

SETTLEMENT AGREEMENT OF PLAINTIFF'S PAGA CLAIM

This Settlement Agreement and General Release ("Agreement") is made and entered into by and between Plaintiff Leopold Estrada, Jr. ("Plaintiff") and Defendants MAD Security Services, Inc., David Blaine Fair and Margie Nell Fair ("Defendants") (Plaintiff and Defendants sometimes collectively referred to as "Parties"), as follows:

RECITALS

A. WHEREAS, Plaintiff alleged a representative claim under the Private Attorneys General Act ("PAGA") for violation of California Labor Code based on Defendants' alleged failure to provide meal periods or pay premiums in lieu thereof, failure to provide rest periods or pay premiums in lieu thereof, failure to maintain accurate records, failure to reimburse expenses, failure to provide accurate wage statements, and failure to pay final wages. Plaintiff submitted notice of said claims to the Labor and Workforce Development Agency ("LWDA") on May 12, 2021.

B. WHEREAS, the LWDA has not stated it intends to investigate the allegations raised in Plaintiff's PAGA letter, thereby authorizing Plaintiff to seek to recover penalties on behalf of Plaintiff and all other Aggrieved Employees of Defendants for the PAGA Claims.

C. WHEREAS, Plaintiff filed a class action complaint in the Sacramento County Superior Court (Case Number 34-2021-00300627) on May 12, 2021 as amended on July 22, 2021, alleging several California Labor Code violations against Defendants, including failure to provide meal periods or pay premiums in lieu thereof, failure to provide rest periods or pay premiums in lieu thereof, failure to maintain accurate records, failure to reimburse expenses, failure to provide accurate wage statements, and failure to pay final wages (the "Action"). In the First Amended Complaint, Plaintiff added a claim for civil penalties pursuant to the PAGA.

D. WHEREAS, the Parties have since engaged in further discussions concerning the merits of Plaintiff's remaining claims.

E. WHEREAS, as a result, the Parties wish to finally settle and resolve all grievances, disputes, controversies, claims, actions, and potential actions between them concerning the PAGA cause of action in order to avoid further litigation and the expenses and costs incident thereto.

NOW, THEREFORE, AND SUBJECT TO COURT APPROVAL, the Parties agree as follows:

1. Non-Admission Of Liability, Wrongdoing, Or Status As A Representative Action.

This Agreement shall not in any way be construed as an admission by Defendants that Defendants acted wrongfully with respect to Plaintiff or any other employees or individuals. Defendants have specifically denied any liability to, or wrongful acts against Plaintiff, on the part of Defendants and Defendants' parents, subsidiaries, affiliates, predecessors, successors, officers, directors, employees, or agents. Defendants have denied that there is any

factual evidence to support any claims that Plaintiff may bring on behalf of Plaintiff or other alleged Aggrieved Employees.

2. Gross Settlement Amount. In consideration for the covenants, promises, waivers, and releases contained in this Agreement, and subject to Court approval, Defendants shall pay the sum of Twenty-One Thousand Five Hundred Dollars (\$21,500) (“Gross Settlement Amount”) in full and final settlement of the PAGA Claim. As described in more detail below, the remaining amount after deductions for attorney’s fees and costs, *i.e.*, the Net Settlement Amount, will be provided to the LWDA and the Aggrieved Employees as defined below (*i.e.*, 75% of the remaining amount to the LWDA and 25% of the remaining amount to Aggrieved Employees).

- a. Plaintiff’s attorneys’ fees will not exceed \$8,600 and the amount requested for litigation costs will not exceed \$3,500.
- b. Any difference between the amount of attorneys’ fees and costs incurred or approved by the Court and the maximum amounts allocated shall be added to the Net Settlement Amount for distribution between the LWDA and Aggrieved Employees as required under Labor Code § 2699(i) (*i.e.* 75% to the LWDA and 25% to the Aggrieved Employees).

3. Aggrieved Employees and PAGA Claim Period. The scope of the Aggrieved Employees shall include all individuals who have worked, or continue to work, for Defendants in California as a Security Guard or other title performing Security Guard job duties. “PAGA Claim Period” shall be from May 12, 2020 up to either (1) the Final Approval Date or June 30, 2022, whichever is earlier.

4. Release. For and in consideration of the mutual promises and consideration set forth in this Agreement, Plaintiff and Aggrieved Employees, on behalf of themselves, and their heirs, successors, assigns, attorneys and agents, hereby release and forever discharge Defendants, as well as Defendants’ officers, shareholders, directors, agents, employees, attorneys, and insurers (“Releasees”) from all PAGA claims alleged against Defendants in the Complaint, *i.e.*, claims for civil penalties under the Private Attorneys General Act, Cal. Lab. Code §§ 2698 *et seq.* predicated on violations of Labor Code §§ 226, 226.3, 201, 202, 203, 2802, 226.7, 512, 1198 and IWC Wage Order No. 4, §§ 11(A), 11(B), 12(A), and 7(A), including those contained in Plaintiff’s May 12, 2021 letter to the LWDA and/or operative Complaint. This release shall extend through the PAGA Claim Period. However, the Released PAGA Claims shall not extend to any PAGA claims outside of those asserted in the Action or the PAGA Claim Period. Any claims of putative class members shall be dismissed without prejudice.

5. Dismissal of Class Action Claims. Plaintiff will request to dismiss without prejudice any outstanding claims made on behalf of putative class members as alleged in his operative Complaint on file in this Action. Plaintiff and Defendants understand and agree that no money is being paid under this Agreement and that no money is being allocated towards any alleged putative class member as any claims they may have are not being compromised under this Agreement and are being dismissed without prejudice.

6. Distribution Method. The Parties agree that Defendants' counsel will process and distribute the Gross Settlement Amount in accordance with the Agreement. In addition, and subject to Court approval, timelines and methods related to the administration of this Agreement shall be as follows:

- a. After Court approved attorneys' fees and costs are determined and a Net Settlement Amount has been established, that Net Settlement Amount shall be divided between the PAGA Payment and payment to Aggrieved Employees. The PAGA Payment to the LWDA will be 75% of the Net Settlement Amount. 25% of the Net Settlement Amount will be paid to Aggrieved Employees. Each individual Aggrieved Employee's share shall be determined by taking the Qualifying Pay Periods, *i.e.* pay periods worked by Aggrieved Employees during the PAGA Claim Period, for each individual Aggrieved Employee and dividing that by the Qualifying Pay Periods for all Aggrieved Employees and multiplying that fraction by the 25% share of the Net Settlement Amount. Payment to Aggrieved Employees of their Claim Amount will not require the submission of any claim form. A Notice of Settlement informing Aggrieved Employees of the basic information regarding the reason for the payment and the claims waived will be provided with the payment to Aggrieved Employees.
- b. Within 14 calendar days after the Court signs and files an order approving of this agreement, Defendants' counsel shall calculate and report to the Parties the Net Settlement Amount, the PAGA Payment, and each Aggrieved Employees share of the Net Settlement Amount.
- c. Funding of the Gross Settlement Amount shall occur within 14 calendar days after a signed order approving this Agreement has been filed. This Agreement shall become effective upon the date a signed order approving this Agreement has been filed unless there is a timely objection lodged that has not later been withdrawn, in which case the Effective Date will be either (a) the 60th calendar day after a signed order approving this settlement has been filed provided no appellate proceeding having been filed; or (b) seventh (7th) calendar day after any appellate proceeding opposing the settlement has been finally dismissed with no material change to the terms of this settlement and there is no right to pursue further remedies or relief, whichever is later ("Effective Date").
- d. Within 7 calendar days after funding, Defendants' counsel will mail the Notice of Settlement and payment to Aggrieved Employees. Defendants' counsel will also deliver payment of Plaintiff's counsel's attorney's fees and costs, and the PAGA Payment at this time.
- e. One Hundred Percent (100%) of the PAGA Payment and payment to Aggrieved Employees will be considered 1099 income representing payment for penalties. Defendants shall be responsible for all tax reporting and documentation related to payment under this Agreement.

- f. Aggrieved Employees shall have 120 days to cash their respective settlement checks. Any checks not negotiated within the 120 days will be voided and will not be reissued. Any unclaimed funds from payment to the Aggrieved Employees shall be donated equally, *i.e.*, 50/50, to Capital Pro Bono, Inc. and the Center For Workers' Rights under the doctrine of *cy pres*.

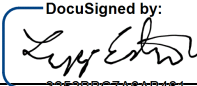
7. Number of Pay Periods. Defendants have represented that as of November 24, 2021 there were no more than 38.5 pay periods in the PAGA Claim Period. In the event the number of pay periods during the PAGA Claim Period is more than 46.5 (*i.e.*, greater than 20% more than 38.5), then the Gross Settlement Amount shall be increased proportionally by the pay periods in excess of 46.5, multiplied by the pay period value of \$244.16. For example, if there were 38.5 pay periods represented to exist during the PAGA Claim Period, but there are actually 52 pay periods in the PAGA Claim Period, Defendants would have to increase the Gross Settlement Amount by \$1,342.88 (52 pay periods – 46.5 pay periods = 5.5 pay periods x 244.16/pay period).

8. Applicable Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of California. Pursuant to California Code of Civil Procedure section 664.6, the Court shall retain jurisdiction solely with respect to the interpretation, implementation, and enforcement of the terms of this Agreement, and the Parties and their counsel submit to the jurisdiction of the Court for purposes of interpreting, implementing, and enforcing the settlement embodied in this Agreement and all orders and judgments entered in connection therewith. In the case of a dispute regarding the payment of the Gross Settlement Amount or the enforcement of this Agreement, the prevailing party shall be entitled to recover their attorneys' fees and costs.

9. Counterparts. This Agreement may be signed in counterparts. Fax, scan, and/or electronic copies of signatures shall be deemed effective as originals.

For Plaintiff:

Date: 6/14/2022

DocuSigned by:

 3252BBC7A6AB461...
 Leopold Estrada, Jr.

For Defendants:

Date: _____

 By:
 For MAD Security Services, Inc.

Date: _____

 By:
 For David Blaine Fair

Date: _____

By:
For Margie Nell Fair

APPROVED AS TO FORM

Shimoda & Rodriguez Law, PC

Dated: _____

By: _____
Galen T. Shimoda
Justin P. Rodriguez
Brittany V. Berzin
Attorney for Plaintiff and Aggrieved
Employees

APPROVED AS TO FORM

COOK BROWN, LLP

Dated: _____

By: _____
Brian D. Bertossa
Attorney for Defendants

- f. Aggrieved Employees shall have 120 days to cash their respective settlement checks. Any checks not negotiated within the 120 days will be voided and will not be reissued. Any unclaimed funds from payment to the Aggrieved Employees shall be donated equally, *i.e.*, 50/50, to Capital Pro Bono, Inc. and the Center For Workers' Rights under the doctrine of *cypres*.

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For Plaintiff:

Date: _____

Leopold Estrada, Jr.

For Defendants:

Date: 6-14-2022

By: David Blaine Fair
For MAD Security Services, Inc.

Date: 6-14-2022

By: David Blaine Fair
For David Blaine Fair

Date: 6-14-22

Margie Nell Fair
By:
For Margie Nell Fair

APPROVED AS TO FORM

Dated: 6/14/22

Shimoda & Rodriguez Law, PC

By: [Signature]
Galen T. Shimoda
Justin P. Rodriguez
Brittany V. Berzin
Attorney for Plaintiff and Aggrieved
Employees

APPROVED AS TO FORM

Dated: 6.14.22

COOK BROWN, LLP

By: [Signature]
Brian D. Bertossa
Attorney for Defendants