

NOTICE OF CLASS ACTION SETTLEMENT

Leticia Guevara v. ABD Insurance & Financial Services, Inc.

Superior Court of California, County of San Mateo, Case No. 21-CIV-02797

PLEASE READ THIS NOTICE CAREFULLY. YOUR LEGAL RIGHTS ARE AFFECTED WHETHER YOU ACT OR NOT.

This Court authorized this notice. This is not a solicitation from a lawyer.

A proposed class and representative action settlement has been reached between the parties in the above-entitled case and preliminarily approved by the Court as described below. You have received this notice because ABD Insurance & Financial Services, Inc.'s records indicate that you are a Class Member and/or Aggrieved Employee as defined below and are entitled to participate in the Settlement.

Your estimated Individual Settlement Allocation is [INSERT INDIV SETTLEMENT ALLOCATION].

ABD's records indicate that: you [are/are not] a Class Member.

Your estimated Individual PAGA Allocation is [INSERT INDIV PAGA ALLOCATION].

ABD's records indicate that: you [are/are not] an Aggrieved Employee.

The Settlement resolves a class action lawsuit entitled Guevara v. ABD Insurance & Financial Services, Inc., that was commenced by Plaintiff Leticia Guevara ("Plaintiff") on May 17, 2021, San Mateo County Superior Court, Case No. 30-2019-01057617 (the "Action"). Plaintiff alleges Defendant violated the California Labor Code, California Business & Professions Code, and owes penalties under the California Private Attorneys' General Act, Cal. Lab. Code §§ 2698, *et seq.* ("PAGA"). Defendant denies all allegations in the lawsuit and maintains it has fully complied with the law.

The parties have reached this Settlement to avoid the costs and risks of further litigation. The Settlement provides payments to Settlement Class Members and Aggrieved Employees based on how long he or she worked for Defendant during the relevant time period (as described on page 2).

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

DO NOTHING	If you want to participate in the Settlement and receive your share of the Settlement proceeds then you should do nothing, and you will receive your Individual Settlement Payment and/or Individual PAGA Payment, if applicable. In return, you will give up certain rights and will be bound by the Settlement Agreement and the applicable Released Claims.
OBJECT	You may also object and tell the Court why you don't like the Settlement by submitting a written statement to the Settlement Administrator ("Notice of Objection") according to the instructions contained in this Notice. If the Court approves the Settlement despite your Notice of Objection, you will still be bound by the settlement and subject to the applicable Released Claims.
REQUEST EXCLUSION FROM THE SETTLEMENT	If you wish to be excluded from the settlement, you must submit a written request to be excluded to the Settlement Administrator ("Request for Exclusion") according to the instructions contained in this Notice. If you submit a Request for Exclusion, you will not be bound by the Settlement (including, but not limited to the applicable Released Claims described under section 6) but you will <u>not</u> receive your Individual Settlement Payment under to the Settlement. You will also <u>not</u> be able to object to the Settlement. Aggrieved Employees cannot request exclusion from the release of Released PAGA Claims and will receive their Individual PAGA Allocation.

- **Your options are more fully explained below. The deadline to submit a Notice of Objection, Request for Exclusion, and/or Workweek Dispute is [INSERT – Deadline - 60 days from original mailing of notice].**

1. WHO IS IN THE CLASS AND SUBCLASSES?

ABD's records show that you are a member of at least one of the following groups, which are defined as:

CLASS MEMBERS: all current or former hourly-paid and/or non-exempt employees, including those allegedly misclassified by NewFront Insurance Services, LLC ("NewFront") as independent contractors, who worked for Defendant within the State of California at any time during the Class Period who have not signed arbitration agreements.

"Class Period" means the time period from May 17, 2017 through [Preliminary Approval].

AGGRIEVED EMPLOYEES: all current or former hourly-paid and/or non-exempt employees, including those misclassified by NewFront as independent contractors, who worked for Defendant within the State of California at any time during the PAGA Period.

"PAGA Period" means the time period from May 17, 2020 to [Preliminary Approval].

2. WHY DID I RECEIVE THIS NOTICE?

Plaintiffs and ABD have entered into the Stipulation of Class and PAGA Settlement ("Settlement Agreement" or "Settlement") that will, if finally approved by the Court, fully resolve this case. The Settlement Agreement sets forth the details of the Settlement. You may obtain a copy of the Settlement Agreement from either the Settlement Administrator or Class Counsel. The proposed Settlement Agreement has been submitted to the Court, and has been preliminarily approved for settlement purposes. The Court also appointed D. Aaron Brock, Esq. and Danielle L. GruppChang of the law firm Brock & Gonzales, LLP as Class Counsel to represent you and the Class.

As a Class Member and/or Aggrieved Employee, you are entitled to share in the funds available for Settlement of this Action. You are not being sued and you will not be individually responsible for any of the attorney's fees or expenses of the litigation, as the Settlement requires those amounts to be paid from the Maximum Settlement Amount. Your rights will be affected by the Settlement Agreement described in this Notice whether you act or not.

If you are a Class Member, you will become a Settlement Class Member unless you submit a Request for Exclusion. You will receive an Individual Settlement Payment under the Agreement; you will be bound by the release of Released Claims.

If you are an Aggrieved Employee, you will receive an Individual PAGA Allocation under the Agreement; you will be bound by the release of Released PAGA Claims.

The Court must finally approve the terms of the Settlement described below as fair and reasonable to the Settlement Class, before it will take effect. If approved, the Settlement will affect all Settlement Class Members and Aggrieved Employees. The Settlement Administrator has been appointed by the Court and will make all approved settlement payments after final approval of the Settlement is granted and the Court orders them.

3. WHAT IS THIS CASE ABOUT?

Plaintiff Leticia Guevara, a former employee of Defendant, has brought the Action. On August 2, 2022, Plaintiff filed the Second Amended Class Action Complaint for Damages and Enforcement Under the Private Attorneys' General Act ("Operative Complaint" or "SAC").

Plaintiffs allege Defendant, with respect to the Non-Exempt Class, Defendant failed to properly pay overtime and minimum wages, failed to provide complaint meal and rest periods and associated premium payments, failed to timely pay wages during employment and after termination, failed to provide compliant wage statements, failed to maintain requisite payroll records, failed to reimburse necessary business expenses, and therefore engaged in unfair business practices and owes penalties under the PAGA. Plaintiffs further allege with respect to the Salaried Class, Defendant

misclassified them as exempt employees and therefore failed to properly pay overtime wages, failed to provide complaint meal and rest periods and associated premium payments, failed to timely pay wages during employment and after termination, failed to provide compliant wage statements, failed to maintain requisite payroll records, failed to reimburse necessary business expenses, and therefore engaged in unfair business practices and owes penalties under PAGA.

Defendant denies all allegations in the Action and maintains to have fully complied with the law. Defendant denies all the claims and contentions alleged in the Action and maintain they have fully complied with the law. The Court has not ruled on whether Defendant violated the law, but Plaintiffs and Defendant have agreed on the Settlement described herein.

4. WHAT ARE THE SETTLEMENT TERMS AND HOW MUCH CAN I EXPECT TO RECEIVE IF I PARTICIPATE?

a. Summary of Settlement Terms

Defendant will pay three hundred and fifty thousand dollars (\$350,000) to settle the Action (the “Maximum Settlement Amount”). From the Maximum Settlement Amount, the following Court-approved payments will be made:

- attorney’s fees in the amount of one hundred eleven thousand six hundred sixty-six dollars (\$111,666) (i.e., one third of the Maximum Settlement Amount) and reimbursement of litigation costs and expenses not to exceed fifteen thousand dollars (\$15,000) to Class Counsel (collectively referred to as the “Attorneys’ Fees and Costs”);
- the costs of settlement administration not to exceed ten thousand dollars (\$10,000) to the Settlement Administrator (“Settlement Administration Fees”);
- payment to the Plaintiff for commencing the Action in the amount of seven thousand dollars (\$7,000) (the “Enhancement Award”);
- the amount of fifty-five thousand dollars (\$55,000) allocated to the settlement of PAGA (“PAGA Payment”).

After deduction of these amounts, the remainder – the “Net Settlement Amount” – of approximately one hundred fifty one thousand three hundred thirty four thousand dollars (\$151,334) will be distributed to Settlement Class Members on a *pro rata* basis.

The PAGA Payment will be distributed as follows: 75% (i.e., \$41,250) to the California Labor Workforce Development Agency (the “LWDA Payment”) per statute and 25% (i.e., \$13,750) on a *pro rata* basis to Aggrieved Employees.

b. Calculation of Individual Settlement Allocations and Individual PAGA Allocations

The amount you may receive from the Maximum Settlement Amount as a Settlement Class Member (“Individual Settlement Payment”) depends on the number of weeks you worked for Defendant as an hourly-paid and/or non-exempt employee during the Class Period (as defined above). The actual Individual Settlement Payment will vary depending on the number of Class Members that exclude themselves from the Settlement.

The Individual Settlement Payments paid to Settlement Class Members shall be calculated by the Settlement Administrator as follows:

- The Settlement Administrator will calculate the number of PAGA Workweeks for each Settlement Class Member by determining the number of days between the hire and termination dates of employment during the Class Period (defined above), divided by seven (7).
- The Settlement Administrator will then divide the Net Settlement Amount by the Workweeks of all Settlement Class Members to yield the “Final Workweeks Value” and multiply each Settlement Class Member’s individual Workweeks by the Final Workweeks Value to yield his or her Individual Settlement Allocation.
- Each Individual Settlement Allocation will be allocated as follows: one-third (1/3) wages, one-third (1/3) penalties, and one-third (1/3) interest. The portion allocated to wages will be reported on an IRS form W-2 and the remaining portion allocated to penalties and interest will be reported on an IRS form 1099. Each Individual

Settlement Allocation will be reduced for employee's share of taxes due on the portion allocated to wages prior, the remaining amount is referred to as the "Individual Settlement Payment." Employer's share of taxes will be paid by Defendant separately and in addition to the Maximum Settlement Amount.

The Individual PAGA Allocation paid to Aggrieved Employees shall be calculated by the Settlement Administrator as follows:

- The Settlement Administrator will calculate the number of PAGA Workweeks for each Aggrieved Employee by determining the number of days between the hire and termination dates of employment during the PAGA Period (defined above), divided by seven (7).
- The Settlement Administrator will then divide the amount remaining from the PAGA Payment after reduction of the LWDA Payment which is intended for distribution to Aggrieved Employees by the PAGA Workweeks of all Aggrieved Employees to yield the "PAGA Workweeks Value" and multiply each Aggrieved Employee's individual PAGA Workweeks by the PAGA Workweeks Value to yield his or her Individual PAGA Allocation.
- Each Individual Settlement Allocation will be allocated entirely as penalties and will be reported on an IRS form 1099.

c. Who will receive settlement payments?

Any individual who is Class Member (as defined on page 2) who has not submitted a timely Request for Exclusion (i.e., a Settlement Class Member) will receive an Individual Settlement Payment and any individual who is an Aggrieved Employee (as defined on page 2) will receive an Individual PAGA Allocation.

d. How much can I expect to receive?

Page 1 of this Notice states the estimated gross amount(s) you may to receive if you participate in the Settlement. This amount is based on Defendant's employment records of your total number of Workweeks and/or PAGA Workweeks worked (as defined on page 2).

Your actual Individual Settlement Allocation and/or Individual PAGA Allocation may be reduced or increased, however, based on a variety of things such as, the number of Settlement Class Members or the number of Requests for Exclusion submitted, whether additional Class Members are identified or come forward, the amounts awarded by the Court, and the terms of the Court's anticipated final approval order.

e. Enhancement Award to the Named Plaintiff

The Court has also preliminarily approved a payment of \$7,000 to Plaintiff Leticia Guevara as an Enhancement Award. The Enhancement Award will be paid from the Maximum Settlement Amount. The Enhancement Award is to compensate Plaintiff for the risk incurred and time and efforts in assisting with the prosecution of the Action on behalf of the Class Members, Aggrieved Employees, and State of California.

f. Attorneys' Fees and Costs to Class Counsel

All payments for Class Counsel's attorney's fees and reimbursement of litigation costs and expenses (i.e., the Attorneys' Fees and Costs) will be deducted from the Maximum Settlement Amount. Class Counsel will apply to the Court for final approval of the Attorneys' Fees and Costs.

g. Settlement Administration Costs

The costs incurred by the Settlement Administrator in connection with administering the Settlement, such as providing Notice to the Class, receiving and determining Workweek Disputes, receiving and forwarding to the parties Requests for Exclusion and Notices of Objection received, if any, and calculating and distributing payments under the terms of the Settlement Agreement as approved by the Court, will be paid from the Maximum Settlement Amount in an amount not to exceed \$10,000.

The Settlement Administrator is:

[INSERT contact information]

h. Payment to the California Labor and Workforce Development Agency

Fifty-five thousand dollars (\$55,000) of the Maximum Settlement Amount will be allocated as penalties authorized by the PAGA (i.e., the PAGA Payment), of which 75% (or \$41,250) will be paid to the LWDA and 25% (or \$13,750) will be distributed to Aggrieved Employees as described above on page 4.

i. All Payments Subject to Court Approval

All of the payments listed above will be made if and only if the Court grants final approval of the Settlement Agreement based on its finding that the Settlement is reasonable, fair, and adequate for the Class. The above-listed payments may be adjusted by the Court.

5. WHAT ARE MY OPTIONS?

You may participate in the Settlement, in which case you need not take any action as this will occur automatically. Alternatively, you can request exclusion from the Settlement or object to the Settlement. The option you choose affects whether you will receive an Individual Settlement Payment and whether you give up certain rights. These options are also briefly summarized in the chart on the first page of this Notice.

a. How do I request to be excluded from the Settlement?

If you do not wish to participate in the Settlement, you must submit a written Request for Exclusion to the Settlement Administrator, by mail, on or before [the Response Deadline]. The date of the postmark on the return mailing envelope will be the exclusive means to determine whether a Request for Exclusion has been timely submitted. If you submit a Request for Exclusion you may not make any objection to the Settlement Agreement. Aggrieved Employees may not request exclusion from the release of Released PAGA Claims.

A valid Request for Exclusion must be in writing and: (a) contain the case name and number of the Action (i.e., *Guevara v. ABD Insurance & Financial Services, Inc.*, San Mateo County Superior Court, Case No. 21-CIV-02797), (b) be signed by you, (c) contain your full name, address, telephone number, and the last four digits of the Social Security Number, (d) clearly state that you do not wish to be included in the Settlement, and (e) be returned by mail to the Settlement Administrator at the following address:

Guevara v. ABD Insurance & Financial Services, Inc.

[INSERT]

A Class Member who does not request exclusion from the settlement will be deemed a Settlement Class Member and will be bound by all terms of the Settlement Agreement, when the settlement is finally approved by the Court. Aggrieved Employees may not request exclusion from the release of Released PAGA Claims.

Any Class Member who submits a timely and complete Request for Exclusion shall, upon receipt, no longer be a Class Member and shall not receive an Individual Settlement Payment. Any such person, at his/her own expense, may pursue any claims he/she may have against Defendant. However, there are deadlines to pursuing such claims, known as statutes of limitation. Please consult an attorney of your choice to ensure you are not forever barred from pursuing a claim if you decide to opt out of this Settlement.

THE REQUEST FOR EXCLUSION MUST BE POSTMARKED NO LATER THAN [INSERT] IN ORDER TO BE TIMELY.

b. How do I object to the settlement?

If you choose to object to the Settlement, you may represent yourself or hire your own attorney.

In order to be timely, Notices of Objection must be mailed to the Settlement Administrator at the address listed above and postmarked no later than [the Response Deadline]. The date of the postmark on the envelope containing the Notice of Objection shall be the exclusive means used to determine whether it has been timely submitted.

A valid Notice of Objection must be timely, be in writing, and contain the following: must be in writing and include: (a) the case name and number of the Action (i.e., *Guevara v. ABD Insurance & Financial Services, Inc.*, San Mateo

County Superior Court, Case No. 21-CIV-02797); (b) the objector's full name, signature, address, and telephone number, and the last four digits of his or her Social Security number, (c) a written statement of all grounds for the objection accompanied by any legal support for such objection, and (d) copies of any papers, briefs, or other documents upon which the objection is based.

IF THE COURT REJECTS YOUR OBJECTION AND APPROVES THE SETTLEMENT, YOU WILL BE BOUND BY THE TERMS OF THE SETTLEMENT.

6. RELEASED CLAIMS -- WHAT WILL I GIVE UP IF I PARTICIPATE IN THE SETTLEMENT?

Release of Claims by Settlement Class Members.

Upon the Effective Date and full funding of the Maximum Settlement Amount, Plaintiff and all Class Members who do not submit a valid and timely Request for Exclusion (i.e., Settlement Class Members) will be deemed to have fully, finally and forever released, settled, compromised, relinquished, and discharged the Released Parties of all Released Claims he or she may have or had.

Release of Claims by Aggrieved Employees.

Upon the Effective Date and full funding of the Maximum Settlement Amount, Plaintiff and all Aggrieved Employees will be deemed to have fully, finally and forever released, settled, compromised, relinquished, and discharged the Released Parties of all Released PAGA Claims he or she may have or had.

Released Claims: any and all wage and hour claims, including, but not limited to, claims under any legal theory for failure to pay minimum wage, failure to pay overtime, failure to pay reporting time, failure to pay for all hours worked (off-the-clock work), failure to provide meal and rest periods, failure to timely pay wages and final wages, failure to reimburse for business expenses, and/or failure to furnish accurate wage statements based on the factual allegations in the operative complaint, and includes all claims for recovery of compensation, overtime pay, minimum wage, premium pay, and/or all penalties under the California Labor Code, California's Wage Orders, any city or county Living Wage Ordinances, and claims derivative and/or related to those claims, including damages, unpaid costs, penalties (including civil and statutory penalties), liquidated damages, punitive damages, interest, attorneys' fees, litigation expenses, restitution, or equitable relief, those under the Employee Retirement Income Security Act ("ERISA"), the California Business & Professions Code during the Class Period.

Released PAGA Claims: any of the Released Claims which arise under the California Private Attorneys General Act ("PAGA").

Released Parties: Defendants, and all their present and former parent companies, subsidiaries, divisions, related or affiliated companies, shareholders, officers, directors, employees, agents, attorneys, insurers, successors and assigns.

7. WILL I BE SUBJECT TO DISCIPLINE BASED ON WHETHER I PARTICIPATE IN THE SETTLEMENT?

Defendant is prohibited by law from retaliating in any way based on your decision to participate or not participate in the settlement. Your decision to participate, not participate, or object to this Settlement will not impact your employment with Defendant or Defendant's treatment of you as a former employee.

8. WHO ARE THE LAWYERS REPRESENTING THE PARTIES?

Attorneys for Plaintiff, the Class, and the Aggrieved Employees: Attorneys for Defendant:

D. Aaron Brock
Danielle L. GruppChang
Brock & Gonzales, LLP
6701 Center Drive West, Ste. 610
Los Angeles, California 90045
Tel: 310.294.9595 / Fax: 310.961.3673

Kathryn T. McGuigan
Morgan, Lewis & Bockius LLP
300 South Grand Avenue,
Twenty-Second Floor
Los Angeles, California 90071

9. WHERE CAN I GET ADDITIONAL INFORMATION?

This Notice only summarizes this Action, the Settlement, and related matters. You can obtain a copy of the Settlement Agreement and other settlement-related documents at the following website: [INSERT - website name.]

You may also contact the following court-appointed neutral third-party Settlement Administrator for more information:

Guevara v. ABD Insurance & Financial Services, Inc.

[insert]

Toll Free Telephone Number: [insert]

10. FINAL APPROVAL HEARING

The **California Superior Court, County of San Mateo** will hold a hearing in **Department 21, California Superior Court, County of San Mateo, Southern Branch Offices (Hall of Justice), 400 County Center, Redwood City** on [INSERT – Final approval hearing date/time] to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court will be asked to approve the Attorneys' Fees and Costs to Class Counsel and Enhancement Award to Plaintiff. The hearing may be continued without further notice to the Settlement Class. It is not necessary for you to appear at this hearing unless you object to the proposed Settlement.

PLEASE DO NOT TELEPHONE THE COURT FOR INFORMATION REGARDING THIS SETTLEMENT OR THE ADMINISTRATION PROCESS.