

STIPULATION OF SETTLEMENT

This Stipulation of Settlement (“Settlement Agreement”) is reached by and between Plaintiff Epigmenio Rivas Herrera (“Plaintiff”), individually and on behalf of all members of the Settlement Class (defined below), on one hand, and Defendant O.W. Lee Co., Inc. (“Defendant” or “O.W. Lee”), on the other hand. Plaintiff and Defendant are referred to herein collectively as the “Parties.” Plaintiff and the Settlement Class are represented by Paul K. Haines, Tuvia Korobkin, and Neil M. Larsen of Haines Law Group, APC (“Class Counsel”). Defendant is represented by Kalley R. Aman and Ronald J. Arias of Buchalter, APC.

On April 8, 2021, Plaintiff filed a class action lawsuit against Defendant in San Bernardino Superior Court, in the matter titled *Epigmenio Rivas Herrera v. O.W. Lee Co. Inc.*, Case No. CIVSB 2109747 (the “Action” or “Lawsuit”). Plaintiff’s Class Action Complaint alleges the following causes of action: (i) failure to pay overtime wages; (ii) minimum wage violations; (iii) meal period violations; (iv) rest period violations; (v) wage statement penalties; and (vi) unfair competition as a result of the aforementioned violations (Bus. & Prof. Code § 17200 *et seq.*). On June 18, 2021, Plaintiff filed a First Amended Class and Representative Action Complaint, adding a cause of action for civil penalties pursuant to the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698, *et seq.* As part of this Settlement, the Parties agree to stipulate to leave for Plaintiff to file a Second Amended Class and Representative Action Complaint (“Complaint”) to add additional factual allegations as well as a claim for waiting time penalties.

Given the uncertainty of litigation, Plaintiff and Defendant wish to settle both individually and on behalf of the Settlement Class (defined below). Accordingly, Plaintiff and Defendant agree as follows:

1. **Settlement Class.** For the purposes of this Settlement Agreement only, Plaintiff and Defendant stipulate to the certification of the following Settlement Class:

All of Defendant’s current and former non-exempt employees who performed work for Defendant in California at any time from October 12, 2016 to March 1, 2021 (“Class Period”), and who did not previously sign a severance agreement with Defendant.

Defendant represents there are approximately 144 Settlement Class members.

The Parties agree that certification for purposes of settlement is not an admission that class certification is proper under Section 382 of the Code of Civil Procedure. If for any reason this Settlement Agreement is not approved or is terminated, in whole or in part, this conditional agreement to class certification will be inadmissible and will have no effect in this matter or in any claims brought on the same or similar allegations, and the Parties shall revert to the respective positions they held prior to entering into the Settlement Agreement.

2. **Release by Settlement Class Members and Plaintiff.** As of the date that (i) the Final Effective Date (as defined below) occurs and (ii) the settlement is fully funded, Plaintiff and every member of the Settlement Class (except those who opt out) will fully, forever, and irrevocably

release and discharge Defendant and any and all of Defendant's past and present shareholders, owners, affiliates, divisions, d/b/a's, parents, subsidiaries, predecessors, successors, assigns, employees, directors, attorneys, insurers, and accountants (collectively, the "Released Parties"), as follows:

- A. Settlement Class members (except those who opt-out) shall fully, forever, and irrevocably release and discharge all claims against the Released Parties under California law that were asserted in the operative Complaint, or which could have been asserted in the Action based on the facts and circumstances as alleged in the operative Complaint, including claims for: (i) failure to pay overtime wages; (ii) minimum wage violations; (iii) meal period violations; (iv) rest period violations; (v) wage statement violations; (vi) failure to timely pay final wages at termination; and (vii) any claims for or under Business & Professions Code § 17200 based on any of the above claims, arising from Settlement Class members' employment with Defendant during the Class Period (collectively, the "Class Released Claims"). In addition, all Settlement Class members who worked for Defendant in California at any time from October 12, 2019 through the end of the Class Period (the "PAGA Period"), regardless whether they opt out, will release all claims for civil penalties under the PAGA based on any of the claims (i)-(vi) mentioned above, arising from their employment with Defendant during the PAGA Period (the "PAGA Released Claims"). The period of the release of the Class Released Claims shall extend to the limits of the Class Period. The period of the release of the PAGA Released Claims shall extend to the limits of the PAGA Period.
- B. In light of Plaintiff's Class Representative Enhancement Award, Plaintiff has agreed to release, as an individual and in addition to the Class Released Claims and PAGA Released Claims described above, all claims, whether known or unknown, under federal law or state law against the Released Parties ("Plaintiff's Released Claims"). The Parties understand and agree that Plaintiff's Released Claims do not include any claims for or related to workers' compensation, or claims for unemployment benefits, nor any other claims which cannot be released as a matter of law, and that Plaintiff is not, by way of this release, releasing any such claims. Plaintiff understands that this release includes unknown claims and that Plaintiff is, as a result, waiving all rights and benefits afforded by Section 1542 of the California Civil Code with respect to Plaintiff's Released Claims. That section provides:

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

- 3. **Gross Settlement Amount.** As consideration, Defendant agrees to pay a non-reversionary gross settlement amount ("Gross Settlement Amount") of Five Hundred Thousand Dollars and Zero Cents (\$500,000.00) in full and complete settlement of the Lawsuit, as follows:

- A. The Parties have agreed to engage Phoenix Settlement Administrators as the “Settlement Administrator” to administer this Settlement.
- B. The term “Final” and “Final Effective Date” means: (i) that the Settlement Agreement has received Final Approval by the Court and there were no timely objections or intervenor requests filed, or that any timely objections and/or intervenors have been withdrawn; or (ii) in the event that one or more timely objections or interventions has/have been filed and not withdrawn, then upon the passage of the applicable date for an objector or intervenor to seek appellate review of the Court’s order of Final Approval, without a timely appeal having been filed; or (iii) in the event that a timely appeal of the Court’s order of Final Approval has been filed, then the Settlement Agreement shall be final when the applicable appellate court has rendered a final decision or opinion affirming the Court’s Final Approval order without material modification, and the applicable date for seeking further appellate review has passed, or the date that any such appeal has been either dismissed or withdrawn by the appellant.
- C. Defendant shall deposit the Gross Settlement Amount with the Settlement Administrator in three (3) installments: (1) the first installment of \$150,000.00 no later than September 1, 2022; (2) the second installment of \$150,000.00 no later than December 1, 2022; and (3) the third and final installment, of \$200,000.00 on or before the earlier of: (i) March 1, 2023 or (ii) 21 days after the Court grants final approval of the Settlement. Any funds deposited by Defendant prior to the Final Effective Date shall be held by the Settlement Administrator in escrow during the pendency of the settlement approval process. If the Final Effective Date does not occur, then any funds deposited by Defendant will be returned to Defendant. If the Final Effective Date does occur, no funds shall revert to Defendant.
- D. This is a non-reversionary settlement. The Gross Settlement Amount includes:
- (1) All payments (including interest) to the Settlement Class;
 - (2) All costs of the Settlement Administrator, which are anticipated to be no greater than Eight Thousand Dollars and Zero Cents (\$8,000.00);
 - (3) Up to Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00) for Plaintiff’s Class Representative Enhancement Award, in recognition of Plaintiff’s contributions to the Action and services to the Settlement Class, and his general release of claims; and
 - (4) Up to one-third of the Gross Settlement Amount (currently estimated to be \$166,666.67) in Class Counsel’s attorneys’ fees, plus actual costs and expenses incurred by Class Counsel related to the Action as supported by declaration, which are currently estimated to be no greater than Twenty-Five Thousand Dollars and Zero Cents (\$25,000.00).
 - (5) Twenty Thousand Dollars and Zero Cents (\$20,000.00) of the Gross Settlement Amount has been set aside by the Parties as PAGA civil

penalties. Per Labor Code § 2699(i), 75% of such penalties, or \$15,000.00, will be payable to the Labor & Workforce Development Agency (“LWDA”), and the remaining 25%, or \$5,000.00, will be paid to certain Settlement Class members as the “PAGA Amount” as described below.

Defendant will not oppose the reasonableness of these requests. Any reduction by the Court of these requests will revert to the Settlement Class members who do not opt out.

- E. **Employer Payroll Taxes.** The Gross Settlement Amount does not include employer-side payroll taxes, which shall be paid by Defendant separate from, and in addition to, the Gross Settlement Amount.
- F. **Escalator Clause.** Defendant represents that there are approximately 144 Settlement Class members. The Parties agree that this is a material term of the Settlement. If the actual number of Settlement Class members is more than 10% greater than 144 (i.e., if there are 159 or more Settlement Class members), then the GSA shall increase proportionately with the increase in Settlement Class members over 144 (e.g., if the actual number of Settlement Class members is 12% greater than 144, the GSA will increase by 12%). If the Gross Settlement Amount increases as a result of this Escalator Clause, then each outstanding installment payment will increase on an equal basis. For example, if by operation of this Escalator Clause the Gross Settlement Amount increases by \$50,000, and there are two installment payments remaining to be paid, then each of the two outstanding installment payments will increase by \$25,000. If all three installment payments have been paid by the time it becomes known that the Escalator Clause has been triggered, then Defendant will pay the outstanding amount within 21 days of the Escalator Clause being triggered.

4. **Payments to the Settlement Class.** Settlement Class members are not required to submit a claim form to receive a payment (“Settlement Award”) from the Settlement. Settlement Awards will be determined and paid as follows:

- A. The Settlement Administrator shall first deduct from the Gross Settlement Amount the amounts approved by the Court for Class Counsel’s attorneys’ fees, Class Counsel’s costs and expenses, the Class Representative Enhancement Award, the Settlement Administrator’s fees and expenses for administration, and the amount set aside as PAGA civil penalties payable to the LWDA. The remaining amount shall be known as the “Net Settlement Amount.”
- B. **PAGA Amount:** From the Net Settlement Amount, \$5,000.00 has been allocated as the “PAGA Amount” as stated above. The PAGA Amount will be distributed to all Settlement Class members (whether or not they opt out) who performed work for O.W. Lee in California during the PAGA Period, based on each Settlement Class member’s proportionate number of pay periods worked for O.W. Lee in California during the PAGA Period.

- C. **Remainder of Net Settlement Amount:** The remainder of Net Settlement Amount will be distributed to all participating Settlement Class members based on each participating Settlement Class member's proportionate workweeks worked for Defendant in California ("Workweeks") during the Class Period. Each participating Settlement Class members' Settlement Award shall be calculated by multiplying the Net Settlement Amount by a fraction, the numerator of which is the participating Settlement Class member's number of Workweeks worked during the Class Period, and the denominator of which is the total Workweeks worked by all participating Settlement Class members during the Class Period.
- D. **Calculation of Settlement Awards.** Within ten (10) Court days of the Effective Date, the Settlement Administrator will calculate Settlement Award amounts, as well as the amount of the employer's share of payroll taxes due on the wage portion of the Settlement Awards, and provide the same to counsel for review and approval. Within fourteen (14) calendar days of the Settlement Administrator providing the calculations for the employer's share of payroll taxes, Defendant shall remit the necessary funds for the employer's share of payroll taxes to the Settlement Administrator or else raise any disputes as to the calculation of the employer's share of payroll taxes.
- E. **Payment of Settlement Awards.** Within ten (10) Court days after receiving approval by counsel for the Parties, the Settlement Administrator will prepare and mail Settlement Awards, less applicable taxes and withholdings, to participating Settlement Class members. The Settlement Administrator shall simultaneously pay the withholdings to the applicable authorities with the necessary reports, submitting copies to Defendant's counsel. The Settlement Administrator shall also pay the amounts approved by the Court for Class Counsel's attorneys' fees and costs, Plaintiff's Class Representative Enhancement Award, and PAGA payment to the LWDA at the same time it mails Settlement Awards to participating Settlement Class members.
- F. **Tax Treatment of Settlement Awards.** For tax purposes, each Settlement Award shall be allocated as follows: all payments from the PAGA Amount shall be treated as 100% penalties, and all payments from the remainder of the NSA shall be treated as one-third wages, one-third penalties, and one-third interest. The Settlement Administrator will be responsible for issuing to Settlement Class members an IRS Form W-2 (for amounts paid as wages) and an IRS Form 1099 (for amounts paid as penalties and interest). Notwithstanding the treatment of the payments to each Settlement Class member above, none of the payments called for by this Settlement Agreement, including the wage portion, are to be treated as earnings, wages, pay or compensation for any purpose of any applicable benefit or retirement plan, unless required by such plans.
- G. Each Settlement Class member who receives a Settlement Award must cash that check within 180 days from the date the Settlement Administrator mails it. Any funds payable to Settlement Class members whose checks are not cashed within 180 days after mailing shall be distributed to *cy pres* recipient Legal Aid Society of

San Bernardino in accordance with Section 384 of the California Code of Civil Procedure.

- H. Neither Plaintiff nor Defendant (nor their respective counsel) shall bear any liability for lost or stolen checks, forged signatures on checks, or unauthorized negotiation of checks. Unless responsible by its own acts of omission or commission, the same is true for the Settlement Administrator.

5. **Attorneys' Fees and Costs.** Defendant will not object to Class Counsel's request for a total award of attorneys' fees of up to one-third of the Gross Settlement Amount, which is currently estimated to be One Hundred Sixty-Six Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents (\$166,666.67). Additionally, Class Counsel will request an award of actual costs and expenses as supported by declaration, in an amount not to exceed Twenty-Five Thousand Dollars and Zero Cents (\$25,000.00) from the Gross Settlement Amount. These amounts will cover any and all work performed and any and all costs incurred in connection with this litigation, including without limitation: all work performed and all costs incurred to date; and all work to be performed and costs to be incurred in connection with obtaining the Court's approval of this Settlement Agreement, including any objections raised and any appeals necessitated by those objections. Class Counsel will be issued an IRS Form 1099 by the Settlement Administrator when the Settlement Administrator pays the fee award approved by the Court.

6. **Class Representative Enhancement Award.** Defendant will not object to a request for a Class Representative Enhancement Awards of up to Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00) to Plaintiff, for his time and risk in prosecuting this case and Plaintiff's service to the Settlement Class. This award will be in addition to Plaintiff's Settlement Award as a Settlement Class member, and shall be reported on an IRS Form 1099 issued by the Settlement Administrator.

7. **Settlement Administrator.** Defendant will not object to the appointment of Phoenix Settlement Administrators ("Phoenix") as Settlement Administrator. Defendant will not object to Plaintiff seeking approval to pay up to \$8,000.00 to Phoenix for its services from the Gross Settlement Amount. The Settlement Administrator shall be responsible for sending the Notice Packets to the Settlement Class members, calculating Settlement Awards and preparing all checks and mailings, and other duties as described in this Settlement Agreement. The Settlement Administrator shall be authorized to pay itself from the Gross Settlement Amount only after Settlement Awards have been mailed to all participating Settlement Class members. The Settlement Administrator shall also give notice of final judgment by posting the final judgment to its website.

8. **Preliminary Approval.** Within a reasonable time after execution of this Settlement Agreement by the Parties, Plaintiff shall apply to the Court for the entry of an Order:

- A. Conditionally certifying the Settlement Class for settlement purposes only;
- B. Appointing Paul K. Haines, Tuvia Korobkin, and Neil M. Larsen, of Haines Law Group, APC as Class Counsel;

- C. Appointing Plaintiff Epigmenio Rivas Herrera as Class Representative for the Settlement Class;
- D. Approving Phoenix Settlement Administrators as Settlement Administrator;
- E. Preliminarily approving this Settlement Agreement and its terms as fair, reasonable, and adequate;
- F. Approving the form and content of the Notice Packet (which is comprised of the Class Notice and Notice of Estimated Settlement Award, attached hereto as **Exhibits A and B**, respectively); and
- G. Scheduling a Final Approval hearing.

9. **Notice to Settlement Class.** Following preliminary approval, the Settlement Class shall be notified as follows:

- A. Within ten (10) Court days after entry of an order preliminarily approving this Agreement, Defendant will provide the Settlement Administrator with the names, last known addresses, phone numbers, social security numbers, number of Workweeks worked, and number of pay periods worked during the PAGA Period (“Class Data”) for each Settlement Class member.
- B. Within ten (10) Court days from receipt of the Class Data, the Settlement Administrator shall: (i) run the names of all Settlement Class members through the National Change of Address (“NCOA”) database to determine any updated addresses for Settlement Class members; (ii) update the address of any Settlement Class member for whom an updated address was found through the NCOA search; (iii) calculate the estimated Settlement Award for each Settlement Class member, and receive approval from counsel of those calculations; and (iv) mail a Notice Packet to each Settlement Class member at his or her last known address or at the updated address found through the NCOA search, and retain proof of mailing.
- C. Requests for Exclusion. Any Settlement Class member who wishes to opt out of the Settlement must complete and mail a Request for Exclusion (defined below) to the Settlement Administrator within forty-five (45) calendar days of the date of the initial mailing of the Notice Packets (the “Response Deadline”).
 - i. The Notice Packet shall state that Settlement Class members who wish to exclude themselves from the Settlement must prepare and submit a Request for Exclusion by the Response Deadline. The Request for Exclusion must: (1) contain the name, address, telephone number and the last four digits of the Social Security number of the Settlement Class member; (2) contain a statement that the Settlement Class member wishes to be excluded from the Settlement; (3) be signed by the Settlement Class member; and (4) be postmarked by the Response Deadline and mailed to the Settlement Administrator at the address specified in the Class Notice. If the Request for Exclusion does not contain the information listed in (1)-(3), it will not be deemed valid for exclusion from the

Settlement, except a Request for Exclusion not containing a Settlement Class member's telephone number and/or last four digits of the Social Security number will be deemed valid. The date of the postmark on the Request for Exclusion shall be the exclusive means used to determine whether a Request for Exclusion has been timely submitted. Any Settlement Class member who requests to be excluded from the Settlement Class will not be entitled to any recovery under this Settlement Agreement (except for a portion of the PAGA Amount, if applicable) and will not be bound by the terms of the Settlement or have any right to object, appeal or comment thereon. Notwithstanding the foregoing, and pursuant to *Robinson v. Southern Counties Oil Co.*, 53 Cal.App.5th 476 (2020), no Settlement Class member may exclude him/herself from the PAGA portion of the Settlement. Any Settlement Class member who worked for Defendant in California during the PAGA Period will be paid a portion of the PAGA Amount and will release the PAGA Released Claims, as noted above.

- ii. At no time will the Parties or their counsel seek to solicit or otherwise encourage any Settlement Class member to object to the Settlement or opt out of the Settlement Class or solicit or encourage any Settlement Class member to appeal from the final judgment.

- D. Objections. Members of the Settlement Class who do not opt out may object to this Settlement Agreement as explained in the Class Notice by filing a written objection with the Settlement Administrator (who shall serve all objections as received on Defendant's counsel and Class Counsel, who shall file all such objections with the Court) within the Response Deadline. Defendant's counsel and Class Counsel shall file any responses to objections no later than the deadline to file the Motion for Final Approval, unless the objections are filed within ten (10) days of the Motion for Final Approval filing deadline, in which case Defendant's counsel and Class Counsel shall have ten (10) days to file a response to the objections. To be valid, any written objection must: (1) be in writing; (2) contain the objecting Settlement Class member's full name and current address, as well as contact information for any attorney representing the objecting Settlement Class member for purposes of the objection; (3) include all objections and the factual and legal bases for same; (4) include any and all supporting papers, briefs, written evidence, declarations, and/or other evidence; and (5) be postmarked no later than the Response Deadline. Any objecting Settlement Class members may also appear at the final approval hearing, although they need not do so. Any attorney seeking to represent an objecting Settlement Class member at the Final Approval hearing must submit a Notice of Appearance to the Court and serve it on all counsel, no later than the Response Deadline.
- E. Notice of Estimated Settlement Award / Disputes. Each Notice Packet mailed to a Settlement Class member shall contain a Notice of Estimated Settlement Award that discloses the amount of the Settlement Class member's estimated Settlement Award as well as the information that was used to calculate the Settlement Award.

Settlement Class members will have the opportunity, should they disagree with Defendant's records regarding the information stated in the Notice of Estimated Settlement Award, to provide documentation and/or an explanation to show contrary information. Any such dispute, including any supporting documentation, must be mailed to the Settlement Administrator and postmarked by the Response Deadline. If there is a dispute, the Settlement Administrator will consult with the Parties to determine whether an adjustment is warranted. The Settlement Administrator shall determine the eligibility for, and the amounts of, any Settlement Awards under the terms of this Agreement. The Settlement Administrator's determination of the eligibility for and amount of any Settlement Award shall be binding upon the Settlement Class member and the Parties.

- F. Any Notice Packets returned to the Settlement Administrator as non-delivered on or before the Response Deadline shall be re-mailed to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator shall make reasonable efforts, including utilizing a "skip trace," to obtain an updated mailing address within five (5) business days of receiving the returned Notice Packet. If an updated mailing address is identified, the Settlement Administrator shall resend the Notice Packet to the Settlement Class member immediately, and in any event within three (3) business days of obtaining the updated address. Settlement Class members to whom Notice Packets are re-sent after having been returned as undeliverable to the Settlement Administrator shall have fourteen (14) calendar days from the date of re-mailing, or until the Response Deadline has expired, whichever is later, to mail a Request for Exclusion, Objection, or dispute. Notice Packets that are re-sent shall inform the recipient of this adjusted deadline, if applicable. If a Settlement Class member's Notice Packet is returned to the Settlement Administrator more than once as non-deliverable, then an additional Notice Packet need not be mailed. Nothing else shall be required of, or done by, the Parties, Class Counsel, or Defendant's Counsel to provide notice of the proposed settlement.

10. **Final Approval.** Following preliminary approval and the close of the period for filing requests for exclusion, objections, or disputes under this Settlement Agreement, Plaintiff shall apply to the Court for entry of an Order:

- A. Granting final approval to the Settlement Agreement and adjudging its terms to be fair, reasonable, and adequate;
- B. Approving Plaintiff's and Class Counsel's application for attorneys' fees and costs, Class Representative Enhancement Award, PAGA payment to the LWDA, and settlement administration costs; and
- C. Entering judgment pursuant to California Rule of Court 3.769. Said judgment shall be posted on the website of the Settlement Administrator.

11. **Non-Admission of Liability.** Nothing in this Settlement Agreement shall operate or be construed as an admission of any liability or wrongdoing or that class certification is appropriate in any context other than this Settlement. Each of the Parties has entered into this Settlement Agreement to avoid the burden and expense of further litigation. Pursuant to California Evidence Code Section 1152, this Settlement Agreement is inadmissible in any proceeding, except a proceeding to approve, interpret, or enforce this Settlement Agreement. If Final Approval does not occur, the Parties agree that this Settlement Agreement is void, but remains protected by California Evidence Code Section 1152.

12. **Waiver and Amendment.** The Parties may not waive, amend, or modify any provision of this Settlement Agreement except by a written agreement signed by counsel for all Parties, and subject to any necessary Court approval. A waiver or amendment of any provision of this Settlement Agreement will not constitute a waiver of any other provision.

13. **Notices.** All notices, demands, and other communications to be provided concerning this Settlement Agreement shall be in writing and delivered by receipted delivery and by e-mail at the addresses set forth below, or such other addresses as either Party may designate in writing from time to time:

if to Plaintiff: Paul K. Haines of Haines Law Group, APC
2155 Campus Drive, Suite 1550, El Segundo, CA 90245
phaines@haineslawgroup.com

if to Defendant: Kalley R. Aman of Buchalter, APC
1000 Wilshire Boulevard, Suite 1500, Los Angeles, CA 90017
kaman@buchalter.com

14. **Entire Agreement.** This Settlement Agreement contains the entire agreement between the Parties with respect to the transactions contemplated hereby, and supersedes all negotiations, presentations, warranties, commitments, offers, contracts, and writings prior to the date hereof relating to the subject matters hereof.

15. **Counterparts.** This Settlement Agreement may be executed by one or more of the Parties on any number of separate counterparts and delivered electronically, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

16. **Nondisclosure and Nonpublication.** Until the Motion for Preliminary Approval is filed with the Court, Plaintiff and Class Counsel agree not to disclose or publicize the Settlement Agreement contemplated herein, the fact of the Settlement Agreement, its terms or contents, or the negotiations underlying the Settlement Agreement, in any manner or form, directly or indirectly, to any person or entity, except to Settlement Class members and as shall be contractually required to effectuate the terms of the Settlement Agreement as set forth herein, and except to Plaintiff's spouse or to his attorneys or tax preparers as necessary for those professionals to provide their professional services to Plaintiff.

17. **Enforcement and Continuing Jurisdiction of the Court.** To the extent consistent with class action procedure, this Settlement Agreement shall be enforceable by the Court pursuant to

California Code of Civil Procedure section 664.6. The Court shall retain continuing jurisdiction over this Lawsuit and over all Parties and Settlement Class members, to the fullest extent to enforce and effectuate the terms and intent of this Settlement Agreement, and to adjudicate any claimed breaches of this Settlement Agreement. The Court shall award reasonable attorneys' fees and costs to the prevailing party in any motion or action taken based on an alleged violation of any material term of this Settlement Agreement.

DATED: 6-27, 2022

O.W. Lee Co., Inc.

By: Teresa Rogers
Name: Teresa Rogers
Title: C.E.O., O.W. Lee Co., Inc.

DATED: _____, 2022

EPIGMENIO RIVAS HERRERA

By: _____
Plaintiff and Settlement Class Representative

California Code of Civil Procedure section 664.6. The Court shall retain continuing jurisdiction over this Lawsuit and over all Parties and Settlement Class members, to the fullest extent to enforce and effectuate the terms and intent of this Settlement Agreement, and to adjudicate any claimed breaches of this Settlement Agreement. The Court shall award reasonable attorneys' fees and costs to the prevailing party in any motion or action taken based on an alleged violation of any material term of this Settlement Agreement.

DATED: _____, 2022

O.W. Lee Co., Inc.

By: _____
Name: _____
Title: _____

DATED: 6/28/2022, 2022

EPIGMENIO RIVAS HERRERA

By: *Epigmenio rivas*
Epigmenio rivas (Jun 28, 2022 16:55 PDT)
Plaintiff and Settlement Class Representative

APPROVED AS TO FORM:

DATED: June 28, 2022

BUCHALTER, APC

By: Kalley Aman
Kalley Aman
Attorneys for Defendant

DATED: _____, 2022

HAINES LAW GROUP, APC

By: _____
Paul K. Haines
Attorneys for Plaintiff

APPROVED AS TO FORM:

DATED: _____, 2022

BUCHALTER, APC

By: _____
Kalley Aman
Attorneys for Defendant

DATED: June 29, 2022

HAINES LAW GROUP, APC

By:  _____
Paul K. Haines
Attorneys for Plaintiff

EXHIBIT A

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO

EPIGMENIO RIVAS HERRERA,

Plaintiff,

vs.

O.W. LEE CO. INC.

Defendants.

Case No. CIVSB 2109747

**NOTICE OF PENDENCY OF CLASS ACTION
AND PROPOSED SETTLEMENT**

To: All of O.W. Lee Co., Inc.'s ("Defendant" or "O.W. Lee") current and former non-exempt employees who performed work for O.W. Lee in California at any time from October 12, 2016 to March 1, 2021, and who did not previously sign a severance agreement with O.W. Lee.

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

Why should you read this Notice?

The San Bernardino County Superior Court ("Court") has granted preliminary approval of a proposed class and representative action settlement (the "Settlement") in the matter titled *Epigmenio Rivas Herrera v. O.W. Lee Co. Inc.*, San Bernardino County Superior Court Case No. CIVSB 2109747 (the "Action"). Because your rights may be affected by the Settlement, it is important that you read this Notice carefully.

You may be entitled to money from the Settlement. O.W. Lee's records show that you were employed by O.W. Lee in California and performed work for O.W. Lee at some point between October 12, 2016 and March 1, 2021 (the "Class Period"), and that you did not previously sign a severance agreement with O.W. Lee. You are therefore part of the proposed "Settlement Class." The Court ordered that this Notice be sent to you because you may be entitled to money under the Settlement and because the Settlement affects your legal rights.

The purpose of this Notice is to provide you with a brief description of the Action, to inform you of the terms of the proposed Settlement, to describe your rights in connection with the Settlement, and to explain what steps you may take to participate in, object to, or exclude yourself from the Settlement. If you do not exclude yourself from the Settlement and the Court finally approves the Settlement, you will be bound by the terms of the Settlement and any final judgment. If final judgment is entered in this case, it will be posted to the Settlement Administrator's website, www.phoenixclassaction.com.

What is this case about?

Plaintiff Edigmenio Rivas Herrera ("Plaintiff") has filed a lawsuit alleging that O.W. Lee violated California law by: (i) failing to pay overtime wages; (ii) failing to pay minimum wages; (iii) failing to provide meal periods; (iv) failing to authorize and permit rest periods; (v) failing to issue accurate and itemized wage statements; (vi) failing to timely pay final wages and, as a result of the above, (vii) engaging in unlawful business practices. As a further result of the above violations, Plaintiff alleges that O.W. Lee is liable for civil penalties pursuant to the Private Attorneys General Act ("PAGA").

Plaintiff is known as the "Class Representative." Plaintiff's attorneys, who also represent the interests of all Settlement Class members, are known as "Class Counsel."

O.W. Lee has denied and continues to deny that it has done anything wrong, and believes it has acted in compliance with all applicable laws and that Plaintiff's claims have no merit. O.W. Lee also denies that it owes any wages, restitution, penalties, or other damages. By agreeing to settle, O.W. Lee is not admitting liability on any of the factual allegations or claims asserted in the Action or that the Action can or should proceed as a class action in a non-settlement context.

The Court has not ruled on the merits of Plaintiff's claims. However, to avoid additional expense, inconvenience, and interference with its business operations, O.W. Lee has concluded that it is in its best interests to settle the Action on the terms summarized in this Notice. After O.W. Lee provided relevant information to Class Counsel, the Settlement was reached after mediation and arm's-length negotiations between the parties.

The Class Representative and Class Counsel also support the Settlement. Among the reasons for support are the defenses to liability potentially available to O.W. Lee, the risk of denial of class certification, the inherent risks of trial on the merits, O.W. Lee's financial condition, and the delays and uncertainties associated with litigation.

If you are still employed by O.W. Lee, your decision about whether to participate in the Settlement will not affect your employment. California law and O.W. Lee's company policies strictly prohibit unlawful retaliation. O.W. Lee will not take any adverse employment action against or otherwise target, retaliate, or discriminate against any Settlement Class member because of the Settlement Class member's decision to either participate or not participate in the Settlement.

Who are the Attorneys?

Attorneys for Plaintiff / the Settlement Class: HAINES LAW GROUP, APC Paul K. Haines phaines@haineslawgroup.com Tuvia Korobkin tkorobkin@haineslawgroup.com Neil M. Larsen nlarsen@haineslawgroup.com 2155 Campus Drive, Suite 180 El Segundo, California 90245 Tel: (424) 292-2350 Fax: (424) 292-2355 www.haineslawgroup.com	Attorneys for O.W. Lee: BUCHALTER, APC Kalley R. Aman kaman@buchalter.com Ronald J. Arias rarias@buchalter.com 1000 Wilshire Boulevard, Suite 1500 Los Angeles, California 90017 Tel.: (213) 890-0700 Fax: (213) 896-0400 www.buchalter.com
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What are the terms of the Settlement?

On <<PRELIM APPROVAL DATE>>, the Court granted preliminary approval of the Settlement. If the Court grants final approval of the Settlement, Settlement Class members who do not opt out of the Settlement pursuant to the procedures set forth in this Notice will be bound by the Settlement and will release their claims against O.W. Lee, as specifically described below.

O.W. Lee has agreed to pay \$500,000.00 (the "Gross Settlement Amount") to fully resolve all claims in the Action, including claims by Settlement Class members, attorneys' fees, costs, settlement administration costs, and the Class Representative's enhancement award.

The following deductions from the Gross Settlement Amount will be requested by the parties:

Settlement Administration Costs. The Court has approved Phoenix Settlement Administrators to act as the "Settlement Administrator," who is sending this Notice to you and will perform many other duties relating to the Settlement. The Court has approved setting aside up to \$7,000.00 from the Gross Settlement Amount to pay the Settlement administration costs.

Attorneys' Fees and Expenses. Class Counsel will ask for fees of up to one-third of Gross Settlement Amount, currently estimated to be \$166,666.67, as reasonable compensation for the work Class Counsel performed and will continue to perform in this Action through Settlement finalization. Class Counsel also will ask for reimbursement of up to \$25,000.00 for reimbursement of verified costs Class Counsel incurred in connection with the Action.

Class Representative Enhancement Award. Class Counsel will ask the Court to approve an enhancement award of \$7,500 to the Class Representative. This award is to compensate the Class Representative for his service and extra work provided on behalf of the Settlement Class members.

PAGA Civil Penalties. The Parties have agreed to allocate \$20,000.00 of the Gross Settlement Amount as alleged civil penalties for the settlement of Plaintiff's PAGA claim. Pursuant to the requirements of the PAGA, 75% of that amount, or \$15,000.00, will be paid to the California Labor & Workforce Development Agency ("LWDA"). The remaining \$5,000.00 has been designated as the "PAGA Amount" and will be paid to certain Settlement Class members as described below.

Calculation of Settlement Class Members' Settlement Awards. After deducting the Court-approved amounts for attorneys' fees and expenses, administration costs, Plaintiff's enhancement award, and the amount paid to the LWDA, the balance of the Gross Settlement Amount will form the Net Settlement Amount ("NSA"), from which Settlement Class members' payments, called "Settlement Awards," will be paid. The NSA is estimated to be approximately \$278,833.33, and will be distributed as follows:

PAGA Amount: As noted above, \$5,000 of the NSA has been allocated as the "PAGA Amount." The PAGA Amount will be paid to all Settlement Class members (regardless whether they opt out) who worked for O.W. Lee in California at any time from October 12, 2019 through March 1, 2021 (the "PAGA Period"). The PAGA Amount will be distributed to Settlement Class members based on the proportionate number of pay periods worked by each Settlement Class member during the PAGA Period.

Remainder of Net Settlement Amount: The remainder of the Net Settlement Amount (approximately \$273,833.33) will be distributed to all Settlement Class members who do not opt out of the Settlement, based on each Settlement Class member's proportionate number of workweeks worked for O.W. Lee in California during the Class Period ("Workweeks").

Allocation and Taxes. For tax purposes, each Settlement Award shall be treated as follows: all amounts from the PAGA Amount will be treated as 100% penalties, and all amounts from the NSA will be treated as one-third "wages," and two-thirds penalties and interest. The Settlement Administrator will issue IRS forms W-2 for all amounts designated as "wages," and will issue IRS forms 1099 for all amounts designated as penalties and interest. Settlement Class members are responsible for the proper income tax treatment of the Settlement Awards. The Settlement Administrator, O.W. Lee and its counsel, and Plaintiff and Class Counsel cannot provide tax advice. Accordingly, Settlement Class members should consult with their tax advisors concerning the tax consequences and treatment of payments they receive under the Settlement.

Release. If the Court finally approves the Settlement and the Settlement becomes final, and upon the Settlement being fully funded, Plaintiff and every member of the Settlement Class (except those who opt out) will fully, forever, and irrevocably release and discharge O.W. Lee, and any and all of O.W. Lee's past and present shareholders, owners, affiliates, divisions, d/b/a's, parents, subsidiaries, predecessors, successors, assigns, employees, directors, attorneys, insurers, and accountants (collectively, the "Released Parties") from all claims against the Released Parties under California law that were asserted in the operative Complaint, or which could have been asserted in the operative Complaint based on the facts and circumstances as alleged in the operative Complaint, including claims for: (i) failure to pay overtime wages; (ii) failure to pay minimum wages; (iii) meal period violations; (iv) rest period violations; (v) wage statement violations; (vi) failure to timely pay final wages at termination; and (vii) all claims for or under Business & Professions Code § 17200 based on any of the above claims, during the Class Period (collectively, the "Released Claims"). In addition, all Settlement Class members who worked for O.W. Lee in California at any time during the PAGA Period will release all claims for civil penalties under the PAGA based on any of the claims (i)-(vi) mentioned above, arising from their employment with O.W. Lee during the PAGA Period. The period of the release of the Class Released Claims shall extend to the limits of the Class Period. The period of the release of the PAGA Released Claims shall extend to the limits of the PAGA Period.

Conditions of Settlement. By granting preliminary approval of the Settlement, the Court has determined that the Settlement falls within the range of possible approval as fair, reasonable, and adequate. This Settlement is conditioned upon the Court entering an order at or following the Final Approval Hearing finally approving the Settlement.

How can I claim money from the Settlement?

Do Nothing. You do not need to do anything if you want to receive payment from and participate in the Settlement. If you do nothing, you will be entitled to your Settlement Award based on the number of Workweeks you worked for O.W. Lee in California during the Class Period, and the number of pay periods (if any) you worked for O.W. Lee in California during the PAGA Period. Your estimated individual Settlement Award is included in the enclosed Notice of Estimated Settlement Award. You also will be bound by the Settlement, including the release of claims stated herein.

Check Cashing Deadline and Uncashed Checks. You must cash or deposit your Settlement Award checks within 180 days from the date that the Settlement Administrator mails the check to you. If you do not cash or deposit your check within 180 days, your check will be voided and the funds from the check will be distributed to Legal Aid Society of San Bernardino County in accordance with Section 384 of the California Code of Civil Procedure.

What other options do I have?

Disputing Information in Notice of Estimated Settlement Award. Your estimated Settlement Award has been calculated and is included in the enclosed Notice of Estimated Settlement Award. As stated above, your estimated Settlement Award is based on the number of Workweeks you worked for O.W. Lee in California during the Class Period, as well as the number of pay periods (if any) you worked for O.W. Lee in California during the PAGA Period. The information contained in O.W. Lee's records regarding the number of Workweeks and pay periods you worked is listed on the accompanying Notice of Estimated Settlement Award. If you disagree with the information in your Notice of Estimated Settlement Award, you may submit a dispute, along with any supporting documentation, in accordance with the procedures stated in the Notice of Estimated Settlement Award.

Any disputes, along with supporting documentation, must be postmarked no later than <<RESPONSE DEADLINE>>. **DO NOT SEND ORIGINALS; DOCUMENTATION SENT TO THE SETTLEMENT ADMINISTRATOR WILL NOT BE RETURNED OR PRESERVED.** The parties and the Settlement Administrator will evaluate the evidence submitted and discuss in good faith how to resolve any disputes submitted by Settlement Class members. The Settlement Administrator's decision regarding any dispute will be final.

Exclude Yourself from the Settlement. If you **do not** wish to take part in the class portion of the Settlement, you may exclude yourself by sending to the Settlement Administrator a written "Request for Exclusion" letter or postcard, postmarked no later than <<RESPONSE DEADLINE>>, with your full name (as well as any former names you used while you were employed by O.W. Lee), your current address, telephone number, last 4 digits of your social security number, and your signature. The Request for Exclusion must also state that you wish to exclude yourself from the *Rivas Herrera v. O.W. Lee Co. Inc.* class action settlement.

Send the Request for Exclusion directly to the Settlement Administrator at <<INSERT ADMINISTRATOR CONTACT INFO>>. Any person who submits a valid and timely Request for Exclusion shall, upon receipt, no longer be a Settlement Class member, shall be barred from participating in the class portion of the Settlement, and shall receive no benefits from the Settlement (aside from any portion of the PAGA Amount to which they may be entitled). Any person who submits a valid and timely Request for Exclusion will also lack standing to object to the Settlement. Please note that you may not exclude yourself from the PAGA portion of the Settlement; if you worked for O.W. Lee in California during the PAGA Period, then you will receive a portion of the PAGA Amount and will release the PAGA Released Claims, even if you submit a Request for Exclusion.

Objecting to the Settlement. If you do not submit a Request for Exclusion, you have the right to object to the terms of the Settlement. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement. If you wish to object to the Settlement, or any portion of it, you must mail a written Objection to the Settlement Administrator. Your written Objection must include your full name (as well as any former names used while employed by O.W. Lee), current address and phone number, last 4 digits of your social security number, the name and contact information of any attorney representing you, the case name and number, each specific reason in support of your objection, and any legal or factual support for each objection, including any supporting papers, briefs, written evidence, declarations, and/or other evidence. All objections

or other correspondence must state the name and number of the case, which is *Epigmenio Rivas Herrera v. O.W. Lee Co. Inc.*, San Bernardino County Superior Court Case No. CIVSB 2109747. Any Objections must be in writing and must be postmarked on or before <<RESPONSE DEADLINE>>.

If you choose to object to the Settlement, you may also appear at the Final Approval Hearing to argue your objection. You have the right to appear either in person or through your own attorney at this hearing. If you wish to appear at the Final Approval Hearing and/or retain an attorney to represent you at the hearing, you must do so at your own expense. Any attorney who intends to represent an individual objecting to the Settlement must file a notice of appearance with the Court and serve counsel for all parties on or before <<RESPONSE DEADLINE>>. All objections or other correspondence must state the name and number of the case, which is *Epigmenio Rivas Herrera v. O.W. Lee Co. Inc.*, San Bernardino County Superior Court Case No. CIVSB 2109747.

If you object to the Settlement, you will remain a member of the Settlement Class, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Settlement Class members who do not object. In other words, by submitting an Objection, you are not excluding yourself from the Settlement.

What is the next step?

The Court will hold a Final Approval Hearing on the adequacy, reasonableness, and fairness of the Settlement on <<FINAL APPROVAL HEARING DATE/TIME>>, in Department S-26 of the San Bernardino County Superior Court, located at 247 W. Third Street, San Bernardino, California 92415. At the Final Approval Hearing, the Court also will be asked to rule on Class Counsel's request for attorneys' fees and reimbursement of expenses, the incentive award to the Class Representative, and the Settlement administration costs. The Final Approval Hearing may be postponed without further notice to the Settlement Class. **You are not required to attend the Final Approval Hearing, although any Settlement Class member is welcome to attend the hearing at their own expense.**

If you plan on attending the hearing or otherwise visiting the Court, please consult the Court's "COVID-19: COURT OPERATIONS DURING THE COVID-19 PANDEMIC" webpage, <https://www.sb-court.org/general-information/covid-19-court-operations-during-covid-19-pandemic>, for information regarding court operations during COVID-19 as well as any face covering and social distancing requirements.

How can I get additional information?

This Notice is only a summary of the Action and the Settlement. For more information, you may inspect the Court's files and the Settlement Agreement at the Office of the Clerk of the San Bernardino County Superior Court, located at 247 W. Third Street, San Bernardino, California 92415, during regular court hours. You may also contact the Settlement Administrator or Class Counsel using the contact information listed above for more information.

PLEASE DO NOT CALL OR WRITE THE COURT FOR INFORMATION ABOUT THIS SETTLEMENT.

REMINDER AS TO TIME LIMITS

The deadline for submitting any Disputes, Requests for Exclusion, or Objections is <<RESPONSE DEADLINE>>. These deadlines will be strictly enforced.

EXHIBIT B

NOTICE OF ESTIMATED SETTLEMENT AWARD

EPIGMENIO RIVAS HERRERA V. O.W. LEE CO. INC.
SAN BERNARDINO COUNTY SUPERIOR COURT CASE NO. CIV SB 2109747

Please complete, sign, and return this Form to <<ADMINISTRATOR CONTACT INFO>> **ONLY IF** (1) your personal contact information has changed, and/or (2) you wish to dispute the information listed in Section (III), below. It is your responsibility to keep a current address on file with the Settlement Administrator.

(I) Please type or print your name:

(First, Middle, Last)

(II) Please type or print the following identifying information if your contact information has changed:

Former Names (if any)

New Street Address

City

State

Zip Code

Phone number (if you wish to be contacted by phone)

(III) Information Used to Calculate Your Estimated Settlement Award:

According to O.W. Lee Co. Inc.'s ("O.W. Lee") records:

- (a) you worked [REDACTED] Workweeks for O.W. Lee in California between October 12, 2016 and March 1, 2021.
- (b) you worked [REDACTED] Pay Periods for O.W. Lee in California between October 12, 2019 and March 1, 2021.

Based on the above, your Settlement Award is estimated at \$ [REDACTED].

(IV) If you disagree with the information included in Section (III) above, please explain why in the space provided below and include copies of any supporting evidence or documentation with this Form:

If you dispute the above information from O.W. Lee's records, O.W. Lee's records will control unless you are able to provide documentation that establishes that O.W. Lee's records are mistaken. If there is a dispute about whether O.W. Lee's information or yours is accurate, the dispute will be resolved by the Parties and the Settlement Administrator as described in the "Notice of Class Action Settlement" that accompanies this Form. The Settlement Administrator's determination will be final.

Date: _____

Signature: _____

ANY DISPUTES (INCLUDING SUPPORTING DOCUMENTS) MUST BE POSTMARKED NO LATER THAN <<RESPONSE DEADLINE>>.