SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Mutual Release and Settlement Agreement (the "Agreement") is hereby entered into by and between Plaintiff MARK RYCHLIK (hereinafter "Plaintiff") and Defendants DAY & NITE DOORS, INC., NICHOLAS ALEXANDER CHRISTY, and MELANIE ANN CHRISTY (hereinafter collectively "Defendants") with respect to the matter set forth below. Plaintiff and Defendants are collectively referred to hereinafter as the "Parties." This agreement is effective as of the final signature affixed below (the "Effective Date").

RECITALS

WHEREAS, on June 29, 2021, Plaintiff brought an action (hereinafter the "Action") against Defendants in the Superior Court of the State of California, County of Orange, Case No. 30-2021-01207960, alleging Failure to Indemnify for Necessary Expenditures, Failure to Pay Minimum Wage, Failure to Pay Overtime, Failure to Furnish Compliant Wage Statements and Maintain Accurate Pay Records, Failure to Provide Meal Periods, Failure to Provide Rest Periods, Failure to Timely Pay Wages, Willful Failure to Pay Wages, Civil Penalties under Labor Code section 2698, and Unfair Competition;

WHEREAS, the Parties engaged in formal discovery prior to mediation. In response to Plaintiff's counsel's discovery requests, Defendants provided Plaintiff's Counsel with information and documents pertaining to Plaintiff and other Aggrieved Employees and the claims in the Action in order for Plaintiff's Counsel to investigate Plaintiff's allegations and value the PAGA claim;

WHEREAS, on October 19, 2023, the Parties participated in an all-day mediation before mediator Craig Ackerman. Even though the matter did not resolve on that day, with the further assistance of Mr. Ackerman, the Parties agreed to fully and finally resolve, subject to Court approval, the PAGA Released Claims as to Plaintiff and the Aggrieved Employees; and

WHEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the mutual covenants contained herein, the Parties agree as follows:

OPERATIVE TERMS OF THE SETTLEMENT AGREEMENT

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

2. Plaintiff's Individual Settlement. In exchange for granting a general release to all Defendants (and all Defendants' owners, managers, agents, representatives, and employees), as well as a 1542 Waiver, Plaintiff will receive the sum of $10,000 to settle his individual claims. *Plaintiff's Individual Settlement payment is not part of the Gross Settlement Amount*. A "general release" means the broader release of claims by Plaintiff, which is in addition to his limited release of claims as an Aggrieved Employee. Plaintiff releases Defendants from all claims, demands, rights, liabilities, and causes of action of every nature and description whatsoever, known or unknown, asserted or that might have been asserted, whether in tort, contract, or for violation of any state or federal statute, rule, law or regulation arising out of, relating to, or in connection with any act or omission of Defendants through the date of full execution of this Agreement in connection with Plaintiff's employment with Defendants or the termination thereof, except for any and all other claims that may not be released as a matter of law through this Agreement.

3. Gross Settlement Amount. As settlement in full of this dispute, inclusive of any interest, and in exchange for a full dismissal with prejudice of the Action as well as a complete and full release of all claims by Plaintiff and, to the extent permitted by law, by the Aggrieved Employees against Defendants, Defendants will pay the sum of one hundred thirty thousand dollars ($130,000.00) (the "Gross Settlement Amount").

4. Net Settlement Amount. The "Net Settlement Amount" means the portion of the Gross Settlement Amount that is available for distribution to the Aggrieved Employees after deductions for the Court-approved allocations for Administration Costs, an award of attorneys' fees and reimbursement of litigation costs to Plaintiff's Counsel, the LWDA Payment, and the PAGA Payment. The Parties agree that the following amounts should be subtracted from the Gross Settlement Amount, if approved by the Court, resulting in a Net Settlement Amount to distribute to the LWDA and Aggrieved Employees:

a. Plaintiff's Counsel's Fees. Defendants will not oppose Plaintiff's request for attorneys' fees up to 40% of the Gross Settlement Amount, i.e., up to fifty-six thousand dollars ($56,000.00) (the "Attorneys' Fees Amount"). In the event the Court approves a payment of less than these amounts, the difference will be added to the Net Settlement Amount (although Plaintiff may appeal an order granting less than the full amount sought for attorneys' fees and costs). If the Court believes the attorneys' fees and/or costs should be reduced, the other terms of this Settlement will remain in effect and any such reduction will not affect the remaining terms, other than adjusting the Net Settlement Amount. No fee-splitting arrangement with any other counsel exists.

b. Plaintiff's Counsel's Costs. Defendants will not oppose Plaintiff's request for reimbursement of actual costs associated with Plaintiff's Counsel's prosecution of this matter as set forth by declaration testimony in an amount up to seven thousand five hundred dollars ($7,500.00). Should the Court approve litigation costs and expenses in amounts that are less than the amounts provided for herein, then the unapproved portion(s) shall be a part of the Net Settlement Amount.

c. Administration Costs. The settlement administration costs shall be up to two thousand six hundred fifty dollars ($2,650.00), and the Settlement Administrator shall be jointly selected by the Parties. In the event the Court approves a payment of less than this amount, the difference will be added to the Net Settlement Amount.

d. Allocation of Net Settlement Amount. The net amount (the "Net PAGA Fund") left after deducting attorneys' fees, litigation costs, administration expenses, and the individual settlement is sixty-three thousand eight hundred fifty dollars ($63,850.00), of which 75% (forty-seven thousand eight hundred eighty-seven dollars and fifty cents, $47,887.50) shall be paid to the LWDA ("the LWDA Payment"), on the payment plan set forth below, and the remaining 25% (fifteen thousand nine hundred sixty-two dollars and fifty cents $15,962.50) shall be paid to the

Aggrieved Employees *pro rata* based on their pay periods worked as a percentage of all the pay periods worked by all the Aggrieved Employees during the PAGA Period ("the PAGA Payment").

(i) The high, low, and average number of pay periods worked by the aggrieved employees are 195, 1, and 42.54, respectively. Thus, the anticipated high, low, and average payments to employees are $2,217.01, $11.37, and $483.65, respectively. ($15,962.50/ 1404 Pay Periods = $11.37 Average Payment per pay period)

e. PAGA Period. Defendants represent that, for the period from April 14, 2020 until October 19, 2023 (the "PAGA Period"), Defendants employed a total of thirty-three (33) current and former hourly paid employees who constitute the "Aggrieved Employees".

5. PAGA Released Claims. For Aggrieved Employees, and, to the extent permitted by law, the State of California, the "PAGA Released Claims" include, for the duration of the PAGA Period, all claims asserted in the PAGA Notice, Amended PAGA Notice, and alleged in the Operative Complaint for PAGA civil penalties for Failure to Indemnify for Necessary Expenditures, Failure to Pay Minimum Wage, Failure to Pay Overtime, Failure to Furnish Compliant Wage Statements and Maintain Accurate Pay Records, Failure to Provide Meal Periods, Failure to Provide Rest Periods, Failure to Timely Pay Wages, Willful Failure to Pay Wages, Civil Penalties under Labor Code section 2698, and Unfair Competition. Plaintiff agrees that once the settlement is fully funded , all Aggrieved Employees will release any and all PAGA Released Claims against the Released Parties that arose during the PAGA Period. Upon the completion of the settlement payments, Plaintiff and all Aggrieved Employees will be forever barred from pursuing any and all of the PAGA Released Claims that arose during the PAGA Period against the Released Parties.

6. Payment Schedule. The Settlement shall be paid on a payment plan as follows:

(i) Ten thousand dollars ($10,000.00) shall be paid directly to Plaintiff, by check or direct deposit to **30 N Raymond Ave. Ste 211, Pasadena, CA 91103** within seven (7) days of the Court granting approval of the PAGA settlement;

(ii) Ten thousand dollars ($ 10,000.00) shall be paid to the settlement administrator within (7) days of the Court granting approval of the PAGA settlement,;(iii) Five thousand dollars ($5,000.00) per month shall then be paid by Defendants to the Settlement Administrator for fifteen (15) consecutive months thereafter, by the fifteenth day of each month at which time ninety-five thousand dollars ($95,000.00) shall be funded, including the ninety-two thousand one hundred twelve dollars and fifty cents ($92,112.50) that excludes the portion to be paid to the State;

(iv) Two thousand five hundred dollars ($2,500.00) per month shall be paid thereafter to the Settlement Administrator, and through it, to the State of California, until the remaining forty-seven thousand eight hundred eighty-seven dollars and fifty cents ($47,887.50) to the State has been fully paid (i.e., after eighteen (18) additional months).

ADMINISTRATION OF SETTLEMENT

7. Settlement Administrator. The Parties agree to use Phoenix Class Action to handle the administration of this Settlement.

8. Disbursement of Funds. The Settlement Administrator shall disburse the funds on the following timetable:

(i) A disbursement shall take place after eighty-five thousand dollars ($ 85,000.00) has been funded (including the ten thousand dollar, $ 10,000.00, initial disbursement and not including the ten thousand dollars, $10,000, paid directly to Plaintiff), and shall be for: Payments to the PAGA Covered Employees for their 25% of the Net PAGA Fund (i.e., fifteen thousand nine hundred sixty-two dollars and fifty cents, $15,962.50); Payment of Plaintiff's counsel's attorneys' fees and litigation costs (i.e., sixty-three thousand five hundred dollars, $63,500.00); and Payment of the Settlement Administrator costs (i.e., two thousand six hundred fifty dollars, $2,650.00). The remainder of the eighty-five thousand dollars ($85,000.00), equating to two thousand eight hundred eighty-seven dollars and fifty cents ($2,887.50), shall be put toward the State's portion of the Net PAGA Fund and disbursed to the State.

(ii) The Settlement Administrator shall thereafter make monthly disbursements to the State until the remaining eighteen (18) payments have been made.

9. Explanatory Letter Regarding PAGA Payments. The Aggrieved Employees shall receive a postcard explaining briefly why they are receiving a check for PAGA payments, with the form and content to be approved by the Parties.

10. Tax Consequences. All of the payments contemplated herein shall be treated and reported on an IRS 1099 basis. Individual PAGA Payments made under this Settlement will be attributed 100% as penalties and interest and paid via IRS Form 1099 issued to each Aggrieved Employee. Neither Plaintiff nor Defendant, nor counsel for the Parties, make any representations or warranties with respect to tax consequences of any payment under this Settlement.

11. Provision of Information for Aggrieved Employees. Within ten (10) business days after the Effective Date, Defendant shall provide the Settlement Administrator with information for Aggrieved Employees. Defendant will in good faith compile from its records a list of Aggrieved Employees that will be in a computer-readable format, such as a Microsoft Excel spreadsheet, and shall include each Aggrieved Employee's full name, last known mailing address, total pay periods worked during the PAGA Period and/or dates of employment, and Social Security number. Because Social Security numbers are included in the list, the Settlement Administrator will maintain the list in confidence, and access shall be limited to those with a need to use the list as part of the administration of the Settlement.

Within seven (7) business days of receiving the Aggrieved Employees' information from Defendant, the Settlement Administrator will circulate to counsel for both Parties an anonymized spreadsheet containing the estimated individual settlement payments to each Aggrieved Employee and the data used to calculate said payments. The Settlement Administrator shall obtain approval from all counsel of the calculations before mailing Individual PAGA Payments.

12. Individual PAGA Payments. Within two (2) business days of receiving approval from counsel of the payment calculations as provided above, the Settlement Administrator shall mail copies of the explanatory letter, which has been mutually approved by the Parties and is attached hereto as **Exhibit A**, in English, along with Individual PAGA Payments to all Aggrieved Employees via regular First Class U.S. Mail.

The Settlement Administrator will calculate the amount to be received by each Aggrieved Employee, which will be based on the formula set forth in Section 3 (e), *supra*. The Settlement Administrator will send each Aggrieved Employee a check for his or her Individual PAGA Payment along with an explanatory letter. Checks will remain negotiable for 180 days. Each Individual PAGA Payment shall be deemed penalties/interest and reported using IRS Form 1099.

13. Undeliverable Notices. The Settlement Administrator shall exercise its best judgment to determine the current mailing address for each Aggrieved Employee. The address identified by the Settlement Administrator as the current mailing address shall be presumed to be the best mailing address for each Aggrieved Employee.

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

Defendant fully discharges its obligations to those Aggrieved Employees to whom they will pay an Individual PAGA Payment through the mailing of a check, regardless of whether such checks are actually received and/or negotiated by Aggrieved Employees. Funds represented by checks returned as undeliverable after a re-mailing, and funds represented by checks remaining un-cashed for more than 180 days after issuance, will be tendered to the State Controller's Office under the unclaimed property fund laws in the names of the Aggrieved Employees to whom the checks were issued.

MISCELLANEOUS PROVISIONS

14. Further Acts. The Parties shall execute and deliver all documents and perform all further acts or assist in the performance of such acts that may be reasonably necessary to effectuate the provisions of this Agreement.

15. Mutual Release by Plaintiff and Defendants of All Claims. Except for the rights and obligations created or reserved herein, the Parties for themselves and their predecessors, assigns, parent companies, affiliated companies, subsidiaries, insurers, representatives, officers, directors, shareholders, partners, employees, attorneys, servants and agents (collectively "**Released Parties**") hereby release, acquit, and forever discharge all other Parties and their successors, representatives, predecessors, assigns, parent companies, affiliated companies, subsidiaries, officers, directors, employees (past and present), partners, agents, servants, shareholders, accountants, insurers, and attorneys, and each of them, past, present and future, from any and all actions, causes of action, claims, judgments, obligations, damages, and liabilities of whatsoever kind and character, whether known or unknown and whether suspected or unsuspected, including, but not limited to, any claims arising from, or related to the Action ("**Released Claims**").

16. Plaintiff's California Civil Code Section 1542 Waiver. Plaintiff acknowledges that he is familiar with and understand *California Civil Code* Section 1542, which provides as follows:

> **"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."**

Plaintiff hereby waives any benefit he has under Section 1542 of the *California Civil Code*, and under any and all similar provisions contained in the law of any and all other jurisdictions, within and without of the United States, to the full extent that he may lawfully waive such rights and benefits. In that regard, Plaintiff acknowledges that he is aware that he may hereafter discover facts in addition to or different from those which he now knows or believes to exist with respect to the subject matter of this Agreement, but that he nevertheless intends to fully, finally, and forever settle and release all Released Claims, known or unknown, suspected or unsuspected, which now exist or may exist hereafter against the Released Parties.

Notwithstanding the above nor anything else in this Agreement, this waiver and release does not apply to: (i) those rights as a matter of law that cannot be waived, including, but not limited to, workers' compensation claims: (ii) rights or claims arising out of this Agreement after the date this Agreement is executed by Plaintiff and (iii) rights or claims arising out of this Agreement. The Agreement in no way affects Plaintiff's entitlement and/or benefits to be received by Plaintiff in workers' compensation pursuant to the jurisdiction of workers' compensation.

17. Representations. Plaintiff represents and warrants that he has the full power and actual authority to enter into this Agreement and that he has not transferred, sold, or assigned any of the Released Claims or any portion of or interest in any such claims, to any other person or entity. Plaintiff further represents that he has had the opportunity to have counsel explain the contents of this Agreement and that he executed it knowingly and voluntarily and understands that after executing it, he cannot proceed against any Released Party on account of the matters referred to herein.

18. Mutual Non-Disparagement. Plaintiff expressly agrees he shall not make any disparaging comments about Defendants, its owners, agents, or current or former employees to any third party. Defendants expressly agree that they and Defendants' owners, managers, and officers shall not make any disparaging comments about Plaintiff. The agreement set forth in this section shall not apply to responses to any governmental agency or court inquiries, or testimony under oath.

19. Neutral Reference. Defendants agree that if they receive a request for an employment reference from a prospective employer of Plaintiff, Defendants shall only provide a neutral reference to the prospective employer with information regarding Plaintiff's dates of employment and job titles.

20. Applicable Law. This Agreement shall be construed and governed by the laws of the State of California, and the Superior Court for the State of California, County of Orange shall retain jurisdiction over the parties to enforce the Agreement until performance of this Agreement has been completed in full, pursuant to California *Code of Civil Procedure* Section 664.6.

21. **Severability.** In case any one or more of the provisions of this Agreement shall be found to be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. Furthermore, any provision found to be invalid, illegal, or unenforceable shall be deemed, without further action on the part of the Parties hereto, to be modified, amended, and/or limited to the minimum extent necessary to render such clauses and/or provisions valid and enforceable.

22. **Waiver.** A waiver by any one Party of a breach of any provision of this Agreement by another Party shall not operate or be construed as a waiver of any subsequent breach by any Party.

23. **Attorney's Fees and Costs.** In the event of litigation concerning the terms or obligations of this Agreement, the prevailing party in any such litigation shall be entitled to recovery of its reasonable attorney's fees and costs. This provision is applicable to named parties only.

24. **Entirety of Agreement.** This is the entire agreement of the Parties on this subject. No Party is entering into this Agreement in reliance upon any oral or written promises, representations, or understandings other than those contained in this Agreement. The terms of this Agreement may not be amended or modified in any respect whatsoever except by a writing duly executed by the Parties, and the Parties agree that they shall make no claim(s) at any time that this Agreement orally amended or modified.

25. **Neutral Construing.** This Agreement is the product of negotiations and was drafted by all Parties; therefore, it shall not be construed in favor of any particular party, but shall be construed neutrally and by the plain meaning of the language.

26. **Counterparts.** This Agreement may be executed in any number of counterparts with the same effect as if all Parties have signed the same document. All counterparts will be construed together and will constitute one agreement. Facsimile, PDF, or electronic signatures shall be given the same legal effect as original signatures.

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

IN WITNESS WHEREOF, the undersigned have set their hands the day and year set forth below their respective signatures.

MARK RYCHLIK

_______________	____
Date	Signature

DAY & NITE DOORS, INC.

_______________	____
Date	Signature of Representative
	____
	Name and Title of Representative

NICHOLAS ALEXANDER CHRISTY

_______________	____
Date	Signature

MELANIE ANN CHRISTY

_______________	____
Date	Signature

IN WITNESS WHEREOF, the undersigned have set their hands the day and year set forth below their respective signatures.

MARK RYCHLIK

Date

Signature

DAY & NITE DOORS, INC.

Date

Signature of Representative

Name and Title of Representative

NICHOLAS ALEXANDER CHRISTY

1-8-25

Date

Signature

MELANIE ANN CHRISTY

1-8-25

Date

Signature

APPROVED AS TO FORM ONLY :

PIMENTEL LAW, P.C.

Date

Jenna M. Koleson, Attorney for Plaintiff

LAW OFFICES OF THOMAS F. NOWLAND

1/9/25

Date

Kevin Ngai

Kevin H. Ngai, Attorney for Defendants