

Larry W. Lee (State Bar No. 228175)
Max W. Gavron (State Bar No. 291697)
DIVERSITY LAW GROUP, P.C.
515 S. Figueroa Street, Suite 1250
Los Angeles, CA 90071
(213) 488-6555
(213) 488-6554 facsimile
lwlee@diversitylaw.com
mgavron@diversitylaw.com

Kelsey A. Webber (State Bar No. 303721)
Kelsey.Webber@WebberLawGroup.com
Shaelyn A. Stewart (State Bar No. 335149)
Shaelyn.Stewart@webberlawgroup.com
WEBBER LAW GROUP
1610 R Street, Suite 300
Sacramento, California 95811
Telephone: (916) 588-0683

Attorneys for Plaintiff David Long

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SACRAMENTO**

DAVID LONG, as an individual and on
behalf of all others similarly situated,

Plaintiff,

vs.

CAPITOL COMPLIANCE
MANAGEMENT, LLC, et al.,

Defendants.

DAVID LONG, as an individual and on
behalf of all others similarly situated,

Plaintiff,

vs.

CAPITOL COMPLIANCE
MANAGEMENT, LLC, et al.

Defendants.

Case No.: 34-2021-00301119-CU-OE-GDS

CLASS ACTION

Complaint Filed: May 20, 2021

**DECLARATION OF MAX W. GAVRON IN
SUPPORT OF PLAINTIFF'S MOTION FOR
PRELIMINARY APPROVAL OF CLASS
ACTION SETTLEMENT**

Date: March 24, 2023

Time: 9:00 a.m.

Dept.: 28

Reservation No.: 2704731

RELATED CASE: 34-2021-00302928-CU-OE-
GDS

Complaint Filed: June 21, 2021

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I, Max W. Gavron, declare as follows:

1. I am an attorney at law, duly licensed to practice before all Courts in the State of California, and am with the law firm Diversity Law Group, counsel of record for Plaintiff David Long (“Plaintiff”). I have personal knowledge of the facts set forth below and if called to testify I could and would do so competently.

PROCEDURAL HISTORY

2. On April 26, 2021, Plaintiff submitted written notice to the California Labor and Workforce Development Agency (“LWDA”), alleging violations of Labor Code §§ 201-204, 226(a), 226.7, 510, 512, 558, 1194, 1194.2, 1197, 1197.1, and 2802, pursuant to the Private Attorneys General Act (“PAGA”), Labor Code § 2699 (“PAGA letter”).

3. On May 20, 2021, Plaintiff filed a class action complaint in the Superior Court of the State of California for the County of Sacramento on behalf of himself and all similarly situated employees. Plaintiff asserted claims for: (1) violation of Labor Code §§ 510, 558, and 1194; (2) violation of Labor Code § 226.7 and 512; (3) violation of Labor Code § 226.7; (4) violation of Labor Code § 2802; (5) violation of Labor Code § 226; and (6) violation of Business and Professions Code § 17200, *et seq.*

4. On June 21, 2021, Plaintiff filed a related action in the Superior Court of the State of California for the County of Sacramento. The related complaint alleged a single cause of action for violation of the PAGA.

5. On February 14, 2022, Plaintiff filed a first amended consolidated class and representative action complaint (“First Amended Complaint”), consolidating the claims of the class action and the related action. The First Amended Complaint is the operative complaint.

6. Plaintiff contends that each of the Defendants operated as a single entity despite their purported separate corporate forms. Plaintiff contends that Defendants regularly scheduled their employees to work across multiple marijuana dispensaries during the workday, to avoid paying overtime wages. To wit, Defendants assigned Plaintiff to work at one location for fewer than 8 hours, then transferred Plaintiff to work at another location during the same workday for

fewer than 8 hours. This scheduling practice also resulted in employees being unable to take off-duty meal and rest breaks. Even though Plaintiff regularly worked enough hours to qualify for both meal and rest breaks on any given workday, because Defendants spread Plaintiff's working hours across multiple locations and considered each location alone, Defendants did not provide off-duty meal and rest breaks. Moreover, even when Plaintiff worked 3.5 hours or more at a single dispensary, he was unable to take an off duty break due to understaffing. Premium pay for missed meal and rest breaks was not paid to employees. Additionally, employees were not reimbursed for work-related expenses such as mileage incurred from traveling among various dispensary locations and cell phone expenses incurred by clocking in and out of work, making deliveries, and contacting customers. Plaintiff has not received all wages owed to him and is thus owed waiting time penalties. Finally, as a result of the underpayment and/or nonpayment of wages, the wage statements issued to Plaintiff displayed inaccurate rates of pay, regular and overtime hours worked, total hours worked, and net and gross wages earned. Plaintiff seeks damages and penalties under the California Labor Code, the California Business & Professions Code, and the PAGA, as well as attorneys' fees and costs.

7. The Parties engaged in both formal and informal discovery. Among other relevant topics, the discovery required Defendants to provide documents and information relevant to class certification, including the number of putative class members, payroll records of putative class members, Defendants' policies and procedures with respect to overtime wages, meal and rest period premiums, and policies governing when and how putative class members were provided meal and rest periods.

8. On July 12, 2022, the Parties engaged in a full-day mediation with neutral Michael J. Loeb, Esq. In advance of the mediation, Defendants provided Plaintiff's counsel with informal data and information pertaining to the putative class size and number of pay periods, a sampling of time and pay records, Plaintiff's time records, and Defendants' wage and hour policies and practices. Defendants' production of time records allowed Plaintiff to conduct a damages analysis and extrapolate from the sample. *Id.* However, the mediation did not result in settlement. Thereafter, the Parties returned to litigation and ultimately reengaged in settlement

1 discussions. Gavron Decresolution of Plaintiff's class and PAGA claims, the Parties entered into
2 the Joint Stipulation of Class Action and PAGA Settlement ("Agreement" or "Settlement
3 Agreement"), a true and correct copy of which is attached hereto as **Exhibit A**.

4 9. The Parties recognize the risk, expense, and delay in continuing litigation with the
5 class and PAGA claims, and believe the settlement to be fair, reasonable, and adequate.

6 10. Each side has apprised the other of their respective factual contentions, legal
7 theories, and defenses, resulting in negotiations taking place between the Parties.

8 **THE SETTLEMENT IS FAIR, REASONABLE, AND ADEQUATE**

9 11. Based on the class data provided by Defendants, Plaintiff estimated that
10 Defendants could face potential liability of up to approximately \$5.3 million for Plaintiff's class
11 claims if Plaintiff succeeded on all claims at trial. Plaintiff was able to estimate the potential
12 class penalties based on class data provided by Defendants, which identified 1,228 putative class
13 members, 16,490 pay periods, and approximately 31,000 workweeks, at issue. *Id.*

14 12. From this, Plaintiff estimated the exposure on the meal and rest period claims was
15 approximately \$572,337.50, respectively. Plaintiff calculated this by multiplying the number of
16 workweeks by 5 days in a workweek and multiplying that value by the average rate of pay,
17 \$14.77. Plaintiff then discounted the maximum exposure by 75% considering the theory of
18 liability and data produced by Defendants indicating that only a small fraction of employees
19 (approximately 15) worked for different enterprises during the same workday. If Defendants
20 were successful in establishing this defense, Plaintiff's claims may not be subject to certification
21 and, even if they were, would only be applicable to a small percentage of Defendants' workforce.
22 Accordingly, given the theory of liability and the data produced by Defendants, the reduction in
23 the potential exposure was warranted.

24 13. For Plaintiff's overtime claim, Plaintiff estimated approximately a quarter hour of
25 unpaid overtime per pay period as a result of the staffing of individuals across Defendants'
26 various enterprises. This estimate was supported by the data produced by Defendants. This
27 resulted in an estimated exposure on the overtime claim of \$91,354.60 ((\$22.16 OT rate x 0.25) x
28 16,490 pay periods). Plaintiff estimated the value of the reimbursement claim as approximately

1 \$164,900, which was premised on a \$10 reimbursement for cellphone and mileage
2 reimbursement use every pay period.

3 14. With respect to Plaintiff's claim for waiting time penalties, Plaintiff estimated the
4 potential exposure on this claim was approximately \$2,500,000.00, based on 702 former
5 employees whose average hourly rate of pay was \$14.77 (702 employees x 8 hours x 30 days x
6 \$14.77 per hour). To succeed on this claim, Plaintiff would have to defeat Defendants' argument
7 that its alleged failure to pay any wages was subject to a "good faith" defense. See *Hill v.*
8 *Walmart Inc.*, 32 F.4th 811, 823 (9th Cir. 2022) (holding that defendant presented good faith
9 dispute precluding imposition of Section 203 penalties even where trial court denied employer's
10 motion for summary judgment on same issue). Defendants argued that they did not willfully fail
11 to pay wages upon separation thus precluding penalties.

12 15. With respect to Plaintiff's claim for violation of Labor Code § 226, Plaintiff
13 estimated the penalties associated with this claim as approximately \$1,587,600.00, which was
14 based on 16,490 alleged pay periods ((\$100 x 16,490) - (\$50 x 1,228 class members)). Lab. Code
15 § 226(e). Further, Defendants would have argued that the violation was not "knowing and
16 intentional" and thus would not warrant Section 226(e) penalties. See *Harris v. Vector Mktg.*
17 *Corp.*, 656 F. Supp. 2d 1128, 1145-46 (N.D. Cal. 2009) (granting summary judgment in favor of
18 employer and finding its conduct was not "knowing and intentional"). Defendants would have
19 argued that they were entitled to a "good faith" defense on this claim, too. *See, e.g., Apodaca v.*
20 *Costco Wholesale Corp.*, 2014 WL 2533427, at *3 (C.D. Cal. June 5, 2014) ("Where an
21 employer has a good faith belief that it is not in violation of Section 226, any violation is not
22 knowing and intentional."); *Wright v. Adventures Rolling Cross Country, Inc.*, 2013 WL
23 1758815, at *9 (N.D. Cal. Apr. 24, 2013) (same); *Ricaldai v. U.S. Investigations Servs., LLC*,
24 878 F. Supp. 2d 1038, 1047 (N.D. Cal. 2012) (same); *Dalton v. Lee Publ'ns, Inc.*, 2011 WL
25 1045107, at *5 (S.D. Cal. Mar. 22, 2011) (same).

26 16. With respect to potential liability of Plaintiff's PAGA claims, Defendants
27 represented that there were 9,525 total pay periods during the PAGA period. Plaintiff estimated
28 that Defendants could face civil penalties of up to \$952,500, if the Court awarded \$100 per pay

1 period. While the PAGA does provide for a heightened “subsequent” penalty, courts are hesitant
2 to award that amount where there has not been a prior violation of the Labor Code. *Amaral v.*
3 *Cintas Corp. No. 2*, 163 Cal.App.4th 1157, 1209 (2008); accord *Amalgamated Transit Union*
4 *Local 1309 v. Laidlaw Transit Service, Inc.* 2009 WL 2448430, at *9 (S.D. Cal. Aug. 10, 2009)
5 (“[u]nder California law, courts have held that employers are not subject to heightened penalties
6 for subsequent violations unless and until a court or commissioner notifies the employer that it is
7 in violation of the Labor Code”); see also *Bernstein v. Virgin Am., Inc.*, 3 F.4th 1127, 1144 (9th
8 Cir. 2021) (holding no subsequent penalty unless prior citation or court ruling). Defendants
9 argued no such prior violation occurred here warranting only the initial penalty, if anything at all.

10 17. Even assuming Plaintiff ultimately prevailed on his PAGA claims, the Court still
11 has discretion to reduce any PAGA penalties. Pursuant to Labor Code § 2699(e)(2), the Court
12 can decline to award PAGA penalties where “if, based on the facts and circumstances of the
13 particular case, to do otherwise, would result in an award that is unjust, arbitrary and oppressive,
14 or confiscatory.” Indeed, as shown in the Court of Appeal’s decision in *Carrington v. Starbucks*
15 *Corp.*, 30 Cal. App. 5th 504 (2018), while the plaintiff prevailed on his PAGA claim upon trial,
16 the trial court reduced the maximum PAGA penalty amount by 90%, citing the employer’s good
17 faith attempt at complying with the law. *Id.* at p. 517. Upon review, the Court of Appeal found
18 such reduction to be proper. *Id.* at p. 539.

19 18. Thus, even if Plaintiff were to successfully prove his claims at trial, there is a
20 possibility that the Court may only award a small percentage of PAGA penalties, as the Court
21 has discretion to do so. If the Court reduced PAGA penalties by the same percentage as
22 approved in *Carrington*, the potential exposure on the PAGA claim would only be \$95,290.

23 19. Although Plaintiff believes that the class can be certified, Plaintiff also believes in
24 the fairness of the settlement that is based on factoring in the uncertainty and risks to Plaintiff
25 involved in not prevailing on one or more of the causes of action or theories alleged in the
26 operative Complaint, the possibility of non-certification, and the potential for appeals. These
27 risks on class certification are compounded by the California Supreme Court’s holding in *Duran*
28 *v. U.S. Bank Nat’l Ass’n*, 59 Cal. 4th 1 (2014). There, the plaintiffs obtained class certification

1 and subsequently prevailed at trial after eight years of litigation, but the judgment and the
2 certification ruling were reversed by the California Supreme Court after an additional five years
3 of litigation. The case was remanded to superior court where class certification was denied and
4 plaintiffs' subsequent appeal also was denied.

5 20. Numerous courts have held that gross settlements approximating between only 8
6 and 25% of the defendant's potential exposure are fair and reasonable. *See Lesevic v.*
7 *Spectraforce Techs., Inc.*, 2021 WL 1599310, at *3 (N.D. Cal. Apr. 23, 2021) (noting wage and
8 hour class fund of \$600,000 that compensated for 7% of maximum potential recovery was
9 reasonable); *Bellinghausen v. Tractor Supply Co.*, No. 13-CV-02377-JSC, 2015 WL 1289342, at
10 p.*6 (N.D. Cal. Mar. 20, 2015) (holding that class action settlement recovering between 8.5%
11 and 25% of the defendant's potential exposure was fair); *Van Ba Ma v. Covidien Holding Inc.*,
12 U.S. Dist. Ct. Case No. 8:12-cv-02161 (C.D. Cal. 2014) (granting preliminary approval of wage
13 and hour class settlement which obtained only 9.1% of projected damages, given the risks of
14 continued litigation); *Villegas v. J.P. Morgan Chase & Co.*, No. CV 09-00261 SBA EMC, 2012
15 WL 5878390, at p.*6 (N.D. Cal. Nov. 21, 2012) (holding that gross class action settlement of
16 approximately 15% of the potential recovery was fair and reasonable); *Greko v. Diesel U.S.A.,*
17 *Inc.*, No. 10-cv-02576 NC, 2013 WL 1789602, at *5 (N.D. Cal. Apr. 26, 2013) (24 percent was
18 reasonable).

19 21. Here, the total amount of class and PAGA penalties amount to approximately \$6.2
20 million on the high end, and \$5.5 million if the Court were to reduce PAGA penalties as was
21 done in *Carrington*. The Gross Settlement Amount is \$500,000.00, which is approximately 8-9%
22 of the maximum class and PAGA penalties. *Id.* The reasonableness of the settlement is also
23 supported by Defendants' claims of financial distress, which resulted in the need for a payment
24 plan to fund the settlement. Agreement ¶ 38. As part of settlement negotiations, I reviewed
25 financial information provided by Defendants that substantiated its claims of financial distress
26 and significant tax liabilities.

27 22. Pursuant to the Settlement Agreement, the Net Settlement Amount will be
28 apportioned among the Class Members on a pro rata basis, based on the number of pay periods

1 worked by each respective Class Member during the Class Period, as compared to the total
2 number of pay periods worked by all Class Members during the Class Period. *See* Agreement ¶
3 45.a. Based thereon, on a raw average, each Class Member potentially may recover
4 approximately \$215.66 ($\$264,833.33 \div 1,228$ Class Members). The amount actually paid to each
5 Participating Class Member will increase or decrease depending on the number of pay periods he
6 or she worked during the Class Period and the number of putative class members who choose not
7 to participate in the settlement.

8 23. Additionally, as part of the PAGA Payment, 25% of the PAGA Payment, or
9 \$3,750.00, shall be paid to PAGA Members who worked during the PAGA Period (the period
10 commencing on April 26, 2020, through June 10, 2022), on a pro rata basis, based on the number
11 of pay periods worked by each PAGA Member during the PAGA Period as compared to the total
12 number of pay periods worked by all PAGA Members during the PAGA Period. Agreement ¶¶
13 22, 43, 45.b.

14 24. The Settlement Agreement provides for the payment to the Settlement
15 Administrator for the administration of this current settlement. Based on my experience, I
16 believe the quote provided by Phoenix Settlement Administrators for a capped fee of \$13,500.00
17 to administer the settlement is reasonable given the scope of services requested.

18 25. The terms of the settlement provide that uncashed checks (upon the expiration
19 date) shall be distributed to the *cy pres* recipient Legal Aid at Work, in accordance with
20 California Civil Procedure § 384. *See* Agreement ¶ 58. Plaintiff's counsel does not have any
21 relationship with or connection to said organization that presents a conflict of interest.

22 26. Based on their own independent investigation and evaluation, the Parties and their
23 respective counsel are of the opinion that settlement for the consideration and on the terms set
24 forth in the Settlement Agreement is fair, reasonable, and adequate and is in the best interests of
25 the Class and Defendants in light of all known facts and circumstances and the expenses and
26 risks inherent in litigation.

27 27. From the inception of the case, Class Counsel have zealously represented the
28 interests of the Class. Class Counsel have engaged in significant meet and confer discussions

1 with opposing counsel to obtain informal data and documents and to discuss the merits of the
2 claims on behalf of the Class. The settlement was obtained for the benefit of the Class, as
3 opposed to the individual Class Representative.

4 28. I have spent significant time researching and pursuing the claims that have been
5 alleged in this action. The Parties engaged in formal and informal discovery and participated in
6 the exchange of class data and Defendants' pertinent policies and practices. Based on my review
7 of all the documents and information, and based on my experience in class action litigation, I
8 believe this settlement to be fair, adequate, and reasonable.

9 29. I was retained based upon a contingency fee arrangement wherein Plaintiff's
10 counsel agreed to advance all costs and receive no fee unless a recovery was accomplished.
11 Specifically, had Plaintiff failed to prevail in this case, counsel for Plaintiff would have spent a
12 significant amount of time, money and other resources without any benefit or return. In addition,
13 had Plaintiff also failed to prevail in the present case, Defendants would have been able to seek
14 costs in connection with their defense of the case. I anticipate the actual costs incurred will be
15 less than the amount allotted for in the Agreement in which case the balance will revert to the
16 Net Settlement Amount for distribution according to the terms of the agreement. Agreement ¶ 40

17 **ATTORNEY EXPERIENCE**

18 30. I am one of the primary attorneys on this matter. My qualifications are as follows:
19 I received a full-tuition scholarship, and graduated from Southwestern Law School in 2013,
20 magna cum laude. I was in the top 5% of my class. During my time at Southwestern, I was a
21 Notes and Comments Editor on the Southwestern Law Review. I also received awards for
22 achieving the highest grade in my class in several courses. In 2012, I was a full-time extern, at
23 the United States District Court for the Central District. Immediately after law school, I taught
24 several courses at Southwestern, including Principles of Legal Analysis and Legal Methods. I
25 taught those courses for approximately four years.

26 31. I practiced civil litigation at Haight Brown & Bonesteel LLP from approximately
27 September 2013, through January 2016. I was third-chair in a federal court jury trial that resulted
28 in a defense verdict in our client's favor on a \$21 million commercial breach of contract dispute.

1 I also regularly litigated cases across the civil litigation spectrum, including employment matters.

2 32. From February 2016, through Fall 2017, I practiced at the international law firm
3 of Arnold & Porter, which had recently merged with Kaye Scholer, LLP. I defended Fortune 50
4 companies in Multi-District Litigation primarily in the product liability sphere. I also
5 successfully drafted an appellate brief in the Ninth Circuit resulting in the reversal of a summary
6 judgment decision regarding trade secret issues, in addition to working in several other practice
7 groups.

8 33. From September 2017, through September 2018, I served as a law clerk to a
9 Judge sitting on the United States District Court, Central District of California. I regularly
10 prepared bench memoranda, on cases involving all types of civil litigation, including regularly
11 working on wage and hour class actions.

12 34. I am currently an associate at the law firm Diversity Law Group, P.C., an
13 employment law firm that has handled numerous wage and hour class and individual actions, on
14 both plaintiff and defense sides. My current practice focuses on employment matters involving
15 both class actions, and single plaintiffs. The firm currently has cases in the Los Angeles
16 Superior Courts, the Orange County Superior Courts, the San Diego County Superior Courts, and
17 the United States District Courts for the Central, Northern, and Eastern Districts of California. I
18 am currently handling numerous wage and hour class action lawsuits with the firm, including,
19 but not limited to: *Agar v. Sensient Natural Ingredients, LLC* (Case No. CV-19-001906,
20 Stanislaus County Superior Court); *Cunningham, et al. v. Diverse Business Solutions* (Case No.
21 CIVDS1817095, San Bernardino County Superior Court); *Heredia v. Eddie Bauer LLC* (Case
22 No. 16CV300475, United States District Court, Northern District of California); *Parsons v.*
23 *Estenson Logistics, LLC* (Case No. 34-2019-00252929, Sacramento County Superior Court);
24 *Wood v. Reeve Trucking Co., Inc.* (Case No. STK-CV-UOE-2018-0004414, San Joaquin County
25 Superior Court); and *Coronel v. Pinnacle Agriculture* (Case No. 18CV004287, Monterey County
26 Superior Court).

27 35. On June 14, 2019, I argued two related cases in front of the Ninth Circuit Court of
28 Appeals. One of them was *Rodriguez v Nike Retail Service Inc.*, Case No. 17-16866. On June 28,

1 2019, the Ninth Circuit issued a published decision, reversing and remanding in favor of our
2 clients. *Rodriguez v. Nike Retail Servs., Inc.*, 928 F.3d 810 (9th Cir. 2019).

3 36. I have also assisted the firm in numerous wage and hour class action mediations.

4 37. My co-counsel and I will adequately represent the Class Members in this action.
5 Plaintiff's counsel have and will zealously represent Plaintiff and the Class and pursue this
6 lawsuit to its conclusion.

7 38. I have no conflicts with the Class and will adequately represent the Class.

8 **NOTICE TO THE LWDA**

9 39. Concurrently with this the filing of this Motion, I caused the Motion and
10 Settlement Agreement to be uploaded to the LWDA's website. Attached hereto as **Exhibit B** is
11 the confirmation of submission.

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

14 Executed on this 2nd day of March 2023, at Los Angeles, California.

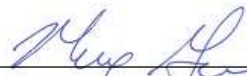
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16 _____
Max W. Gavron

EXHIBIT A

Larry W. Lee (State Bar No. 228175)
Max W. Gavron (State Bar No. 291697)
DIVERSITY LAW GROUP, P.C.
515 S. Figueroa Street, Suite 1250
Los Angeles, CA 90071
(213) 488-6555
(213) 488-6554 facsimile
lwlee@diversitylaw.com
mgavron@diversitylaw.com

Kelsey A. Webber (State Bar No. 303721)
Kelsey.Webber@WebberLawGroup.com
Shaelyn A. Stewart (State Bar No. 335149)
Shaelyn.Stewart@webberlawgroup.com
WEBBER LAW GROUP
333 University Ave, Suite 200
Sacramento, California 95825
Telephone: (916) 588-0683

Attorneys for Plaintiff David Long

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SACRAMENTO

DAVID LONG, as an individual and on
behalf of all others similarly situated,

Plaintiff,

vs.

CAPITOL COMPLIANCE
MANAGEMENT, LLC, a California
limited liability company; et al.,

Defendants.

Case No.: 34-2021-00301119-CU-OE-GDS

**JOINT STIPULATION OF CLASS ACTION
AND PAGA SETTLEMENT**

Complaint Filed: May 20, 2021
FAC Filed: February 14, 2022
Trial Date: None Set

DAVID LONG, as an individual and on
behalf of all others similarly situated,

Plaintiff,

vs.

CAPITOL COMPLIANCE
MANAGEMENT, LLC, et al.,

Defendants.

Related Case No.: 34-2021-00302928-CU-OE-GDS

1 **JOINT STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT**

2 This Joint Stipulation of Class Action and PAGA Settlement is entered into by and between
3 Plaintiff David Long, individually and on behalf of the Settlement Class, and Defendants
4 Compliance Management, LLC; CC101, Inc.; Alternative Medical Center, Inc.; Sharp Source;
5 Doc's Inc.; Perchta, Inc.; and C9 Alliance, Inc. (together, "Defendants").

6 **DEFINITIONS**

7 1. "Agreement" or "Settlement Agreement" means this Joint Stipulation of Class
8 Action and PAGA Settlement.

9 2. "Action" means the court action, entitled *David Long v. Capitol Compliance*
10 *Management, LLC, et al.* (Case No. 34-2021-00301119-CU-OE-GDS) consolidated with *Long v.*
11 *Capitol Compliance Management, LLC, et al.* (Case No. 34-2021-00302928-CU-OE-GDS),
12 pending before the Sacramento County Superior Court.

13 3. "Class" or "Class Members" means all current and former non-exempt employees
14 of Defendants in the State of California, who worked during the Class Period. Defendant
15 represents that Defendants employed 1,228 Class Members during the Class Period.

16 4. "Class Counsel" means Diversity Law Group, P.C. and Webber Law Group.

17 5. "Class Counsel's Fees and Costs" means attorneys' fees for Class Counsel's
18 litigation and resolution of this Action and their expenses and costs incurred in connection with
19 the Action, which shall be paid from the Gross Settlement Amount. Class Counsel will request
20 attorneys' fees not to exceed One Hundred Sixty-Six Thousand Six Hundred Sixty-Six Dollars and
21 Sixty-Seven Cents (\$166,666.67), which is approximately one-third (1/3) of the Gross Settlement
22 Amount, and the reimbursement costs and expenses associated with the litigation and settlement
23 of the Action, not to exceed Thirty Thousand Dollars (\$30,000.00), subject to the Court's approval.
24 Defendants have agreed not to oppose Class Counsel's request for fees and reimbursement of costs
25 and expenses in the amount set forth above.

26 6. "Class List" means a complete list of all Class Members that Defendants will
27 diligently and in good faith compile from their records and provide to the Settlement Administrator
28 within fifteen (15) calendar days after Preliminary Approval of this Settlement. The Class List will

1 be formatted in a readable Microsoft Office Excel spreadsheet and will include Class Member's:
2 (1) full name; (2) last known home address; (3) last known telephone number; (4) Social Security
3 number and Employee Identification Number; (5) start and end dates of active employment as a
4 non-exempt employee of Defendants in the State of California; (6) total Pay Periods during the
5 Class Period or sufficient information in order for the Settlement Administrator to calculate total
6 Pay Periods; (7) total Pay Periods during the PAGA Period or sufficient information in order for
7 the Settlement Administrator to calculate total Pay Periods; and (8) any other information required
8 by the Settlement Administrator in order to effectuate the terms of the Settlement. Because Social
9 Security numbers are included in the list, the Settlement Administrator will maintain the list in
10 confidence, and shall only access and use the list to administer the settlement in conformity with
11 the Court's orders.

12 7. "Class Notice" means the Notice of Class Action Settlement in a form substantially
13 similar to the form attached hereto as Exhibit A, that will be mailed to Class Members' last known
14 addresses and which will provide Class Members with information regarding the Action and
15 information regarding the settlement of the Action.

16 8. "Class Period" means the period of May 20, 2017, through June 10, 2022.

17 9. "Class Representative" or "Named Plaintiff" means Plaintiff David Long in his
18 capacity as the representative of the Participating Class Members.

19 10. "Class Representative Incentive Payment" means the amount that the Court
20 authorizes to be paid to Named Plaintiff, in addition to his Individual Settlement Payment, in
21 exchange for his general release of all claims pursuant to California Civil Code § 1542 and in
22 recognition of the efforts and risks he has taken in assisting with the prosecution of the Action.
23 Named Plaintiff will request, and Defendants will not oppose, an Incentive Payment of up to Ten
24 Thousand Dollars (\$10,000.00). Named Plaintiff will be issued an IRS Form 1099 in connection
25 with his Incentive Payment.

26 11. "Court" means the Superior Court of the State of California for the County of
27 Sacramento.

28 12. "Defendants" mean Capital Compliance Management, LLC; CC101, Inc.;

Alternative Medical Center, Inc.; Sharp Source; Doc's Inc.; Perchta, Inc.; and C9 Alliance, Inc. as named by Plaintiff in the operative complaint, and their past, present and/or future, direct and/or indirect, stockholders, shareholders, members, directors, managers, officers, employees, agents, representatives, attorneys, insurers, reinsurers, partners, investors, lenders, administrators, parent companies, subsidiaries, affiliates, divisions, predecessors, successors, assigns, and joint venturers

13. "Effective Date" means: the later of: (a) if no timely objections are filed or if all objections are withdrawn, the date upon which the Court enters the Final Approval Order and Final Judgment; (b) if an objection is filed and not withdrawn, the date for filing an appeal and no such appeal being filed; or (c) if any timely appeals are filed, the date of the resolution (or withdrawal) of any such appeal in a way that does not alter the terms of the settlement.

14. "Final Approval Order and Final Judgment" means the Court entering an order granting final approval of the Settlement Agreement and judgment based thereon which includes the following provisions: (a) confirming certification of the Class for settlement purposes only; (b) finding that the dissemination of the Class Notice in the form and manner ordered by the Court was accomplished as directed and met the requirements of due process; (c) finally approving the Settlement Agreement and the Settlement as fair, reasonable and adequate, and directing consummation of the Settlement in accordance with its terms and provisions; (d) directing the Parties to implement the terms of the Settlement Agreement; (e) releasing and discharging the Released Parties from any and all liability with respect to the Released Claims as provided herein; (f) resolving and settling all the Released Claims by the Class Representative and all Participating Class Members, as herein provided; (g) awarding reasonable attorneys' fees and litigation costs to Class Counsel as determined by the Court; (h) awarding a Class Representative Incentive Payment to Class Representative as determined by the Court; (i) awarding Settlement Administration Costs to the Settlement Administrator as determined by the Court; (j) approving the allocation of PAGA Penalties to the LWDA; (k) entering final judgment on the operative Complaint; and (l) preserving continuing and exclusive jurisdiction over all matters related to the administration and consummation of the terms of this Settlement and enforcement of the Judgment.

15. "Gross Settlement Amount" means the sum of Five Hundred Thousand Dollars

1 (\$500,000.00). The Gross Settlement Amount is non-reversionary; no portion of the Gross
2 Settlement Amount will return to Defendants. The Gross Settlement Amount shall be the
3 maximum amount Defendants are required to pay under the Settlement with the exception of the
4 employer's share of payroll taxes.

5 16. "Individual Settlement Payment" means the amount payable from the Net
6 Settlement Amount to each Participating Class Member and any payment a PAGA Member is
7 eligible to receive from the employee portion of the PAGA Payment. Individual Settlement
8 Payments shall be paid by a Settlement Check made payable to Participating Class Members
9 and/or PAGA Members.

10 17. "Net Settlement Amount" means the funds available for payments to the Class,
11 which shall be the amount remaining after the following amounts are deducted from the Gross
12 Settlement Amount: (1) Class Counsel's fees, (2) Class Counsel's costs, (3) Settlement
13 Administration Costs, (4) Class Representative Incentive Payment to Plaintiff; and (5) PAGA
14 Payment to the LWDA and PAGA Members.

15 18. "Objection" means a Class Member's valid and timely written objection to the
16 Settlement Agreement. For an Objection to be valid, it must include: (a) the objector's full name,
17 address, telephone number, last four digits of the employee's Social Security number and/or
18 Employee Identification Number and (b) a written statement of all grounds for the objection
19 accompanied by legal support, if any, for such objection. To be effective, the Objection must be
20 post-marked by the Response Deadline and received by the Settlement Administrator.

21 19. "PAGA" means the California Labor Code Private Attorneys General Act of 2004
22 (Cal. Lab. Code §§ 2698, *et seq.*, "PAGA").

23 20. "PAGA Members" means all current and former non-exempt employees of
24 Defendants who were employed in the State of California at any time during the PAGA Period.

25 21. "PAGA Payment" means the amount that the Parties have agreed to allocate in
26 order to settle claims arising under the Private Attorneys General Act of 2004 (Cal. Lab. Code §§
27 2698, *et seq.*). The Parties have agreed that Fifteen Thousand Dollars (\$15,000.00) of the Gross
28 Settlement Amount will be allocated to the resolution of Plaintiff's PAGA Claim. Seventy-five

1 percent (75%) of this amount (\$11,250.00) will be paid to the California Labor and Workforce
2 Development Agency ("LWDA") in accordance with Labor Code §§ 2698, *et seq.* Twenty-five
3 percent (25%) of this amount (\$3,750.00), will be distributed to PAGA Members on a *pro rata*
4 basis based on the total number of Pay Periods (full or partial) worked by each PAGA Member
5 during the PAGA Period. PAGA Members will receive payment from the employee portion of the
6 PAGA Payment regardless of their decision to participate in the class action if the PAGA Payment
7 is approved by the Court.

8 22. "PAGA Period" means the period of April 26, 2020, through June 10, 2022.

9 23. "PAGA Release" means the following release: all claims, rights, demands,
10 liabilities and causes of action that are alleged, or reasonably could have been alleged based on the
11 facts and claims asserted in the PAGA letter, dated April 26, 2021, for civil penalties under the
12 PAGA, Cal. Lab. Code §§ 2698, *et seq.*, which are premised on alleged violations of the California
13 Labor Code for: (i) failure to pay overtime wages for all hours worked; (ii) failure to provide off-
14 duty meal and rest breaks; (iii) failure to reimburse all business expenses; (iv) failure to pay all
15 wages owed upon separation of employment; and (v) failure to provide accurate, itemized wage
16 statements, including but not limited to Labor Code §§ 201, 202, 203, 204, 226, 226.7, 510, 512,
17 558, 1194, 1194.2, 1197, 1197.1, 2802, and 2699, and the relevant Wage Orders issued by the
18 Industrial Welfare Commission; and (vi) all claims for attorneys' fees and costs as provided by the
19 PAGA. This release shall apply to claims arising during the PAGA Period.

20 24. "Parties" means Plaintiff and Defendants, collectively, and "Party" shall mean
21 either Plaintiff or Defendants, individually.

22 25. "Participating Class Members" means all Class Members who do not submit valid
23 and timely Requests for Exclusion.

24 26. "Pay Period" shall mean any pay period in which a Class Member or PAGA
25 Member worked for Defendants in the State of California.

26 27. "Plaintiff" means David Long.

27 28. "Preliminary Approval" means the Court order granting preliminary approval of
28 the Settlement Agreement.

1 29. “Released Claims” means all claims, rights, demands, liabilities and causes of
2 action that are alleged, or reasonably could have been alleged based on the facts and claims
3 asserted in the operative complaint in this action including the following claims: (i) failure to pay
4 overtime wages for all hours worked; (ii) failure to provide off-duty meal and rest breaks; (iii)
5 failure to reimburse all business expenses; (iv) failure to pay all wages owed upon separation of
6 employment; (v) failure to provide accurate, itemized wage statements; (vi) unfair business
7 practices that could have been premised on the claims, causes of action, or legal theories of relief
8 described above or any of the claims, causes of action, or legal theories of relief pleaded in the
9 operative complaint; (vii) all claims under the California Labor Code Private Attorneys General
10 Act of 2004 (Labor Code §§ 2698, *et seq.*) or for civil penalties that could have been premised on
11 the claims, causes of action, or legal theories described above or any of the claims, causes of action,
12 or legal theories of relief pleaded in the operative complaint including Labor Code §§ 201, 202,
13 203, 204, 226, 226.7, 510, 512, 558, 1194, 1194.2, 1197, 1197.1, 2802, and 2699, and the relevant
14 Wage Orders issued by the Industrial Welfare Commission; and (viii) all claims for attorneys’ fees
15 and costs as provided for the preceding causes of action, including those provided by Labor Code
16 §§ 218.5, 226, 1194, and 2699, Business & Professions Code §§ 17200, *et seq.*, and Code of Civil
17 Procedure § 1021.5. This release shall apply to claims arising during the Class Period.

18 30. “Released Parties” means Capital Compliance Management, LLC; CC101, Inc.;
19 Alternative Medical Center, Inc.; Sharp Source, Doc’s Inc.; Perchta, Inc.; and C9 Alliance, Inc. as
20 named by Plaintiff in the operative complaint, and their past, present and/or future, direct and/or
21 indirect, stockholders, shareholders, members, directors, managers, officers, employees, agents,
22 representatives, attorneys, insurers, reinsurers, partners, investors, lenders, administrators, parent
23 companies, subsidiaries, affiliates, divisions, predecessors, successors, assigns, and joint
24 venturers.

25 31. “Request for Exclusion” means a valid and timely written statement submitted by
26 a Class Member requesting to be excluded from the Action. To be effective, the Request for
27 Exclusion must contain (a) the Class Member’s name, address, telephone number, and the last four
28 digits of the Class Member’s Social Security number and/or the Employee Identification Number

1 and (b) a clear statement requesting to be excluded from the settlement of the class claims similar
2 to the following: "I wish to exclude myself from the class settlement reached in the matter of *Long*
3 *v. Capitol Compliance Management, LLC*. I understand that by excluding myself I will not receive
4 money from the settlement of my individual claims." To be effective, the Request for Exclusion
5 must be post-marked by the Response Deadline and received by the Settlement Administrator. The
6 Request for Exclusion shall not exclude any PAGA Member from the PAGA Release.

7 32. "Response Deadline" means the date forty-five (45) days after the Settlement
8 Administrator mails Class Notice to Class Members and the last date on which Class Members
9 may submit Requests for Exclusion, Objections to the Settlement, or Pay Period Disputes. In the
10 event the 45th day falls on a Sunday or federal holiday, the Response Deadline will be extended
11 to the next day on which the U.S. Postal Service is open. The Response Deadline for Requests for
12 Exclusion or Objections will be extended fifteen (15) calendar days for any Class Member who is
13 re-mailed a Class Notice by the Settlement Administrator, unless the 15th day falls on a Sunday
14 or federal holiday, in which case the Response Deadline will be extended to the next day on which
15 the U.S. Postal Service is open. The Response Deadline may also be extended by express
16 agreement between Class Counsel and Defendants' Counsel. Under no circumstances, however,
17 will the Settlement Administrator have the authority to unilaterally extend the deadline for Class
18 Members to submit a Request for Exclusion or Objection to the Settlement.

19 33. "Settlement" means the disposition of the Action pursuant to this Agreement.

20 34. "Settlement Administrator" means Phoenix Settlement Administration Solutions.
21 The Parties each represent that they do not have any financial interest in the Settlement
22 Administrator or otherwise have a relationship with the Settlement Administrator that could create
23 a conflict of interest.

24 35. "Settlement Administration Costs" mean the costs payable from the Gross
25 Settlement Amount to the Settlement Administrator for administering this Settlement, including,
26 but not limited to, printing, distributing, and tracking documents for this Settlement,
27 calculating/confirming the Class Member Pay Periods from the information contained in the Class
28 List, calculating each Participating Class Member's Individual Settlement Payment, tax reporting,

1 distributing the Gross Settlement Amount, providing necessary reports and declarations, and other
2 duties and responsibilities set forth herein to process this Settlement, and as requested by the
3 Parties. Settlement Administration Costs shall not exceed Thirteen Thousand Five Hundred
4 Dollars (\$13,500.00).

5 **TERMS OF AGREEMENT**

6 36. Settlement Consideration. Defendants shall fund the Gross Settlement Amount
7 following Final Approval Order and Final Judgment entered by the Court and the occurrence of
8 the Effective Date and pursuant to the payment plan articulated in Paragraph 38. The following
9 will be paid out of the Gross Settlement Amount: the sum of the Individual Settlement Payments,
10 Class Representative Incentive Payment, Class Counsel's Fees and Costs, PAGA Payment,
11 Settlement Administration Costs as specified in this Agreement. Except for any increase in the
12 number of Pay Periods as set forth below in Paragraph 37, The Gross Settlement Amount is non-
13 reversionary; no portion of the Gross Settlement Amount will revert to Defendants.

14 37. Escalation Clause. Defendants have represented there are 1,228 Class Members
15 during the Class Period, who worked 16,490 cumulative pay periods during the Class Period.
16 Should the total number of cumulative pay periods worked by the Class Members during the Class
17 Period increase, Defendants shall increase the Gross Settlement Amount proportionally. For the
18 avoidance of doubt, if the total cumulative pay periods during the Class Period increase by 10%
19 (i.e. to 16,655 pay periods), then the Gross Settlement Amount shall also increase by 10% (i.e. to
20 \$550,000.00). Alternatively, Defendants may choose to move the end date of the Class Period to
21 an earlier date such that the total number of cumulative pay periods does not exceed 16,490.

22 38. Funding of the Gross Settlement Amount. Defendants will cause the Gross
23 Settlement Amount to be deposited into a Qualified Settlement Fund ("QSF") to be established by
24 the Settlement Administrator. The Settlement Administrator shall timely provide Defendants with
25 a list of information/documents needed in order to calculate employer-side payroll taxes.
26 Defendants shall provide all information necessary for the Settlement Administrator to calculate
27 necessary payroll taxes including its official name, eight-digit State Unemployment Insurance Tax
28 Identification Number, and other information requested by the Settlement Administrator, no later

1 than ten (10) calendar days of the Effective Date. The Gross Settlement Amount shall be funded
2 by Defendants in accordance with the following schedule and instructions:

3 a) Thirty percent (30%) of the Gross Settlement Amount, or \$150,000.00, shall
4 be paid by Defendants to the QSF within seven (7) days of the Court signing the order granting
5 preliminary approval of the Settlement.

6 b) Twenty-five percent (25%) of the Gross Settlement Amount, or
7 \$125,000.00, shall be paid by Defendants to the QSF within seven (7) days of the Court signing
8 the Final Approval Order and Final Judgment.

9 c) The remaining forty-five percent (45%) of the Gross Settlement Amount,
10 or \$225,000.00, shall be paid by Defendants to the QSF in twelve (12) monthly installments of
11 \$18,750.00 until the entirety of the Gross Settlement Amount has been deposited. The monthly
12 installments shall be paid on the first day of each month, commencing with the first month after
13 the \$125,000.00 payment is deposited. Defendant's share of payroll taxes shall be due at this time
14 also.

15 39. Distribution of the Gross Settlement Amount. Within fourteen (14) calendar days
16 of the full funding of the Settlement, the Settlement Administrator will issue payments for: (a)
17 Individual Settlement Payments; (b) the PAGA Payment to the Labor and Workforce Development
18 Agency; (c) the Class Representative Incentive Payment; (d) Class Counsel's Fees and Costs; and
19 (e) Settlement Administration Costs.

20 40. Attorneys' Fees and Costs. Defendants agree not to oppose any application or
21 motion by Class Counsel for attorneys' fees of not more than One Hundred Sixty-Six Thousand
22 Six Hundred Sixty-Six Dollars and Sixty-Seven Cents (\$166,666.67), plus the reimbursement of
23 costs and expenses associated with the litigation and settlement of the Action, in an amount not to
24 exceed Thirty Thousand Dollars (\$30,000.00), both of which will be paid from the Gross
25 Settlement Amount. Any portion of the requested fees or costs that is not awarded to the Class
26 Counsel shall be reallocated to the Net Settlement Amount and distributed to Participating Class
27 Members as provided in this Agreement.

28 41. Class Representative Incentive Payment. Defendants agree not to oppose or object

to any application or motion by Plaintiff for a Class Representative Incentive Payment of Ten Thousand Dollars (\$10,000.00). The Class Representative Incentive Payment is in exchange for his general release of all claims pursuant to California Civil Code § 1542 and in recognition of his time, effort, and risk in bringing and prosecuting the Action. Any portion of the requested Class Representative Incentive Payments that is not awarded to Plaintiff shall be reallocated to the Net Settlement Amount and distributed to Participating Class Members as provided in this Agreement.

42. Settlement Administration Costs. The Settlement Administrator will be paid for the reasonable costs of administration of the Settlement and distribution of payments from the Gross Settlement Amount as further set forth in this Agreement. Settlement Administration Costs shall not exceed Thirteen Thousand Five Hundred Dollars (\$13,500.00).

43. PAGA Payment. Fifteen Thousand Dollars (\$15,000.00) shall be allocated from the Gross Settlement Amount for settlement of claims for civil penalties under the PAGA. The Settlement Administrator shall pay seventy-five percent (75%) of the PAGA Payment, or Eleven Thousand Two Hundred Fifty Dollars (\$11,250.00), to the California Labor and Workforce Development Agency ("LWDA"). The remaining twenty-five percent (25%) of the PAGA Payment, or Three Thousand Seven Hundred Fifty Dollars (\$3,750.00), will be distributed to PAGA Members on a *pro rata* basis based on the total number of Pay Periods worked by each PAGA Member during the PAGA Period. PAGA Members shall receive their portion of the PAGA Payment and release the claims as set forth herein under the PAGA Release regardless of their decision to opt-out of the class settlement.

44. Net Settlement Amount for Payment of Class Claims. The Net Settlement Amount will be used to satisfy the class portion of Participating Class Members' Individual Settlement Payments, in accordance with the terms of this Agreement. The estimated Net Settlement Amount is as follows:

Gross Settlement Amount	\$	500,000.00
Incentive Payment:	\$	10,000.00
Class Counsel's Fees:	\$	166,666.67
Class Counsel's Costs:	\$	30,000.00

PAGA Payment	\$	15,000.00
Settlement Administration Costs:	\$	13,500.00
Estimated Net Settlement Amount	\$	264,833.33

45. Individual Settlement Payment Calculations. Individual Settlement Payments will be paid from the Net Settlement Amount and the 25% portion of the PAGA Payment allocated for PAGA Members and shall be paid pursuant to the formulas set forth herein:

a) Calculation of Class Portion of Individual Settlement Payments. The Settlement Administrator will calculate the total Pay Periods for all Class Members by adding the number of Pay Periods worked by each Class Member during the Class Period. The respective Pay Periods for each Class Member will be divided by the total Pay Periods for all Class Members, resulting in the Payment Ratio for each Class Member. Each Class Member's Payment Ratio will then be multiplied by the Net Settlement Amount to calculate each Class Member's estimated share of the Net Settlement Amount.

b) Calculation of PAGA Portion of Individual Settlement Payments. The Settlement Administrator will calculate the total Pay Periods for all PAGA Members by adding the number of Pay Periods worked by each PAGA Member during the PAGA Period. The respective Pay Periods for each PAGA Member will be divided by the total Pay Periods for all PAGA Members, resulting in the Payment Ratio for each PAGA Member. Each PAGA Member's Payment Ratio will then be multiplied by the employee portion of the PAGA Payment to calculate each PAGA Member's estimated share of the PAGA Payment. PAGA Members shall receive this portion of their Individual Settlement Payment regardless of whether they opt out of the participation regarding the class claims.

c) Allocation of Individual Settlement Payments. The class portion of the Individual Settlement Payments will be allocated as follows: ten percent (10%) will be allocated as wages, thirty percent (30%) shall be allocated as interest, and sixty percent (60%) shall be allocated as penalties. The portion of the Individual Settlement Payment allocated to wages will be reported by the Settlement Administrator on an IRS Form W-2. The PAGA Payment portion of

the Individual Settlement Payments will be allocated as one hundred percent (100%) penalties. The remaining non-wage payments and PAGA Payment will be reported on an IRS Form-1099 by the Settlement Administrator, if required by law.

46. No Credit Toward Benefit Plans. The Individual Settlement Payments made to Participating Class Members under this Settlement, as well as any other payments made pursuant to this Settlement, will not be utilized to calculate any additional benefits under any benefit plans to which any Class Members may be eligible, including, but not limited to profit-sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan. Rather, it is the Parties' intention that this Settlement Agreement will not affect any rights, contributions, or amounts to which any Class Members may be entitled under any benefit plans. Payment of wages shall not extend or alter Participating Class Members' period of employment for any purpose.

47. Settlement Administration Process. The Parties agree to cooperate in the administration of the Settlement and to make all reasonable efforts to control and minimize the costs and expenses incurred in administration of the Settlement. The Settlement Administrator will provide the following services:

- a) Establish and maintain a Qualified Settlement Fund.
- b) Calculate the Individual Settlement Payment each Class Member is eligible to receive and the portion of the PAGA Payment each PAGA Member shall receive.
- c) Print and mail the Class Notice.
- d) Conduct additional address searches for mailed Class Notices that are returned as undeliverable.
- e) Process Requests for Exclusion, Objections, and Pay Period Disputes, and field inquiries from Class Members.
- f) Print and issue and issue Settlement Payment Checks, prepare IRS W-2 and 1099 Tax Forms and any other filings required by any governmental taxing authority.
- f) Provide declarations and/or other information to this Court as requested by the Parties and/or the Court.

1 h) Provide weekly status reports to counsel for the Parties.

2 i) Post a notice of final judgment online at Settlement Administrator's
3 website.

4 48. Delivery of the Class List. Within fifteen (15) calendar days of Preliminary
5 Approval, Defendants will provide the Class List to the Settlement Administrator. This is a
6 material term of the Settlement, and if Defendants fail to comply, Plaintiff shall have the right to
7 void the Settlement. Plaintiff's counsel shall meet and confer with Defendants' counsel before
8 voiding the Settlement pursuant to this provision.

9 49. Notice by First-Class U.S. Mail. Within ten (10) calendar days after receiving the
10 Class List from Defendants, the Settlement Administrator will mail the Class Notice to all Class
11 Members via regular First-Class U.S. Mail, using the most current, known mailing addresses
12 identified in the Class List.

13 50. Confirmation of Contact Information in the Class List. Prior to mailing, the
14 Settlement Administrator will perform a search based on the National Change of Address Database
15 for information to update and correct for any known or identifiable address changes. Any Class
16 Notice returned to the Settlement Administrator as non-deliverable on or before the Response
17 Deadline will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed
18 thereto and the Settlement Administrator will indicate the date of such re-mailing on the Class
19 Notice. If no forwarding address is provided, the Settlement Administrator will promptly attempt
20 to determine the correct address using a skip-trace, or other search using the name, address, and/or
21 Social Security number of the Class Member involved and will then perform a single re-mailing.
22 If any Class Notice sent to a Class Member by the Settlement Administrator is returned as
23 undeliverable to a current employee, then Defendants shall make all reasonable efforts to obtain
24 the current address from the Class Member and provide the same within seven (7) calendar days
25 of notice from the Settlement Administrator. Those Class Members who receive a re-mailed Class
26 Notice, whether by skip-trace or by request, will have between the later of (a) an additional fifteen
27 (15) calendar days or (b) the Response Deadline to postmark a Request for Exclusion or Objection
28 to the Settlement.

1 51. Class Notice. All Class Members will be mailed a Class Notice. Each Class Notice
2 will provide: (a) information regarding the nature of the Action; (b) a summary of the Settlement's
3 principal terms; (c) the Class definition; (d) the total number of Pay Periods each respective Class
4 Member worked for Defendants during the Class Period; (e) each Class Member's estimated
5 Individual Settlement Payment and the formula for calculating Individual Settlement Payments;
6 (f) the dates which comprise the Class Period; (g) the deadlines by which the Class Member must
7 postmark Requests for Exclusion, Objections to the Settlement, or Pay Period Disputes; (h) the
8 claims to be released, as set forth herein; and (j) the date for the final approval hearing.

9 52. Disputed Information on Class Notice. Class Members will have an opportunity to
10 dispute the information provided in their Class Notice. To the extent Class Members dispute the
11 number of Pay Periods with which they have been credited or the amount of their Individual
12 Settlement Payment, Class Members may produce evidence to the Settlement Administrator
13 showing that such information is inaccurate. Absent evidence rebutting Defendants' records,
14 Defendants' records will be presumed determinative. However, if a Class Member produces
15 evidence to the contrary by the Response Deadline, the Parties will evaluate the evidence submitted
16 by the Class Member and the Parties will make the final decision as to the number of eligible Pay
17 Periods that should be applied and/or the Individual Settlement Payment to which the Class
18 Member may be entitled. If the Parties do not agree, the dispute will be submitted to the Court.

19 53. Request for Exclusion Procedures. Any Class Member wishing to opt-out from the
20 Action must sign and postmark a written Request for Exclusion to the Settlement Administrator
21 by the Response Deadline. The Request for Exclusion must include: (a) the Class Member's name,
22 address, telephone number, and the last four digits of the Class Member's Social Security number
23 and/or the Employee Identification Number; and (b) a clear statement requesting to be excluded
24 from the settlement of the class claims similar to the following: "I wish to exclude myself from
25 the class settlement reached in the matter of *Long v. Capitol Compliance Management, LLC*. I
26 understand that by excluding myself I will not receive money from the settlement of my individual
27 claims." The date of the postmark on the return mailing envelope receipt confirmation will be the
28 exclusive means to determine whether a Request for Exclusion has been timely submitted. All

1 Requests for Exclusion will be submitted to the Settlement Administrator, who will certify jointly
2 to Class Counsel and Defendants' Counsel the Requests for Exclusion that were timely submitted.
3 All Class Members who do not request exclusion from the Action will be bound by all terms of
4 the Settlement Agreement if the Settlement is granted final approval by the Court. The Request for
5 Exclusion shall not exclude any PAGA Member from the PAGA Release.

6 54. Defendants' Right to Rescind. If more than ten percent (10%) of the Class Members
7 elect not to participate in the Settlement, Defendants may, at their election, rescind the Settlement
8 Agreement and all actions taken in furtherance of it will be thereby null and void. Defendants must
9 meet and confer with Class Counsel prior to exercising this right and must make clear their intent
10 to rescind the Settlement Agreement within fourteen (14) calendar days after the expiration of the
11 Response Deadline. If Defendants exercise their right to rescind the Agreement, Defendants shall
12 be responsible for all Settlement Administration Costs incurred to the date of rescission.

13 55. Settlement Terms Bind All Class Members Who Do Not Opt-Out. Any Class
14 Member who does not affirmatively opt-out of the Settlement by submitting a timely and valid
15 Request for Exclusion will be bound by all of its terms, including those pertaining to the Released
16 Claims, as well as any Judgment that may be entered by the Court if it grants final approval to the
17 Settlement. Class Members who opt-out of the Settlement shall not be bound by such Judgment or
18 release. The names of Class Members who have opted-out of the settlement shall be disclosed to
19 the Counsel for both Plaintiff and Defendants and noted in the proposed Judgment submitted to
20 the Court. PAGA Members may not opt-out of the PAGA Payment.

21 56. Objection Procedures. To object to the Settlement, a Class Member must postmark
22 a valid Objection to the Settlement Administrator on or before the Response Deadline. The
23 Objection must be signed by the Class Member and contain all information required by this
24 Settlement Agreement including the employee's full name, address, telephone number, last four
25 digits of the employee's Social Security number and/or Employee Identification Number, as well
26 as a written statement of all grounds for the objection accompanied by legal support, if any, for
27 such objection. The postmark date will be deemed the exclusive means for determining that the
28 Objection is timely. Class Members who fail to object in the manner specified above will be

1 foreclosed from making a written objection, but shall still have a right to appear at the Final
2 Approval Hearing in order to have their objections heard by the Court. At no time will any of the
3 Parties or their counsel seek to solicit or otherwise encourage Class Members to submit written
4 objections to the Settlement or appeal from the Order and Judgment. Class Counsel will not
5 represent any Class Members with respect to any Objections to this Settlement.

6 57. Certification Reports Regarding Individual Settlement Payment Calculations. The
7 Settlement Administrator will provide Defendants' Counsel and Class Counsel a weekly report
8 which certifies: (a) the number of Class Members who have submitted valid Requests for
9 Exclusion; (b) the number of Class Members who have submitted valid Objections; (c) the number
10 of Class Notices returned and re-mailed; and (d) whether any Class Member has submitted a
11 challenge to any information contained in the Notice. Additionally, the Settlement Administrator
12 will provide to counsel for both Parties any updated reports regarding the administration of the
13 Settlement Agreement as needed or requested.

14 58. Uncashed Settlement Checks. Any checks issued by the Settlement Administrator
15 to Participating Class Members and PAGA Members will be negotiable for at least one hundred
16 eighty (180) calendar days. If a Participating Class Member or PAGA Member does not cash his
17 or her settlement check or PAGA payment check within 180 days, the uncashed funds, subject to
18 Court approval, shall be distributed to Legal Aid at Work as a *cy pres* recipient in compliance with
19 California Code of Civil Procedure § 384. The Individual Settlement Payments provided to
20 Participating Class Members and to PAGA Members shall prominently state the expiration date
21 or a statement that the Settlement Check will expire in one hundred eighty (180) days, or
22 alternatively, such a statement may be made in a letter accompanying the Individual Settlement
23 Payment.

24 59. Administration of Taxes by the Settlement Administrator. The Settlement
25 Administrator will be responsible for issuing to Plaintiff, Participating Class Members, and Class
26 Counsel any W-2, 1099, or other tax forms as may be required by law for all amounts paid pursuant
27 to this Settlement. The Settlement Administrator will also be responsible for forwarding all payroll
28 taxes and penalties to the appropriate government authorities.

1 60. Tax Liability. Defendants make no representation as to the tax treatment or legal
2 effect of the payments called for hereunder, and Plaintiff and Participating Class Members are not
3 relying on any statement, representation, or calculation by Defendants or by the Settlement
4 Administrator in this regard. Plaintiff and Participating Class Members understand and agree that
5 they will be solely responsible for the payment of any taxes and penalties assessed on the payments
6 described herein.

7 61. Circular 230 Disclaimer. Each Party to this Agreement (for purposes of this section,
8 the “acknowledging party” and each Party to this Agreement other than the acknowledging party,
9 an “other party”) acknowledges and agrees that: (1) no provision of this Agreement, and no written
10 communication or disclosure between or among the Parties or their attorneys and other advisers,
11 is or was intended to be, nor shall any such communication or disclosure constitute or be construed
12 or be relied upon as, tax advice within the meaning of United States Treasury Department circular
13 230 (31 CFR part 10, as amended); (2) the acknowledging party (a) has relied exclusively upon
14 his, her or its own, independent legal and tax counsel for advice (including tax advice) in
15 connection with this Agreement, (b) has not entered into this Agreement based upon the
16 recommendation of any other Party or any attorney or advisor to any other Party, and (c) is not
17 entitled to rely upon any communication or disclosure by any attorney or advisor to any other party
18 to avoid any tax penalty that may be imposed on the acknowledging party; and (3) no attorney or
19 adviser to any other Party has imposed any limitation that protects the confidentiality of any such
20 attorney’s or adviser’s tax strategies (regardless of whether such limitation is legally binding) upon
21 disclosure by the acknowledging party of the tax treatment or tax structure of any transaction,
22 including any transaction contemplated by this Agreement.

23 62. No Prior Assignments. The Parties and their counsel represent, covenant, and
24 warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to
25 assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand,
26 action, cause of action or right herein released and discharged.

27 63. Release by Participating Class Members, PAGA Members, the LWDA, and the
28 State of California. Upon the complete funding of the Gross Settlement Amount and entry of the

1 Final Approval Order and Final Judgment by the Court, Participating Class Members shall fully
2 release and discharge the Released Parties from any and all Released Claims for the Class Period.
3 Upon the complete funding of the Gross Settlement Amount and entry of the Final Approval Order
4 and Final Judgment by the Court, all PAGA Members, the LWDA, and State of California shall
5 release claims arising under PAGA for the PAGA Period as set forth in the PAGA Release. The
6 PAGA Release shall be effective for PAGA Members regardless of their decision to participate in
7 the class settlement.

8 64. General Release by Plaintiff David Long Only. In addition to the PAGA Release
9 and Released Claims against Released Parties made by the Participating Class Members, Named
10 Plaintiff and his present and future representatives, attorneys, agents, heirs, executors,
11 administrators, and assigns and all those claiming by, through, or under them, and each of them,
12 in exchange for the Class Representative Incentive Payment as requested or as otherwise
13 authorized by the Court, will, as of the date the Settlement Administrator mails out the Individual
14 Settlement Payments to the Participating Class Members, makes the additional following General
15 Release of all Claims under Section 1542 of the California Civil Code, known or unknown, in
16 exchange and consideration of the sum set forth in Paragraph 10, *supra*. Named Plaintiff, and his
17 present and future representatives, attorneys, agents, heirs, executors, administrators, and assigns
18 and all those claiming by, through, or under them, and each of them, agrees to the General Release
19 of the Released Parties. Named Plaintiff, and his present and future representatives, attorneys,
20 agents, heirs, executors, administrators, and assigns and all those claiming by, through, or under
21 them, and each of them, also agrees to release the Released Parties from all wage and hour claims,
22 including, but not limited to, minimum and overtime wages, meal and rest period premiums,
23 penalties under the Labor Code and Private Attorneys General Act and all other released claims
24 arising out of his employment with Defendants and separation from employment with Defendants,
25 including but not limited to FEHA, Contract, Wrongful Termination in Violation of Public Policy,
26 and Infliction of Emotional Distress claims. The General Release as to Named Plaintiff, and his
27 present and future representatives, attorneys, agents, heirs, executors, administrators, and assigns
28 and all those claiming by, through, or under them, and each of them, includes any unknown Claims

1 that Named Plaintiff does not know or suspect to exist in his favor at the time of the General
2 Release, which, if known by him, might have affected her settlement with, and release of, the
3 Released Parties or might have affected his decision not to object to this Settlement or the General
4 Release.

5 With respect to the General Release, Named Plaintiff stipulates and agrees that, upon entry
6 of the Final Approval Order and Final Judgment by the Court, Named Plaintiff shall be deemed to
7 have, and by operation of the Final Judgment shall have, expressly waived and relinquished, to the
8 fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California
9 Civil Code, or any other similar provision under federal or state law, which provides:

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

14 Named Plaintiff may hereafter discover facts in addition to or different from those he now
15 knows or believes to be true with respect to the subject matter of the General Release, but Named
16 Plaintiff upon the date the Settlement Administrator mails out the Individual Settlement Payments
17 to the Participating Class Members shall be deemed to have, and by operation of the Final
18 Judgment shall have, fully, finally, and forever settled and released any and all of the claims
19 released pursuant to the General Release whether known or unknown, suspected or unsuspected,
20 contingent or non-contingent, which now exist, or heretofore have existed upon any theory of law
21 or equity now existing or coming into existence in the future, including, but not limited to, conduct
22 that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without
23 regard to the subsequent discovery or existence of such different or additional facts.

24 65. Neutral Employment Reference. In the event that any potential or future employers
25 of Plaintiff requests a reference regarding Defendants' employment of Plaintiff, Defendants shall
26 only provide Plaintiff's dates of employment, job titles during employment, and final rate of pay.

27 66. Nullification of Settlement Agreement. In the event that: (a) the Court does not
28 finally approve the Settlement as provided herein; (b) the Court strikes or does not approve any

1 material term of this Settlement Agreement; or (c) the Settlement does not become final as written
2 and agreed to by the Parties for any other reason, then this Settlement Agreement, and any
3 documents generated to bring it into effect, will be null and void, all amounts deposited into the
4 QSF will be returned to Defendants, and the Parties shall be returned to their original respective
5 positions prior to entering this Agreement and/or any Memorandum of Understanding that
6 predated this Agreement. Should the Court fail to approve this settlement for any reason, the
7 Parties agree that they will meet and confer and return to and attend mediation with a mutually
8 agreed Mediator, if necessary, in an effort to reach a settlement that may be approved by the Court.

9 67. Preliminary Approval Hearing. Plaintiff will obtain a hearing before the Court to
10 request Preliminary Approval of the Settlement Agreement, and the entry of a Preliminary
11 Approval Order for: (a) conditional certification of the Class for settlement purposes only, (b)
12 Preliminary Approval of the proposed Settlement Agreement, and (c) setting a date for a Final
13 Approval/Settlement Fairness Hearing. The Preliminary Approval Order will provide for the Class
14 Notice to be sent to all Class Members as specified herein. In conjunction with the Preliminary
15 Approval hearing, Plaintiff will submit this Agreement, which sets forth the terms of the
16 Settlement, and will include the proposed Class Notice attached as **Exhibit A**. Defendants agree
17 that they will not oppose a Motion for Preliminary Approval based upon the terms of this
18 agreement. Counsel for Defendants will be given an opportunity to review and comment on the
19 motion for Preliminary Approval of the Settlement prior to its being filed with the Court and such
20 comments will be implemented to the extent reasonable. Any failure by the Court to fully and
21 completely approve the Agreement as to the Action will result in this Settlement Agreement and
22 the Memorandum of Understanding entered into by the Parties, and all obligations under this
23 Settlement Agreement and the Memorandum of Understanding being nullified and voided
24 pursuant to Paragraph 66 of this Agreement.

25 68. Final Settlement Approval Hearing and Entry of Judgment. Upon expiration of the
26 deadlines to postmark Requests for Exclusion or Objections to the Settlement Agreement, and with
27 the Court's permission, a Final Approval/Settlement Fairness Hearing will be conducted to
28 determine the Final Approval of the Settlement Agreement along with the amounts properly

1 payable for: (a) Individual Settlement Payments; (b) the Attorneys' Fees and Costs; (c) the Class
2 Representative Incentive Payment; and (d) the Settlement Administration Costs. Class Counsel
3 will be responsible for drafting all documents necessary to obtain Final Approval. Counsel for
4 Defendants will be given an opportunity to comment on the motion for final approval of the
5 Settlement and Proposed Order and Judgment prior to its being filed with the Court and such
6 comments will be implemented to the extent reasonable. Any failure by the Court to fully and
7 completely approve the Settlement Agreement as to all of the Action, or the entry of any Order by
8 another Court with regard to any of the Action which has the effect of modifying material terms
9 of this Agreement or preventing the full and complete approval of the Settlement Agreement as
10 written and agreed to by the Parties, will result in this Agreement and all obligations under this
11 Agreement being null and void pursuant to Paragraph 66 of this Agreement. Defendants agree they
12 shall not oppose the granting of the Motion for Final Approval based upon the terms of this
13 agreement, provided Defendants have not exercised their right to rescind pursuant to the terms of
14 this Agreement.

15 69. Final Approval Order and Final Judgment and Continued Jurisdiction. After entry
16 of the Judgment, the Court will have continuing jurisdiction solely for purposes of addressing: (a)
17 the interpretation and enforcement of the terms of the Settlement, (b) settlement administration
18 matters, and (c) such post-Judgment matters as may be appropriate under court rules or as set forth
19 in this Settlement.

20 70. Exhibits Incorporated by Reference. The terms of this Settlement include the terms
21 set forth in any attached Exhibits, which are incorporated by this reference as though fully set forth
22 herein. Any Exhibits to this Settlement are an integral part of the Settlement.

23 71. Entire Agreement. This Settlement Agreement and any attached Exhibits constitute
24 the entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral
25 agreements may be deemed binding on the Parties.

26 72. Amendment or Modification. This Settlement Agreement may be amended or
27 modified only by a written instrument signed by counsel for all Parties or their successors-in-
28 interest.

1 73. Authorization to Enter Into Settlement Agreement. Counsel for all Parties warrant
2 and represent they are expressly authorized by the Parties whom they represent to negotiate this
3 Settlement Agreement and to take all appropriate action required or permitted to be taken by such
4 Parties pursuant to this Settlement Agreement to effectuate its terms and to execute any other
5 documents required to effectuate the terms of this Settlement Agreement. The Parties and their
6 counsel will cooperate with each other and use their best efforts to affect the implementation of
7 the Settlement. If the Parties are unable to reach agreement on the form or content of any document
8 needed to implement the Settlement, or on any supplemental provisions that may become
9 necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of the Court
10 to resolve such disagreement. The Parties agree that, to the extent further modifications to the
11 Settlement Agreement are required, Class Counsel and Defendant's counsel may execute any
12 amendments and/or modifications to the Settlement Agreement on behalf of their respective
13 clients.

14 74. Binding on Successors and Assigns. This Settlement Agreement will be binding
15 upon, and inure to the benefit of, and be enforceable by the Parties' respective heirs, executors,
16 administrators, representatives, successors, and assigns.

17 75. California Law Governs. All terms of this Settlement Agreement and Exhibits
18 hereto will be governed by and interpreted according to the laws of the State of California.

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

24 77. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe
25 this Settlement Agreement is a fair, adequate, and reasonable settlement of the Action and have
26 arrived at this Settlement after arm's-length negotiations and in the context of adversarial
27 litigation, taking into account all relevant factors, present and potential. The Parties further
28 acknowledge that they are each represented by competent counsel and that they have had an

1 opportunity to consult with their counsel regarding the fairness and reasonableness of this
2 Settlement.

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

7 79. Waiver of Certain Appeals. The Parties agree to waive appeals and to stipulate to
8 class certification for purposes of this Settlement only; except, however, that either Party may
9 appeal any court order that materially alters the Settlement Agreement's terms.

10 80. Class Action Certification for Settlement Purposes Only. The Parties agree to
11 stipulate to class action certification only for purposes of the Settlement. If, for any reason, the
12 Settlement is not approved, the stipulation to certification will be void. The Parties further agree
13 that certification for purposes of the Settlement is not an admission that class action certification
14 is proper under the standards applied to contested certification motions and that this Agreement
15 will not be admissible in this or any other proceeding as evidence that either: (a) a class action
16 should be certified or (b) Defendants are liable to Plaintiff or any Class Member, other than
17 according to the Settlement's terms.

18 81. Non-Admission of Liability. The Parties enter into this Agreement to resolve the
19 dispute that has arisen between them and to avoid the burden, expense, and risk of continued
20 litigation. In entering into this Agreement, Defendants do not admit, and specifically deny, that
21 they have violated any federal, state, or local law; violated any regulations or guidelines
22 promulgated pursuant to any statute or any other applicable laws, regulations, or legal
23 requirements; breached any contract; violated or breached any duty; engaged in any
24 misrepresentation or deception; or engaged in any other unlawful conduct with respect to their
25 employees. Neither this Agreement, nor any of its terms or provisions, nor any of the negotiations
26 connected with it, shall be construed as an admission or concession by Defendants of any such
27 violations or failures to comply with any applicable law. Except as necessary in a proceeding to
28 enforce the terms of this Agreement, this Agreement and its terms and provisions shall not be

1 offered or received as evidence in any action or proceeding to establish any liability or admission
2 on the part of Defendants or to establish the existence of any condition constituting a violation of,
3 or a non-compliance with, federal, state, local, or other applicable law. Payment of wages does not
4 extend or alter the Class Member-claimants' period of employment for any purpose.

5 82. Captions. The captions and section numbers in this Agreement are inserted for the
6 reader's convenience, and in no way define, limit, construe, or describe the scope or intent of the
7 provisions of this Agreement.

8 83. Waiver. No waiver of any condition or covenant contained in this Settlement
9 Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered
10 to imply or constitute a further waiver by such party of the same or any other condition, covenant,
11 right or remedy.

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

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

22 86. Representation by Counsel. The Parties acknowledge that they have been
23 represented by counsel throughout all negotiations that preceded the execution of this Agreement,
24 and that this Agreement has been executed with the consent and advice of counsel and reviewed
25 in full. Further, Plaintiff and Class Counsel warrant and represent that there are no liens on the
26 Agreement.

27 87. All Terms Subject to Final Court Approval. All amounts and procedures described
28 in this Settlement Agreement herein will be subject to final Court approval.

1 88. Cooperation and Execution of Necessary Documents. The Parties agree to
2 cooperate to promote participation in the Settlement, and in seeking court approval of the
3 Settlement. The Parties and their counsel agree not to take any action to encourage any Class
4 Members to opt out of and/or object to the Settlement. The Parties will work in good faith to reach
5 an agreement approved by the Court.

6 89. Confidentiality. The Parties and their counsel agree to keep the terms of the
7 Settlement confidential until the filing of Plaintiff's Motion for Preliminary Approval. Plaintiff
8 and Class Counsel agree that they will not issue any press releases, initiate any contact with the
9 press, respond to any press inquiry or have any communication with the press about the fact,
10 amount, or terms of the Settlement Agreement. Nothing in this Settlement Agreement shall limit
11 Class Counsel's communications with the Class Members in furtherance of approval of this
12 Settlement.

13 90. Binding Agreement. The Parties warrant that they understand and have full
14 authority to enter into this Settlement, and further intend that this Settlement Agreement will be
15 fully enforceable and binding on all Parties and agree that it will be admissible and subject to
16 disclosure in any proceeding to enforce its terms, notwithstanding any settlement confidentiality
17 provisions that otherwise might apply under federal or state law.

18 Dated: 12/21/2022

PLAINTIFF DAVID LONG

19 By: David Long
20 ID pTUwhzvOpbfDHZP9NfoRz5a
21 David Long

22 Dated: 12/22/2022

**DEFENDANT CAPITOL COMPLIANCE
MANAGEMENT, LLC**

23 By: Timothy James Rivera
24 Title: Attorney for Defendant
25

26
27 [SIGNATURES ON FOLLOWING PAGE]
28

1 Dated: 12/22/2022

DEFENDANT CC101, INC.

2 By: 
3 Timothy James Rivera
4 Title: Attorney for Defendant

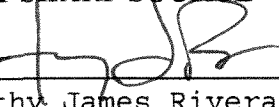
5 Dated: 12/22/2022

**DEFENDANT ALTERNATIVE MEDICAL
CENTER, INC.**

6 By: 
7 Timothy James Rivera
8 Title: Attorney for Defendant

9 Dated: 12/22/2022

DEFENDANT SHARP SOURCE

10 By: 
11 Timothy James Rivera
12 Title: Attorney for Defendant

13 Dated: 12/22/2022

DEFENDANT DOC'S INC.

14 By: 
15 Timothy James Rivera
16 Title: Attorney for Defendant

17 Dated: 12/22/2022

DEFENDANT PERCHTA, INC.

18 By: 
19 Timothy James Rivera
20 Title: Attorney for Defendant

21 Dated: 12/22/2022

DEFENDANT C9 ALLIANCE, INC.

22 By: 
23 Timothy James Rivera
24 Title: Attorney for Defendant

25 [SIGNATURES ON FOLLOWING PAGE]

1
2 **APPROVED AS TO FORM:**

3 Dated: December 21, 2022

DIVERSITY LAW GROUP

4 By: 
5 Larry W. Lee
6 Max W. Gavron
7 Attorneys for Plaintiff David Long

8
9 Dated: 12/22/2022

PALMER KAZANJIAN WOHL HODSON LLP

10 By: 
11 Larry M. Kazanjian
12 Attorneys for Defendants Capital Compliance
13 Management, LLC; CC101, Inc.; Alternative
14 Medical Center, Inc.; Sharp Source; Doc's Inc.;
15 Perchta, Inc.; and C9 Alliance, Inc.

EXHIBIT A

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

Long v. Capitol Compliance Management, LLC

Superior Court of California, County of Sacramento, Case Nos. 34-2021-00301119-CU-OE-GDS; 34-2021-00302928-CU-OE-GDS

**THIS IS A COURT-AUTHORIZED NOTICE. IT IS NOT A SOLICITATION.
PLEASE READ THIS NOTICE CAREFULLY.
YOUR LEGAL RIGHTS ARE AFFECTED WHETHER YOU ACT OR DO NOT ACT.**

To: All current and former non-exempt employees of Capital Compliance Management, LLC; CC101, Inc.; Alternative Medical Center, Inc.; Sharp Source; Doc's Inc.; Perchta, Inc.; and/or C9 Alliance, Inc. in the State of California, who worked during the period of May 20, 2017, through June 10, 2022.

BASIC INFORMATION

1. What is this settlement about?

A lawsuit was commenced by David Long ("Plaintiff") against Capital Compliance Management, LLC; CC101, Inc.; Alternative Medical Center, Inc.; Sharp Source; Doc's Inc.; Perchta, Inc.; and C9 Alliance, Inc. ("Defendants") on May 20, 2021. The case is currently pending in the Superior Court of California, County of Sacramento, Case No. 34-2021-00301119-CU-OE-GDS, consolidated with *Long v. Capitol Compliance Management, LLC, et al.* (Case No. 34-2021-00302928-CU-OE-GDS).

The lawsuit claims that Defendants violated sections of the California Labor Code and California Business and Professions Code. Specifically, Plaintiff alleges that Defendants did not properly pay employees all overtime wages owed for time worked, did not provide proper off-duty meal and rest breaks, did not timely pay all wages owed at the end of employment, did not reimburse all work-related expenses, and did not provide accurate itemized wage statements. The settlement also seeks to recover penalties pursuant to the California Private Attorneys General Act ("PAGA"). The lawsuit claims that the Defendants violated the California Labor Code and the California Business and Professions Code, entitling Class Members to, *inter alia*, damages, penalties, and restitution. Defendants deny all alleged violations and deny that they owe Class Members any remedies. The Court has not made a ruling on the merits of the case.

2. Why is this a class action?

In a class action, one or more people called the Class Representative sue on behalf of people who appear to have similar claims. All these people are referred to here as Class Members. In a class action one court resolves the issues for all Class Members in one lawsuit, except for those who exclude themselves from the Class. The Sacramento County Superior Court is in charge of this class action.

3. Why is there a settlement?

The Court has not decided in favor of the Plaintiff or Defendants. Instead, both sides agreed to a settlement which is memorialized in the Joint Stipulation of Class Action and PAGA Settlement (“Agreement” or “Settlement”). On [DATE OF PRELIMINARY APPROVAL] the Court granted preliminary approval of the Settlement, appointed Plaintiff David Long as the Class Representative, and appointed his attorneys at Diversity Law Group, P.C. and Webber Law Group as counsel for the Class (“Class Counsel”).

The Class Representative and Class Counsel think the Settlement is a fair, adequate, and reasonable proposed resolution.

WHO IS IN THE SETTLEMENT?

4. How do I know if I am part of the settlement?

You are part of the Settlement, and a Class Member, if you are or were employed by Defendants as a non-exempt employee in the State of California, and worked at any time between May 20, 2017, and June 10, 2022.

THE SETTLEMENT BENEFITS—WHAT YOU GET

5. What does the settlement provide?

The Settlement provides that Defendants will pay a maximum of Five Hundred Thousand Dollars (\$500,000.00) (“Gross Settlement Amount”). This includes all costs and attorneys’ fees for Class Counsel.

The “Net Settlement Amount” is the portion of the Gross Settlement Amount that will be available for distribution to Class Members who do not submit timely and valid requests for exclusion in exchange for the release of their class claims. The Net Settlement Amount is the Gross Settlement Amount less the following amounts (which are subject to Court approval):

- A. **Attorneys’ Fees to Class Counsel** not to exceed one-third of the Gross Settlement Amount or One Hundred Sixty-Six Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents (\$166,666.67);
- B. **Litigation Costs/Expenses to Class Counsel** not to exceed Thirty Thousand Dollars (\$30,000.00);
- C. **Class Representative Incentive Payment** in an amount not to exceed Ten Thousand Dollars (\$10,000.00);
- D. **Settlement Administration Costs** which are currently estimated to be Thirteen Thousand Five Hundred Dollars (\$13,500.00); and
- E. **PAGA Payment** in the amount of Fifteen Thousand Dollars (\$15,000.00) for the settlement of claims arising under the Private Attorneys General Act of 2004 (“PAGA”). Seventy-five percent (75%) of this amount (\$11,250.00) shall be paid to the California Labor and Workforce Development Agency. The remaining twenty-five percent (25%) (\$3,750.00) will be distributed to non-exempt employees who worked for Defendants in

the State of California from April 26, 2020, through June 10, 2022, for the release of their claims as set forth in the PAGA Release, described below in Section 7.

If approved by the Court, Defendant will fund the settlement in payments over a period of approximately twelve (12) months after the Court finally approves the Settlement. Accordingly, it is important that you are patient.

The amount you are eligible to receive from the settlement, your “Individual Settlement Payment” will be determined on a *pro rata* basis, based on the number of Pay Periods you worked in California as a non-exempt employee of Defendants from May 20, 2017, through June 10, 2022 (“Pay Periods”). Your Individual Settlement Payment includes both your estimated share of the Net Settlement Amount and, if eligible, your share of the PAGA Payment.

[ONLY FOR PAGA MEMBERS] Your share of the PAGA Payment is calculated on a *pro rata* basis based on the total number of Pay Periods (full or partial) worked by each PAGA Member during the PAGA Period, which is from April 26, 2020, through June 10, 2022.]

The class portion of your Individual Settlement Payment will be apportioned as ten percent (10%) wages, thirty percent (30%) interest, and sixty percent (60%) penalties. The wage portion of the Individual Settlement Payment will be subject to withholding for the employee taxes and will be reported on a W-2 Form. The PAGA Payment portion of your Individual Settlement Payment will be apportioned as 100% penalties. The penalties and interest portions of each Class Member’s settlement payment will not be subject to any withholdings and will be reported on an IRS Form 1099.

You worked **XXX Pay Periods during the Class Period. Your Individual Settlement Payment is estimated to be \$XXX.XX [ONLY FOR PAGA MEMBERS: including your portion of the PAGA Payment]. The amount of the payment may change depending on the number of timely and valid requests for exclusions submitted in the Settlement, if any.**

This Amount was determined based on Defendants’ records of your employment from May 20, 2017, through June 10, 2022, and is presumed correct. If you dispute the accuracy of Defendants’ records as to the number of Pay Periods worked during the Class Period, you must contact the Settlement Administrator and provide any documentation you have supporting such dispute by **[DATE]**. All disputes regarding your Pay Periods will be resolved and decided by the Parties or if the Parties cannot agree, the Court, after you submit evidence to the Settlement Administrator. The Settlement Administrator’s contact information is listed below:

[Settlement Administrator]

[Address]

[Telephone No.]

[Fax No.]

HOW TO GET A PAYMENT FROM THE SETTLEMENT

6. How can I get a payment?

You do not have to do anything to qualify for a payment of your portion of the Settlement.

7. What am I giving up if I do not request to be excluded from the Settlement?

Upon the funding of the Gross Settlement Amount by Defendants and entry of Final Approval Order and Final Judgment by the Court, in exchange for the consideration set forth by the Settlement, Class Members who do not submit a timely request for exclusion will release the “Released Parties” from the “Released Claims” for the “Class Period.”

The “Released Parties” means Capital Compliance Management, LLC; CC101, Inc.; Alternative Medical Center, Inc.; Sharp Source, Doc’s Inc.; Perchta, Inc.; and C9 Alliance, Inc. as named by Plaintiff in the operative complaint, and their past, present and/or future, direct and/or indirect, stockholders, shareholders, members, directors, managers, officers, employees, agents, representatives, attorneys, insurers, reinsurers, partners, investors, lenders, administrators, parent companies, subsidiaries, affiliates, divisions, predecessors, successors, assigns, and joint venturers.

The “Released Claims” means all claims, rights, demands, liabilities and causes of action that are alleged, or reasonably could have been alleged based on the facts and claims asserted in the operative complaint in this action including the following claims: (i) failure to pay overtime wages for all hours worked; (ii) failure to provide off-duty meal and rest breaks; (iii) failure to reimburse all business expenses; (iv) failure to pay all wages owed upon separation of employment; (v) failure to provide accurate, itemized wage statements; (vi) unfair business practices that could have been premised on the claims, causes of action, or legal theories of relief described above or any of the claims, causes of action, or legal theories of relief pleaded in the operative complaint; (vii) all claims under the California Labor Code Private Attorneys General Act of 2004 (Labor Code §§ 2698, *et seq.*) or for civil penalties that could have been premised on the claims, causes of action, or legal theories described above or any of the claims, causes of action, or legal theories of relief pleaded in the operative complaint including Labor Code §§ 201, 202, 203, 204, 226, 226.7, 510, 512, 558, 1194, 1194.2, 1197, 1197.1, 2802, and 2699, and the relevant Wage Orders issued by the Industrial Welfare Commission; and (viii) all claims for attorneys’ fees and costs as provided for the preceding causes of action, including those provided by Labor Code §§ 218.5, 226, 1194, and 2699, Business & Professions Code §§ 17200, *et seq.*, and Code of Civil Procedure § 1021.5. This release shall apply to claims arising during the Class Period.

The “Class Period” during which the release of Released Claims pertains is from May 20, 2017, through June 10, 2022.

[ONLY FOR PAGA MEMBERS: All PAGA Members will be deemed to have fully, finally, and forever released, settled, compromised, relinquished, and discharged any and all of the claims articulated in the “PAGA Release” with respect to all of the Released Parties irrespective of whether a Class Member submits a request for exclusion.]

“PAGA Release” means the following release: Upon remittance of the Gross Settlement Amount by Defendants to the Settlement Administrator and entry of judgment by the Court, PAGA Members will fully and finally release and discharge Defendants from all claims, rights, demands, liabilities and causes of action that are alleged, or reasonably could have been alleged based on the facts and claims asserted in the PAGA letter, dated April 26, 2021, for civil penalties under the PAGA, Cal. Lab. Code §§ 2698, *et seq.*, which are premised on alleged violations of the California Labor Code for: (i) failure to pay overtime wages for all hours worked; (ii) failure

to provide off-duty meal and rest breaks; (iii) failure to reimburse all business expenses; (iv) failure to pay all wages owed upon separation of employment; and (v) failure to provide accurate, itemized wage statements, including but not limited to Labor Code §§ 201, 202, 203, 204, 226, 226.7, 510, 512, 558, 1194, 1194.2, 1197, 1197.1, 2802, and 2699, and the relevant Wage Orders issued by the Industrial Welfare Commission; and (vi) all claims for attorneys' fees and costs as provided by the PAGA. The PAGA Period is the period of April 26, 2020, through June 10, 2022.]

EXCLUDING YOURSELF FROM THE RELEASE OF NON-PAGA CLAIMS

If you want to keep the right to sue or continue to sue Released Parties with respect to the Released Claims (other than those which fall within the definition of the PAGA Release), then you must submit a request for exclusion in conformity with the requirements set forth herein. If you exclude yourself, you will not receive your share of payment from the Net Settlement Amount. However, if eligible, you will still receive a payment in an amount equal to your *pro rata* share of the PAGA Payment because the Request for Exclusion does not apply to this claim.

8. How do I exclude myself from the Settlement?

To exclude yourself from the release of Released Claims you must submit a written request for exclusion. You must include your name, address, telephone number, and the last four digits of your Social Security number and/or Employee Identification Number. Your request for exclusion must also include a statement that you do not wish to be included in this action similar to the following: "I wish to exclude myself from the class action settlement reached in the matter of *Long v. Capitol Compliance Management, LLC*. I understand that by excluding myself I will not receive money from the settlement of my individual claims."

The written Request for Exclusion must be mailed to the Settlement Administrator at the address listed below, post-marked by [DATE]. You cannot exclude yourself by phone.

[Settlement Administrator]

[Address]

[Telephone No.]

[Fax No.]

If you ask to be excluded, you will not receive payment of any portion of the Net Settlement Amount and you cannot object to the Settlement. You may still receive a portion of the PAGA Payment if you worked between April 26, 2020, through June 10, 2022, because the request for exclusion does not apply to the PAGA Release. You will not be legally bound by the release of Released Claims (except for Released Claims that fall within the definition of the PAGA Release).

If you exclude yourself, you may be able to sue Defendant and/or the Released Parties or continue any suit you have pending against Defendant or the Released Parties, regarding the Released Claims (except for Released Claims that fall within the definition of the PAGA Release).

THE LAWYERS REPRESENTING YOU

9. Do I have a lawyer in this case?

The Court has approved DIVERSITY LAW GROUP, P.C. and WEBBER LAW GROUP as Class Counsel. Their contact information is:

DIVERSITY LAW GROUP, P.C.

Larry W. Lee, Esq.
Max W. Gavron, Esq.
515 S. Figueroa Street, Suite 1250
Los Angeles, California 90071
Telephone: (213) 488-6555

WEBBER LAW GROUP

Kelsey A. Webber, Esq.
Shaelyn A. Stewart, Esq.
333 University Ave, Suite 200
Sacramento, California 95825
Telephone: (916) 588-0683

Class Counsel will ask the Court for attorneys' fees of up to \$166,666.67 and reimbursement of litigation cost/expenses of up to \$30,000.00. These amounts are subject to Court approval and the Court may award less than these amounts.

OBJECTING TO THE SETTLEMENT

10. What if I want to object to this Settlement?

If you are a Class Member, you can object to the Settlement and you can give reasons for why you think the Court should not approve it. The Court will consider your views. To object, you must mail your objection to the Settlement Administrator no later than [DATE]. Your objection must include your full name, address, telephone number, the last four digits of your Social Security number and/or Employee Identification Number, and the specific reason for your objection. You may also come to the Final Approval Hearing on [DATE] and make an objection at that time, regardless of whether you submitted a written objection.

11. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

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

The Court will hold a hearing to decide whether to grant final approval of the Settlement ("Final Approval Hearing"). You may attend, but you do not have to attend. The Court will hold the Final Approval Hearing at [] a.m./p.m. on [], 2023] in Department 28 of the Sacramento County Superior Court, located at 720 Ninth Street, Sacramento, California 95814.

At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate, and determine whether to grant final approval of the Settlement. If there are objections, the Court will consider them.

13. Do I have to attend the hearing?

No. If you agree to the Settlement you do not have to come to Court to talk about it. However, you may attend. You may also retain your own lawyer at your expense to attend on your behalf. You may attend in person, but you may also attend remotely if you wish. Further information regarding how to appear remotely can be found here: <https://www.saccourt.ca.gov/civil/motions-hearings-general.aspx#alternatives>. You may also call Class Counsel for more information.

14. How will I learn if the settlement was approved

A notice of final judgment will be posted on the Settlement Administrator website located at www.saccourt.ca.gov. You will also receive your portion of the settlement if you choose to not to exclude yourself.

IF YOU DO NOTHING

15. What happens if I do nothing at all?

If you do nothing, you will receive your share of the Settlement, and you will release the Released Claims and the PAGA Release claims, if you are a PAGA Member. You will not be able to participate in any other lawsuit against Defendants or Released Parties about the Released Claims. Your Individual Settlement Payment will be mailed to you and remain valid and negotiable for 180 days. If you do not cash your settlement check within 180 days, these funds will be transferred to Legal Aid at Work, a non-profit organization.

GETTING MORE INFORMATION

16. How do I get more information?

This notice summarizes the proposed Settlement. More details are in the Settlement Agreement. You can get a copy of the Settlement Agreement by contacting the Settlement Administrator or Class Counsel.

WHAT IF MY INFORMATION CHANGES?

17. What if my contact information changes?

It is your responsibility to inform the Settlement Administrator of your updated information to ensure receipt of settlement payments or communications regarding this matter. You can change or update your contact information by contacting the Settlement Administrator.

DO NOT ADDRESS ANY QUESTIONS ABOUT THE SETTLEMENT OR THE LITIGATION TO THE CLERK OF THE COURT OR THE JUDGE

EXHIBIT B