of Workweeks stated above is correct, you do not have to do anything.

If you wish to dispute the number of Workweeks worked listed above, you must complete and postmark this Dispute Form, and provide all supporting information and/or documentation, to the Administrator by

<<RESPONSE DEADLINE>>.

Check the box below ONLY if you wish to dispute the information listed above:

☐ I wish to dispute the number of Workweeks listed above. I believe the correct amount of my Workweeks during the Class Period is _____. I have also included information and/or documentary evidence that support my dispute. I understand that, by submitting this dispute, I hereby authorize the Administrator to review Defendant’s records and make a determination as to the validity of my dispute based upon Defendant’s records as well as the records and information that I submit to the Administrator.

I declare under penalty of perjury under the laws of the State of California that the information I provided in this Dispute Form is true and correct.

Dated: _____

Signature: _____

Print or Type Name: _____

**THIS DISPUTE FORM MUST BE SIGNED, DATED, ~~AND EITHER~~ MAILED BY
FIRST CLASS U.S. MAIL, POSTMARKED, FAXED, OR EMAILED NO LATER
THAN [INSERT DATE], -TO:]**

***Manuel Franco, et al. vs. States Logistics Services, Inc.
c/o ILYM Group, Inc.***

address

Fax:

Email:

EXHIBIT D

[ORDER GRANTING PRELIMINARY APPROVAL]

1 **BLUMENTHAL NORDREHAUG BHOWMIK**
2 **DE BLOUW LLP**

3 Norman B. Blumenthal (State Bar #068687)

4 Kyle R. Nordrehaug (State Bar #205975)

5 Aparajit Bhowmik (State Bar #248066)

6 2255 Calle Clara

7 La Jolla, CA 92037

8 Telephone: (858)551-1223

9 Facsimile: (858) 551-1232

10 Attorneys for Plaintiffs

11
12 SUPERIOR COURT OF THE STATE OF CALIFORNIA

13 COUNTY OF ORANGE

14 MANUEL FRANCO and ALFONSO
15 GUZMAN, on behalf of themselves, on behalf
16 of all persons similarly situated, and on behalf
17 of the State of California as a private attorney
18 general,

19 Plaintiffs,

20 vs.

21 STATES LOGISTICS SERVICES, INC., a
22 California Corporation; and DOES 1 through
23 50, inclusive,

24 Defendants.

CASE NO.: **30-2022-01239095-CU-OE-CXC**

[REVISED PROPOSED] ORDER
GRANTING MOTION FOR
PRELIMINARY APPROVAL OF CLASS
ACTION AND PAGA SETTLEMENT

Hearing Date: ~~January 17~~ March 7, 2024

Hearing Time: 1:30 p.m.

Judge: Hon. Layne H. Melzer ~~Lon Hurwitz~~
Dept.: CX1023

Action Filed: July 6, 2021

Trial Date: Not Set

25 This matter, having come before the Honorable Layne H. Melzer ~~Lon Hurwitz~~ of the
26 Superior Court of the State of California, in and for the County Orange, on March 7 ~~January 17~~,
27 2024, for the motion by Plaintiffs Manuel Franco and Alfonso Guzman ("Plaintiffs") for
28 preliminary approval of the class action and PAGA settlement with Defendant States Logistics
Services, Inc. ("Defendant"). The Court, having considered the briefs, argument of counsel and

PRELIMINARY APPROVAL ORDER

1 all matters presented to the Court and good cause appearing, hereby GRANTS Plaintiffs' Motion
2 for Preliminary Approval of Class Action Settlement.

3 **IT IS HEREBY ORDERED:**

4 1. The First Amended Class Action and PAGA Settlement Agreement ("Agreement"
5 or "Settlement") is preliminarily approved as to the terms of the Agreement fall within the range
6 of approval as fair, adequate and reasonable. The Gross Settlement Amount is One Million One
7 Hundred Forty-Nine Thousand Five Hundred Dollars (\$1,149,500.00) and provides for the
8 following disbursements subject to Court approval: (1) Class Counsel Fees Payment not exceed
9 one-third of the Gross Settlement Amount which would presently be \$383,166.67; (2) Class
10 Counsel Litigation Expenses Payment not to exceed \$45,000; (3) Administration Expenses
11 Payment not to exceed \$16,000; (4) the Class Representative Service Payment to the each
12 pPlaintiff in the amount not to exceed \$10,000 each (which would total of \$20,000 total); and
13 (5) the PAGA Penalties payment of \$25,000 to be allocated 75% to the California Labor and
14 Workforce Development Agency ("LWDA") and 25% to the Aggrieved Employees. The amount
15 remaining in the Gross Settlement Amount after the deduction of Court-approved amounts for
16 Individual PAGA Payments, the LWDA PAGA Payment, the Class Representative Service
17 Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and
18 the Administration Expenses Payment (called the "Net Settlement Amount") shall be allocated to
19 Class Members as their Individual Class Payments.

20 2. Based on a review of the papers submitted by Plaintiffs, the Court finds that the
21 Settlement is the result of arm's-length negotiations conducted after Plaintiffs and their counsel
22 adequately investigated the claims and became familiar with the strengths and weaknesses of those
23 claims. The assistance of an experienced mediator, Hon. William C. Pate (Ret.), in the Settlement
24 process supports the Court's conclusion that the Settlement is non-collusive and reasonable. The
25 Settlement is presumptively valid, subject only to any objections that may be raised at the Final
26 Approval Hearing and Final Approval by this Court.

1 2.3. This Order incorporates by reference all defined terms set forth in the Agreement,
2 which is attached as Exhibit #1 to the Supplemental Declaration of Kyle Nordrehaug in Support of
3 Plaintiffs’ Motion for Preliminary Approval of Class Action Settlement (“Nordrehaug
4 Declaration”) filed on February 21~~October 16~~, 20254 [ROA #119].

5 3.4. The following persons are provisionally certified as the “Class” for Settlement
6 purposes only: “all individuals who were employed by Defendant in the State of California and
7 classified as a non-exempt employee at any time during the Class Period.” The Class Period
8 means the period of time from May 2, 2020 to July 20, 2024.

9 4.5. The proposed Class satisfies the requirements for certification under California
10 Code of Civil Procedure Section 382 because the Class is readily ascertainable, and a well-defined
11 community of interest exists in the questions of law and fact affecting the Parties.

12 5.6. Plaintiffs Manuel Franco and Alfonso Guzman are appointed as the Class
13 Representatives. Norman B. Blumenthal, Kyle R. Nordrehaug, Aparajit Bhowmik, Jeffrey S.
14 Herman, Sergio J. Puche, Trevor G Moran of Blumenthal Nordrehaug Bhowmik De Blouw LLP,
15 Nazo Koulloukian of Koul Law Firm, and Sahag Majarian, II of Law Offices of Sahag Majarian,
16 II are appointed as Class Counsel.

17 6.7. The Parties’ proposed notice plan is constitutionally sound and hereby approved as
18 the best notice practicable under the circumstances. The Court Approved Notice of Class Action
19 Settlement and Hearing Date for Final Court Approval (“Class Notice”), in the form attached
20 hereto as Exhibit #1, is sufficient to inform the Class of the terms of the Agreement, their rights to
21 receive monetary payments under the Agreement and the date and location of the Final Approval
22 Hearing. In addition, the Class Notice fairly, plainly, accurately, and reasonable informs the Class
23 of: (1) the nature of the Action, the definition of the Class, the identity of Class Counsel, and
24 essential terms of the Agreement; (2) Plaintiffs’ and Class Counsel’s applications for the Class
25 Representative Service Payment, and Class Counsel’s request for Class Counsel Fees Payment and
26 Class Counsel Litigation Expenses Payment; (3) a formula used to determine each Class
27 Member’s estimated payment; (4) Class Members’ rights to appear through counsel if they desire;

1 (5) how to object to the Settlement or submit a Request for Exclusion from the Settlement if a
2 Class Member wishes to do so; and (6) how to obtain additional information regarding the Action
3 and the Settlement (California Rule of Court 3.766.) The Court further finds that the notice
4 requirements of California Rule of Court 3.769, subd. (f) are satisfied, and that the Class Notice
5 adequately advises the Class of their rights under the Settlement. Counsel for the Parties are
6 authorized to correct any typographical errors in the Class Notice and make clarifications, to the
7 extent the same are found or needed, so long as such corrections do not substantially or materially
8 later the substance of the Class Notice and other notice documents. The font of the Class Notice
9 shall not be smaller than what was provided to the Court.

10 7.8. Class Members may exclude themselves from the Settlement (except for the
11 Released PAGA Claims) by submitting the Request for Exclusion Form attached hereto as Exhibit
12 #2, the form of which is approved by the Court. Class Members who wish to exclude themselves
13 (opt-out of) the Settlement must send the Administrator a signed written Request for Exclusion
14 form. All Requests for Exclusion must be postmarked by no later than sixty (60) days after the
15 date of the mailing of the Class Notice. If a Class Notice Packet is re-mailed, the response date for
16 Request for Exclusions will be extended to the date that is forty-five (45) days after the
17 re-mailing, an additional 14 days. The Administrator shall send copies of any Requests for
18 Exclusion to Class Counsel and Defendant's Counsel and shall file a declaration concurrently with
19 the filing of Plaintiffs' Motion for Final Approval, authenticating a copy of every Request for
20 Exclusion Form received by the Administrator.

21 8.9. Class Members who opt-out of the Settlement will still be bound by the released of
22 the Released PAGA Claims, as defined in the Agreement, if they were an Aggrieved Employee
23 employed by Defendant during the PAGA Period.

24 9.10. Only Class Members who do not request exclusion from the Settlement may submit
25 a dispute as to their workweeks. Class Members who wish to dispute their workweeks must send
26 the Administrator a signed Dispute Form attached hereto as Exhibit #3, the form of which is
27 approved by the Court. All Dispute Forms must be postmarked no later than sixty (60) days after
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1 the date of the mailing of the Class Notice. If a Class Notice Packet is re-mailed, the response
2 date for Dispute Forms will be extended to the date that is forty-five (45) days after the
3 re-mailing.an additional 14 days. The Administrator shall send copies of any Dispute Forms to
4 Class Counsel and Defendant's Counsel and shall file a declaration concurrently with the filing of
5 Plaintiff's Motion for Final Approval, authenticating a copy of every Dispute Form received by
6 the Administrator.

7 10.11. Only Class Members who do not request exclusion from the Settlement may object
8 to the class action components of the Settlement, including contesting the fairness of the
9 Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel
10 Litigation Payment and/or Class Representative Service Payment. Class Members may send
11 written objections to the Administrator by fax, email, or mail. Alternatively, or in addition to a
12 written objection, Class Members may appear in Court (or hire an attorney to appear in Court) to
13 present verbal objections at the Final Approval Hearing. A Class Member who elects to send a
14 written objection to the Administrator must do so no later than sixty (60) days after the date of the
15 mailing of the Class Notice. If a Class Notice Packet is re-mailed, the response date for any
16 written objections will be extended to the date that is forty-five (45) days after the re-mailing.an
17 additional 14 days. Alternatively, Class Members may appear at the final approval hearing, and
18 may present evidence and file briefs or other papers that may be proper and relevant to the issues
19 to be heard and determined by the Court as provided in the Notice.

20 11.12. The Court finds that a copy of the Agreement was provided to the California Labor
21 and Workforce Development Agency ("LWDA") pursuant to California Labor Code § 2699(1)(2).

22 12.13. ILYM Group, Inc. is appointed to act as Administrator, pursuant to the terms set for
23 in the Settlement. The Administrator is ordered to carry out the Settlement according to its terms
24 and in conformity with this Order, including disseminating the Class Notice according to the
25 notice plan described in the Agreement.

26 13.14. Neither the Agreement, nor any exhibit, document, or instrument delivered
27 thereunder shall be construed as a concession or admission by Defendant in any way that the
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1 claims asserted have any merit or that this Action was properly brought as a class or representative
2 action, and shall not be used as evidence of, or used against Defendant as, an admission or
3 indication in any way, including with respect to any claim of any liability, wrongdoing, fault or
4 omission by Defendant or with respect to the truth of any allegation asserted by any person.
5 Whether or not the Agreement is finally approved, neither the Agreement, nor any exhibit,
6 document, statement, proceeding or conduct related to the Agreement, nor any reports or accounts
7 thereof, shall in any event be construed as, offered or admitted in evidence as, received as or
8 deemed to be evidence for any purpose adverse to the Defendant, including, but not limited to,
9 evidence of a presumption, concession, indication or admission by Defendant of any liability,
10 fault, wrongdoing, omission, concession or damage.

11 14.15. The Parties are ordered to carry out the Settlement according to its terms.

12 15.16. A Final Approval Hearing will be held on July 25, 2025
13 _____ at 1:30 p.m. in Department CX102 of the Civil Complex
14 Center courthouse located at 751 W. Santa Ana Blvd., Santa Ana, CA 92701, to determine
15 whether the Settlement should be granted final approval as fair, reasonable and adequate as to the
16 Class Members. The Court reserves the right to continue the date of the Final Approval Hearing
17 without further notice to the Class Members. The Court retains jurisdiction to consider all further
18 applications arising out of or in connection with the Agreement.

19 17. The Motion for Final Approval of the Class Action and PAGA Settlement,
20 including requests to approve the Class Representative Service Payments and Class Counsel's
21 request for Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment, shall be
22 filed with the Court and served on all counsel no later than sixteen (16) court days before the Final
23 Approval Hearing.

24 18. The Court retains continuing jurisdiction to construe, interpret, implement and
25 enforce the Agreement, to hear and resolve any contested challenge to a claim for settlement
26 benefits, and to supervise and adjudicate any dispute arising from or in connection with the
27 distribution of settlement benefits.

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IT IS SO ORDERED.

Dated: _____

HON. ~~LAYNE H. MELZER~~ LON HURWITZ
JUDGE, SUPERIOR COURT OF CALIFORNIA

[4919-5193-0909, v. 1](#)

PRELIMINARY APPROVAL ORDER

EXHIBIT E

[FINAL APPROVAL ORDER AND JUDGMENT]

1 **BLUMENTHAL NORDREHAUG BHOWMIK**
2 **DE BLOUW LLP**

3 Norman B. Blumenthal (State Bar #068687)

4 Kyle R. Nordrehaug (State Bar #205975)

5 Aparajit Bhowmik (State Bar #248066)

6 2255 Calle Clara

7 La Jolla, CA 92037

8 Telephone: (858)551-1223

9 Facsimile: (858) 551-1232

10 Attorneys for Plaintiffs

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA
12 COUNTY OF ORANGE
13

14 MANUEL FRANCO and ALFONSO
15 GUZMAN, on behalf of themselves, on behalf
16 of all persons similarly situated, and on behalf
17 of the State of California as a private attorney
18 general,

19 Plaintiffs,

20 vs.

21 STATES LOGISTICS SERVICES, INC., a
22 California Corporation; and DOES 1 through
23 50, inclusive,

24 Defendants.

CASE NO.: 30-2022-01239095-CU-OE-CXC

**[PROPOSED] ORDER GRANTING
PLAINTIFFS' MOTION FOR FINAL
APPROVAL OF CLASS ACTION
SETTLEMENT AND FINAL JUDGMENT**

Hearing Date:

Hearing Time:

Judge: Hon. Lon Hurwitz

Dept.: CX103

Action Filed: July 6, 2021

Trial Date: Not Set

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28 **[PROPOSED] ORDER GRANTING FINAL APPROVAL OF SETTLEMENT AND FINAL
JUDGMENT**

1 **[PROPOSED] ORDER & JUDGMENT**

2 The Motion of Plaintiffs Manuel Franco and Alfonso Guzman ("Plaintiffs") for Final
3 Approval of Class Action Settlement, Class Representatives' Service Payments, and Attorneys'
4 Fees and Costs ("Final Approval Motion") came on regularly for hearing before this Court on
5 , at , pursuant to the California Rule of Court 3.769 and this Court's
6 early Order Granting Preliminary Approval of Class Action Settlement ("Preliminary Approval
7 Order"). Having considered the parties' Class Action and PAGA Settlement Agreement
8 ("Agreement" or Settlement"), and the documents and evidence presented in support thereof, and
9 recognizing the sharply disputed factual and legal issues involved in this case, the risks of further
10 prosecution, and the substantial benefits to be received by the Class Members pursuant to the
11 Settlement, the Court hereby makes a final ruling that the Settlement is fair, reasonable and
12 adequate, and is the product of good faith, arm's-length negotiations between the parties. Good
13 cause appearing therefor, the Court hereby GRANTS Plaintiffs' Final Approval Motion and
14 hereby ORDERS the following:

15 1. Final Judgment is hereby entered in conformity with the Agreement and this Final
16 Approval Order. Notice of entry of this Final Judgment shall be given to all Parties by Class
17 Counsel on behalf of Plaintiffs and all Class Members. The Final Judgment shall be posted on the
18 Administrator's website as set forth in the Class Notice to the Class. It shall not be necessary to
19 send notice of entry of this Final Judgment to individual Class Members. Pursuant to Labor Code
20 section 2699, subdivision (1)(2), Class Counsel shall submit a copy of this Final Judgment to the
21 LWDA within 10 days after its entry.

22 2. The conditional class certification is hereby made final, and the Court thus certifies,
23 for purposes of the Settlement, the following Class:

24 All individuals who were employed by Defendant in the State of California and
25 classified as a non-exempt employee at any time during the Class Period.

26 The Class Period means the period of time from May 2, 2020, through July 20,
27 2024.

28 **[PROPOSED] ORDER GRANTING FINAL APPROVAL OF SETTLEMENT AND FINAL
JUDGMENT**

3. Plaintiffs are hereby confirmed as Class Representatives. Norman B. Blumenthal, Kyle R. Nordrehaug, Aparajit Bhowmik, Jeffery S. Herman, Sergio J. Puche, Trevor G. Moran of Blumenthal Nordrehaug Bhowmik De Blouw LLP, Nazo Koulloukian of Koul Law Firm, and Sahag Majarian, II of Law Offices of Sahag Majarian, II are hereby confirmed as Class Counsel.

4. The Class Notice was provided to the Class Members as set forth in the Settlement, which was approved by the Court on [REDACTED], and the notice process has been completed in conformity with the Settlement and the Court's Preliminary Approval Order. The Court finds that said notice was the best notice practicable under the circumstances. and was reasonably calculated to communicate actual notice of the litigation and the proposed settlement to the Class. The Class Notice provided due and adequate notice of the proceedings and matters set forth therein, informed the Class Members of their rights, and fully satisfied the requirements of California Rule of Court 3.769, and due process.

5. The Court finds that [REDACTED] Class Members objected to the Settlement, that [REDACTED] Class Members opted out of the Settlement, and that the [REDACTED] % participate rate in the Settlement supports final approval. The names of the Class Members that requested exclusion from the Settlement are [REDACTED].

6. The Court hereby approves the settlement as set forth in the Settlement as fair, reasonable, adequate, and directs the parties to effectuate the Settlement according to its terms.

7. For purposes of settlement only, the Court finds that: (a) the Class Members are ascertainable and so numerous that joinder of all class members is impracticable; (b) there are questions of law or fact common to the Class Members, and there is a well-defined community of interest among the Class Members with respect to the subject matter of the litigation; (c) the claims of the Class Representatives are typical of the claims of the Class Members; (d) the Class Representatives have fairly and adequately protected the interests of the Class Members; (e) a class action is superior to other available methods for an efficient adjudication of this controversy;

[PROPOSED] ORDER GRANTING FINAL APPROVAL OF SETTLEMENT AND FINAL
JUDGMENT

1 and (f) Class Counsel are qualified to serve as counsel for the Class Representatives and the Class
2 Members.

3 8. The Court finds that given the absence of objections to the Settlement, this Order
4 shall be considered final as of the date of entry.

5 9. The Court finds that the Individual Class Payments, as provided for in the
6 Settlement, are fair, reasonable, and adequate, and orders the Administrator to distribute the
7 Individual Class Payments in conformity with the terms of the Settlement.

8 10. The Court orders Defendant States Logistics Services, Inc. (“Defendant”) to
9 deposit the Gross Settlement Amount of \$1,149,500.00 with the Administrator, ILYM Group, Inc.,
10 within fourteen (14) days of the Effective Date.

11 11. The Court finds that Class Representative Service Payments in the amount of
12 \$10,000.00 each to the Plaintiffs, for a total of \$20,000.00, are reasonable in light of the risks and
13 burdens undertaken by the Plaintiffs in this litigation and for their time and effort in bringing and
14 prosecuting this matter on behalf of the Class. The Court finds that these payments are fair,
15 reasonable, and adequate, and orders that the Administrator make these payments in conformity
16 with the terms of the Settlement.

17 12. The Court finds that attorneys’ fees in the amount of \$383,166.67 and litigation
18 costs of \$  for Class Counsel are fair, reasonable, and adequate in light of the
19 common fund created by the Settlement. The Class Counsel Fees Payment shall be apportioned
20 among Class Counsel as follows: 50% to Blumenthal Nordrehaug Bhowmik De Blouw LLP, 25%
21 to Koul Law Firm, and 25% to Law Offices of Sahag Majarian, II. The Class Counsel Litigation
22 Expenses Payment shall be allocated as follows: \$ _____ to Blumenthal Nordrehaug Bhowmik
23 De Blouw LLP, \$ _____ to Koul Law Firm, and \$ _____ to Law Offices of Sahag
24 Majarian, II. The Administrator is ordered to distribute these payments to Class Counsel in
25 conformity with the terms of the Settlement.

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28 [PROPOSED] ORDER GRANTING FINAL APPROVAL OF SETTLEMENT AND FINAL
JUDGMENT

13. The Court orders that the Administrator shall be paid \$ _____ from the Gross Settlement Amount in conformity with the terms of the Settlement, for all of its work done and to be done until the completion of this matter and finds that sum appropriate.

14. The Court finds that the PAGA Penalties payment to the in the amount of \$25,000.00 is fair, reasonable, and adequate. The PAGA Penalties amount shall be allocated 75% (\$18,750) as the LWDA PAGA Payment California Labor & Workforce Development Agency (“LWDA”), and 25% (\$6,250) to the Individual PAGA Payments to be distributed by (a) dividing the amount of the Aggrieved Employees’ 25% share of PAGA Penalties (\$6,250.00) by the total number of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee’s PAGA Pay Periods. “Aggrieved Employees” are all individuals who were employed by Defendant in the State of California and classified as a non-exempt employee at any time during the PAGA Period. The “PAGA Period” is July 6, 2020 to July 20, 2024. The LWDA was notified of the settlement and served with a copy of the Agreement, and the LWDA has not objected to the Settlement. The Administrator is ordered to distribute this LWDA PAGA Payment and the Individual PAGA Payments in conformity with the terms of the Settlement.

15. This Court orders that any settlement checks shall be negotiable for 180 calendar days from the date of issuance of the check, and that any settlement checks that remain uncashed after 180 days after they are mailed shall be distributed to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Civil Code § 1500, et seq., in the name of the Class Member to whom the check was issued.

16. As of the Effective Date and upon Defendant's complete funding of the Gross Settlement Amount, Plaintiffs and each Class Members who has not submitted a valid and timely request for exclusion, shall fully release and discharge Defendant and each of its former and present directors, officers, shareholders, owners, attorneys, insurers, predecessors, successors, assigns and subsidiaries (collectively, the "Released Parties") as follows: All Participating Class Members will release all claims that were alleged, or reasonably could have been alleged, based

[PROPOSED] ORDER GRANTING FINAL APPROVAL OF SETTLEMENT AND FINAL
JUDGMENT

1 on facts stated in the Operative Complaint which occurred during the period of time from May 2,
2 2020 to July 20, 2024 (the “Class Period”) during employment in a non-exempt position in
3 California, which includes claims for failure to pay minimum wages, failure to pay overtime
4 wages, failure to provide required meal periods, failure to provide required rest periods, failure to
5 provide accurate itemized wage statements, failure to reimburse employees for required business
6 expenses, failure to provide wages when due, unfair competition based on these claims, and
7 derivative penalties (collectively, the “Released Class Claims”). In addition, all Aggrieved
8 Employees will release all claims for PAGA penalties that were alleged, or reasonable could have
9 been alleged, based on the facts stated in the Operative Complaint and PAGA Notices, which
10 occurred during the period of time from July 6, 2020 to July 20, 2024 (the “PAGA Period”) during
11 employment in a non-exempt position in California (“Released PAGA Claims”).

12 17. This document shall constitute a final judgment pursuant to California Rule of
13 Court 3.769(h), which provides, “If the court approves the settlement agreement after the final
14 approval hearing, the court must make and enter judgment. The judgment must include a
15 provision for the retention of the court’s jurisdiction over the parties to enforce the terms of the
16 judgment. The court may not enter an order dismissing the action at the same time as, or after,
17 entry of judgment.” The Court will retain jurisdiction to enforce the Settlement, the Final
18 Approval Order, and this Judgment.

19 ///

20 18. Plaintiffs shall file a Final Disbursement Declaration on or before
21 _____, A Non-Appearance Case Review Re: Filing of Final Disbursement
22 Declaration is set for _____, at _____.

23 **IT IS SO ORDERED.**

24
25 Dated: _____

26 _____
27 HON. LON HURWITZ
JUDGE, SUPERIOR COURT OF CALIFORNIA

28 [PROPOSED] ORDER GRANTING FINAL APPROVAL OF SETTLEMENT AND FINAL
JUDGMENT

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[PROPOSED] ORDER GRANTING FINAL APPROVAL OF SETTLEMENT AND FINAL
JUDGMENT
