

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28

This Settlement Agreement shall be binding on Plaintiff, Settlement Class Members, and Aggrieved Employees (as defined herein) and on Defendants, subject to the terms and conditions hereof and the approval of the Court.

1. On May 11, 2021 and May 6, 2022, Leticia Guevara provided written notice by certified mail to the Labor and Workforce Development Agency and Defendants of the specific provisions of the California Labor Code that she alleges Defendants violated. On May 17, 2021, Plaintiff filed a Class Action Complaint for Damages against Defendants in the Superior Court of California for the County of San Mateo, Case No. 21-CIV-02797 (“Action”). On August 3, 2021, Plaintiff filed a First Amended Class Action Complaint for Damages and Enforcement under the Private Attorneys General Act. Plaintiff will seek leave to file the Third Amended Complaint for Damages and Enforcement under the Private Attorneys General Act by way of joint stipulation alleging that Defendants violated California Labor Code with respect to all current and former hourly-paid and/or non-exempt employees who worked for Defendants within the State of California at any time since May 17, 2017 to final judgment, inclusive of those employees misclassified by Defendant NewFront as independent contractors, for failure to pay overtime wages, failure to provide meal periods and premium payments in lieu thereof, failure to provide rest periods and premium payments in lieu thereof, failure to pay minimum wages, failure to timely pay wages upon termination, failure to timely pay wages during employment, failure to provide compliant wage statements, failure to maintain complete and accurate payroll records, and failure to reimburse necessary business expenses.

2. Defendants deny all material allegations set forth in the Action, defined below, and have asserted numerous affirmative defenses. Notwithstanding, in the interest of avoiding further litigation,

Defendants desire to fully and finally settle the Action and Released Claims.

3. Class Counsel in the Action diligently investigated the proposed Class Members' claims against Defendants, including any and all applicable defenses and the applicable law. The investigation included, *inter alia*, the exchange of information, data, and documents, and review of numerous corporate policies and practices, time records, and wage statements.

4. On February 14, 2022, the Parties participated in mediation with Jeffrey Krivis, Esq. (the "Mediator"), a respected mediator of complex wage and hour actions, and eventually, after continued settlement negotiations and with the assistance of the Mediator's evaluations, the Parties reached the settlement that is memorialized herein. The settlement discussions were conducted at arm's-length, and the settlement is the result of an informed and detailed analysis of Defendants' potential liability and exposure in relation to the costs and risks associated with continued litigation. Based on the documents produced, as well as Class Counsel's own independent investigation and evaluation, Class Counsel believes that the settlement with Defendants for the consideration and on the terms set forth in this Settlement Agreement is fair, reasonable, and adequate and is in the best interest of the Class Members in light of all known facts and circumstances, including the risk of significant delay and uncertainty associated with litigation and various defenses asserted by Defendants.

5. The Parties expressly acknowledge that this Settlement Agreement is entered into solely for the purpose of compromising significantly disputed claims and that nothing herein is an admission of liability or wrongdoing by Defendants. If for any reason the Settlement Agreement is not approved, it will be of no force or effect, and the Parties shall be returned to their original respective positions.

DEFINITIONS

6. The following definitions are applicable to this Settlement Agreement. Definitions contained elsewhere in this Settlement Agreement will also be effective:

a. "Aggrieved Employees" means all current and former hourly-paid and/or nonexempt employees, including those misclassified by Defendant NewFront as independent contractors, who worked for Defendants within the State of California at any time during the PAGA Period.

b. "Attorneys' Fees and Costs" means attorneys' fees approved by the Court for Class

Counsel's litigation and resolution of this Action, and all actual costs incurred and to be incurred by Class Counsel in the Action, as set forth in Paragraph 10 below.

c. "Class Counsel" or "Plaintiff's Counsel" mean D. Aaron Brock, Esq. and Danielle L. GruppChang of Brock & Gonzales, LLP, who will seek to be appointed counsel for the Class.

d. "Class List" means a complete list of all Class Members and Aggrieved Employees that Defendants will diligently and in good faith compile from their records and provide to the Settlement Administrator. The Class List will be formatted in a readable Microsoft Office Excel spreadsheet and will include each Class Member and Aggrieved Employee's full name, last known mailing address, Social Security Number, dates worked for Defendants during the Class Period and PAGA Period (where applicable), and such other information as is necessary for the Settlement Administrator to calculate Workweeks (as defined below).

e. "Class Member(s)" or "Class" mean all current and former hourly-paid and/or non-exempt employees, including those misclassified by Defendant NewFront as independent contractors, who worked for Defendants within the State of California at any time during the Class Period who have not signed arbitration agreements.

f. "Class Notice" means the Notice of Class Action and PAGA Settlement, substantially in the form attached as "**Exhibit A.**"

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

h. "Class Representative" or "Plaintiff" mean Leticia Guevara.

i. "Court" means the Superior Court of the State of California for the County of San Mateo.

j. "Defendants" means ABD Insurance & Financial Services, Inc. and NewFront Insurance Services, LLC.

k. "Defendants' Counsel" means Kathryn T. McGuigan, Esq. of Morgan, Lewis & Bockius LLP.

l. "Effective Date" means the date when all of the following events have occurred:
(1) the Settlement Agreement has been executed by all Parties, Class Counsel, and Defendants' Counsel;

(2) the Court has given preliminary approval to the Settlement; (3) the Class Notice has been mailed to the Class Members, providing them with an opportunity to object to the terms of the Settlement or opt out of the Settlement; (4) the Court has held a Final Approval Hearing and entered a Final Approval Order and Judgment; and (5) in the event there are written objections filed prior to the Final Approval Hearing which are not later withdrawn or denied, the later of the following events: five (5) business days after the period for filing any appeal, writ, or other appellate proceeding opposing the Court's Final Approval Order and Judgment has elapsed without any appeal, writ, or other appellate proceeding having been filed; or, if any appeal, writ, or other appellate proceeding opposing the Court's Final Approval Order and Judgment has been filed, five business days after any appeal, writ, or other appellate proceedings opposing the Settlement has finally and conclusively dismissed with no right to pursue further remedies or relief.

m. "Enhancement Award" means the amount to be paid to Plaintiff Leticia Guevara in recognition of her effort and work in prosecuting the Action on behalf of Class Members and in exchange for a general release, as set forth in Paragraph 11 below.

n. "Final Approval" means the determination by the Court that the settlement is fair, reasonable, and adequate, and entry of the Final Approval Order and Judgment based thereon.

o. "Final Approval Hearing" means the hearing at which the Court will consider and determine whether the settlement should be granted Final Approval.

p. "Individual PAGA Allocation" means the *pro rata* share of the PAGA Payment that an Aggrieved Employee will receive, to be calculated in accordance with Paragraph 14.

q. "Individual Settlement Payment" means the net payment of each Settlement Class Member's Individual Settlement Allocation, after reduction for the employee's share of taxes and withholdings with respect to the wages portion of the Individual Settlement Allocation, as provided in Paragraph 26 below.

r. "Individual Settlement Allocation" means the *pro rata* share of the Net Settlement Amount that a Class Member may be eligible to receive under the Settlement Agreement, to be calculated in accordance with Paragraph 14.

s. "LWDA Payment" means the amount that the Parties have agreed to pay to the

California Labor and Workforce Development Agency (“LWDA”) as set forth in Paragraph 13.

t. “Net Settlement Amount” means the portion of the Maximum Settlement Amount that is available for distribution to Settlement Class Members, which is the Maximum Settlement Amount less the Court-approved Enhancement Award, Settlement Administration Fees, PAGA Payment, and Attorneys' Fees and Costs.

u. “Notice of Objection” means a Class Member’s valid and timely written objection to the Settlement Agreement, which must be in writing and include: (a) the case name and number of the Action; (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.

v. “Operative Complaint” means the Second Amended Class Action Complaint for Damages and Enforcement under the Private Attorneys General Act.

w. “Parties” means Plaintiff and Defendants, collectively, and “Party” means either Plaintiff or Defendants.

x. “PAGA Payment” means the amount allocated towards PAGA penalties.

y. “PAGA Period” means the time period from May 17, 2020 to preliminary approval.

z. “PAGA Workweeks” means the number of weeks each Aggrieved Employee worked for Defendants as an hourly-paid and/or non-exempt employee during the PAGA Period, which will be calculated by the Settlement Administrator by determining the number of days between the hire and termination dates of employment during the Class Period (or the date of preliminary approval, which ever is later), divided by seven (7). Each Aggrieved Employee will be credited with at least one (1) PAGA Workweeks.

aa. “Preliminary Approval” means entry of the Court order granting preliminary approval of the Settlement Agreement.

bb. “Released Claims” means 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,

1 failure to pay reporting time, failure to pay for all hours worked (off-the-clock work), failure to provide
2 meal and rest periods, failure to timely pay wages and final wages, failure to reimburse for business
3 expenses, and/or failure to furnish accurate wage statements based on the factual allegations in the
4 operative complaint, and includes all claims for recovery of compensation, overtime pay, minimum
5 wage, premium pay, and/or all penalties under the California Labor Code, California's Wage Orders,
6 any city or county Living Wage Ordinances, and claims derivative and/or related to those claims,
7 including damages, unpaid costs, penalties (including civil and statutory penalties), liquidated damages,
8 punitive damages, interest, attorneys' fees, litigation expenses, restitution, or equitable relief, those
9 under the Employee Retirement Income Security Act ("ERISA"), the California Business & Professions
10 Code during the Class Period.

11 cc. "Released PAGA Claims" means any of the Released Claims which arise under
12 the California Private Attorneys General Act ("PAGA").

13 dd. "Released Parties" means Defendants, and all their present and former parent
14 companies, subsidiaries, divisions, related or affiliated companies, shareholders, officers, directors,
15 employees, agents, attorneys, insurers, successors and assigns.

16 ee. "Request for Exclusion" means a timely letter submitted by a Class Member
17 indicating a request to be excluded from the settlement. The Request for Exclusion must: (a) contain
18 the case name and number of the Action, (b) be signed by the Class Member, (c) contain the full name,
19 address, telephone number, and the last four digits of the Social Security Number of the Class Member
20 requesting exclusion, (d) clearly state that the Class Member does not wish to be included in the
21 settlement, and (e) be returned by mail to the Settlement Administrator at the specified address,
22 postmarked on or before the Response Deadline. The date of the postmark on the return mailing
23 envelope on the submission will be the exclusive means to determine whether a Request for Exclusion
24 has been timely submitted. A Class Member who does not request exclusion from the settlement will
25 be deemed a Settlement Class Member and will be bound by all terms of the Settlement Agreement, if
26 the settlement is granted Final Approval by the Court. Aggrieved Employees may not request exclusion
27 from the release of Released PAGA Claims.

28 ff. "Response Deadline" means the deadline by which Class Members and Aggrieved

1 Employees must submit a Request for Exclusion (where applicable), Notice of Objection, and/or
2 Workweek Dispute, which shall be the date that is sixty (60) calendar days from the initial mailing of
3 the Class Notice by the Settlement Administrator, unless the 60th day falls on a Sunday or Federal
4 holiday, in which case the Response Deadline will be extended to the next day on which the U.S. Postal
5 Service is open. The Response Deadline may also be extended by express agreement between Class
6 Counsel and Defendants' Counsel. Under no circumstances, however, will the Settlement Administrator
7 have the authority to extend the Response Deadline. In the event that a Class Notice is re-mailed to a
8 Class Member or Aggrieved Employee, the Response Deadline for that Class Member/Aggrieved
9 Employee shall be the extended by fifteen (15) calendar days.

10 gg. "Settlement Administrator" means Simpluris, or any other third-party class
11 action settlement administrator agreed to by the Parties and approved by the Court for purposes of
12 administering this settlement. The Parties each represent that they do not have any financial interest in
13 the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that
14 could create a conflict of interest.

15 hh. "Settlement Administration Fees" means the costs payable from the Maximum
16 Settlement Amount, subject to Court approval, to the Settlement Administrator for administering this
17 settlement, as set forth in Paragraph 12 below.

18 ii. "Settlement Class Members" means all Class Members who do not submit a valid
19 and timely Request for Exclusion.

20 jj. "Maximum Settlement Amount" means the amount of three hundred thirty five
21 thousand dollars and no cents (\$335,000.00) to be paid by Defendants in full resolution of all Released
22 Claims and the Action, which includes all Attorneys' Fees and Costs, Enhancement Award, PAGA
23 Payment (which includes the Aggrieved Employees' portion of the PAGA Payment and the LWDA
24 Payment), Net Settlement Amount to be paid to the Settlement Class Members, and Settlement
25 Administration Fees. The employer's share of taxes on the wages portion of Individual Settlement
26 Allocations will be paid separately and in addition to the Maximum Settlement Amount.

27 kk. "Workweeks" means the number of weeks each Class Member worked for
28 Defendants as an hourly-paid and/or non-exempt employee during the Class Period, which will be

calculated by the Settlement Administrator by determining the number of days between the hire and termination dates of employment during the Class Period (or the date of preliminary approval, which ever is later), divided by seven (7). Each Class Member will be credited with at least one (1) Workweeks.

11. “Workweek Dispute” means a written letter from a Class Member to the Settlement Administrator that disputes the number of Workweeks or PAGA Workweeks attributed to them. A valid Workweek Dispute must: (a) contain the case name and number of the Action, (b) be signed by the Class Member, (c) contain the full name, address, telephone number, and the last four digits of the Social Security Number of the disputing Class Member, (d) clearly state that the Class Member disputes the number of Workweeks and/or PAGA Workweeks credited to him or her and what he or she contends is the correct number to be credited to him or her, (e) include information and/or attaches documentation demonstrating that the number of Workweeks and/or PAGA Workweeks that he or she contends should be credited to him or her are correct, and (f) be returned by mail to the Settlement Administrator at the specified address, postmarked on or before the Response Deadline. The date of the postmark on the return mailing envelope on the submission will be the exclusive means to determine whether a dispute has been timely submitted.

CLASS CERTIFICATION

7. For the purposes of this settlement only, the Parties stipulate to the certification of the following Class: all current and former hourly-paid and/or non-exempt employees who worked for any of the Defendants within the State of California at any time during the Class Period, inclusive of those employees misclassified by Defendant NewFront as independent contractors.

8. The Parties agree that certification for the purpose of settlement is not an admission that certification is proper under Section 382 of the California Code of Civil Procedure. Should, for whatever reason, the Court not grant Final Approval, the Parties' stipulation to class certification as part of the settlement shall become null and void *ab initio* and shall have no bearing on, and shall not be admissible in connection with, the issue of whether or not certification would be inappropriate in a non-settlement context.

TERMS OF AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements set

1 forth herein, the Parties agree, subject to the Court's approval, as follows:

2 9. Funding of the Maximum Settlement Amount. Within fifteen (15) calendar days after the
3 Effective Date, the Settlement Administrator will provide the Parties with an accounting of the amounts
4 to be paid by Defendants pursuant to the terms of the Settlement Agreement. Within thirty (30) calendar
5 days of the Effective Date, Defendants will make a one-time deposit of the Maximum Settlement Amount
6 into a settlement account to be established by the Settlement Administrator. Within seven (7) calendar
7 days of the funding of Maximum Settlement Amount, the Settlement Administrator will issue payments
8 due under the settlement and approved by the Court, as follows: (a) Individual Settlement Payments to
9 Settlement Class Members; (b) LWDA Payment to the Labor and Workforce Development Agency and
10 Individual PAGA Allocations to Aggrieved Employees; (c) Enhancement Award to Plaintiff; and (d)
11 Attorneys' Fees and Costs to Class Counsel. The Settlement Administrator will also issue a payment to
12 itself for Court-approved services performed in connection with the settlement.

13 10. Attorneys' Fees and Costs. Class Counsel will request and Defendants will not oppose
14 attorneys' fees of up to one third (1/3) of the Maximum Settlement Amount (i.e., up to one hundred
15 eleven thousand six hundred sixty six dollars (\$111,666.00)) and reimbursement of actual costs and
16 expenses associated with Class Counsel's litigation and settlement of the Action, in an amount not to
17 exceed fifteen thousand dollars and no cents (\$15,000.00), both of which will be paid from the Maximum
18 Settlement Amount subject to Court approval. These amounts will cover any and all work performed
19 and any and all costs incurred by Class Counsel in connection with the litigation of the Action, including
20 without limitation all work performed and costs incurred to date, and all work to be performed and all
21 costs to be incurred in connection with obtaining the Court's approval of this Settlement Agreement,
22 including any objections raised and any appeals necessitated by those objections. Class Counsel shall
23 be solely and legally responsible for correctly characterizing this compensation for tax purposes and for
24 paying any taxes on the amounts received. Any portion of the Attorneys' Fees and Costs not awarded to
25 Class Counsel shall be a part of the Net Settlement Amount for the benefit of Settlement Class Members.

26 11. Enhancement Award. In recognition of her efforts and work in prosecuting the Action,
27 Defendants agree not to oppose or impede any application or motion for Enhancement Award in an
28 amount up to seven thousand dollars and no cents (\$7,000.00) to Plaintiff Leticia Guevara. The

Enhancement Award, which will be paid from the Maximum Settlement Amount, subject to Court approval, in addition to her Individual Settlement Payment and/or Individual PAGA Allocation that is to be paid pursuant to the settlement. The Settlement Administrator will issue an IRS Form 1099 to Plaintiff for the Enhancement Award, and Plaintiff shall be solely and legally responsible for correctly characterizing this compensation for tax purposes and for paying any taxes on the amounts received. Plaintiff agrees to indemnify and hold Defendants harmless from any claim or liability for taxes, penalties, or interest arising as a result of the Enhancement Award. Should the Court approve the Enhancement Award to Plaintiff in an amount that is less than that set forth above, the difference between the lesser amount approved by the Court and the amount allocated toward the Enhancement Award will be part of the Net Settlement Amount for the benefit of Settlement Class Members.

12. Settlement Administration Fees. The Settlement Administrator will be paid for the reasonable costs of administration of the Settlement and distribution of payments under the settlement, which is currently estimated not to exceed Ten Thousand Dollars (\$10,000). These costs, which will be paid from the Maximum Settlement Amount, subject to Court approval, will include, *inter alia*, printing, distributing, and tracking Class Notices and other documents for this settlement, calculating and distributing payments due under the settlement, issuing of 1099 and W-2 IRS Forms and all required tax reporting, filings, withholdings, and remittances, providing necessary reports and declarations, and other duties and responsibilities set forth herein to process this settlement, and as requested by the Parties. To the extent actual Settlement Administration Fees are greater than the estimated amount stated herein, such excess amount will be deducted from the Maximum Settlement Amount, subject to approval by the Court. Any portion of the estimated, designated, and/or awarded Settlement Administration Fees which are not in fact required to fulfill payment to the Settlement Administrator to undertake the requirement settlement administration duties will become part of the Net Settlement Amount.

13. Labor and Workforce Development Agency Payment. Subject to approval by the Court, the Parties agree that the amount of fifty five thousand dollars and no cents (\$55,000.00) from the Maximum Settlement Amount will be allocated toward penalties under the Private Attorneys General Act, California Labor Code Section 2698, *et seq.* ("PAGA Payment"), of which seventy-five percent (75%), or \$41,250.00, will be paid to the LWDA (i.e., the LWDA Payment) and twenty-five percent

(25%) or, \$13,750.00, will be distributed to Aggrieved Employees.

14. Individual Settlement Allocation and Individual PAGA Allocation Calculations.

a. Individual Settlement Allocations will be calculated and apportioned from the Net Settlement Amount based on the Class Members' Workweeks, as follows:

i. After Preliminary Approval of the Settlement, the Settlement Administrator will divide the Net Settlement Amount by the Workweeks of all Class Members to yield the "Estimated Workweeks Value," and multiply each Class Member's individual Workweeks by the Estimated Workweeks Value to yield his or her estimated Individual Settlement Allocation that he or she may be eligible to receive under the Settlement.

ii. After Final Approval of the Settlement, the Settlement Administrator will divide the final Net Settlement Amount by the Workweeks of all Settlement Class Member 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.

b. Individual PAGA Allocations will be calculated and apportioned from that portion of the PAGA Payment which is net of the LWDA Payment and intended for distribution to Aggrieved Employees as described in Paragraph 13, above, and based on the Aggrieved Employee's PAGA Workweeks, as follows:

i. After Preliminary Approval of the Settlement, the Settlement Administrator will divide that portion of the PAGA Payment which is net of the LWDA Payment and intended for distribution to Aggrieved Employees (i.e., \$13,750.00) by the PAGA Workweeks of all Aggrieved Employees to yield the "Estimated PAGA Workweeks Value," and multiply each Aggrieved Employee's individual PAGA Workweeks by the Estimated PAGA Workweeks Value to yield his or her estimated Individual PAGA Allocation that he or she may be eligible to receive under the Settlement.

15. Settlement Awards Do Not Trigger Additional Benefits. All payments made under the

1 settlement shall be deemed to be paid to the payee solely in the year in which such payments actually
2 are issued to the payee. It is expressly understood and agreed that payments made under this settlement
3 shall not in any way entitle Plaintiff or any Settlement Class Member or Aggrieved Employee to
4 additional compensation or benefits under any new or additional compensation or benefits, or any bonus,
5 contest or other compensation or benefit plan or agreement in place during the Class Period, nor will it
6 entitle any Settlement Class Member or Aggrieved Employee to any increased retirement, 401K benefits
7 or matching benefits, or deferred compensation benefits (notwithstanding any contrary language or
8 agreement in any benefit or compensation plan document that might have been in effect during the Class
9 Period).

10 16. Delivery of the Class List. Within fourteen (14) calendar days of Preliminary Approval,
11 Defendants will provide the Class List to the Settlement Administrator.

12 17. Notice by First-Class U.S. Mail.

13 a. Within fourteen (14) calendar days after receiving the Class List from Defendants,
14 the Settlement Administrator will perform a search based on the National Change of Address Database
15 or any other similar services available, such as provided by Experian, for information to update and
16 correct for any known or identifiable address changes, and will mail a Class Notice (in the form attached
17 as **Exhibit A** to this Settlement Agreement) to all Class Members and Aggrieved Employees via First-
18 Class U.S. Mail, using the most current, known mailing addresses identified by the Settlement
19 Administrator.

20 b. With respect to Class Notices that are returned as undeliverable on or before the
21 Response Deadline, the Settlement Administrator will search for an alternate address by way of skip-
22 trace and re-mail the Class Notice within five (5) calendar days.

23 18. Workweek Disputes. Class Members and Aggrieved Employees will have an opportunity
24 to dispute the number of Workweeks and/or PAGA Workweeks to which they have been credited, as
25 reflected in their respective Class Notices. In order to dispute Workweeks and/or PAGA Workweeks,
26 Class Members/Aggrieved Employees must submit a valid Workweek Dispute. Absent evidence
27 rebutting the accuracy of Defendants' records and data as they pertain to the number of Workweeks
28 and/or PAGA Workweeks to be credited to a disputing Class Member/Aggrieved Employee, Defendants'

records will be presumed correct and determinative of the dispute. However, if a Class Member/Aggrieved Employee produces information and/or documents to the contrary, the Settlement Administrator will evaluate the materials submitted by the Class Member/Aggrieved Employee and the Settlement Administrator will resolve and determine the number of eligible Workweeks and/or PAGA Workweeks that the disputing Class Member/Aggrieved Employee should be credited with under the settlement. The Settlement Administrator's decision on such disputes will be final and non-appealable.

19. Settlement Checks. The Settlement Administrator will be responsible for undertaking appropriate deductions, required tax reporting, and issuing the Individual Settlement Payments and/or Individual PAGA Allocations by way of check to the Settlement Class Members and/or Aggrieved Employees in accordance with this Settlement Agreement. Each check will be valid and negotiable for one hundred and eighty (180) calendar days from the date the checks are issued, and thereafter, shall be cancelled. All funds associated with such cancelled checks will be transmitted to the State Controller Unclaimed Property Fund in the name of the appropriate Class Member/Aggrieved Employee. The Settlement Administrator shall undertake amended and/or supplemental tax filings and reporting, required under applicable local, state, and federal tax laws, that are necessitated due to the cancellation of any checks. Class Members/Aggrieved Employees whose checks are cancelled shall, nevertheless, be bound by this Settlement Agreement.

20. Procedure for Requesting Exclusion from the Settlement. Any Class Member wishing to be excluded from the Settlement must submit a written Request for Exclusion to the Settlement Administrator, by mail, within 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. The Settlement Administrator will certify jointly to Class Counsel and Defendants' Counsel the Requests for Exclusion that were timely submitted, and also identify the individuals who have submitted a timely and valid Request for Exclusion in a declaration that is to be filed with the Court in advance of the Final Approval Hearing. Any Class Member who submits a Request for Exclusion is prohibited from making any objection to the Settlement Agreement. Aggrieved Employees may not request exclusion from the release of Released PAGA Claims.

21. Settlement Terms Bind All Class Members Who Do Not Request Exclusion. Any Class

1 Member who does not affirmatively request exclusion from the settlement by submitting a timely and
2 valid Request for Exclusion will be bound by all of the terms of the Settlement Agreement, including
3 and not limited to those pertaining to the Released Claims, as well as any judgment that may be entered
4 by the Court if it grants Final Approval to the settlement. Notwithstanding the foregoing, Aggrieved
5 Employees may not request to be excluded from the settlement of the Released PAGA Claims.

6 22. Procedures for Objecting to the Settlement. To object to the settlement, Class Members
7 who have not opted out of the Settlement (i.e., Settlement Class Members) must submit a timely and
8 complete Notice of Objection to the Settlement Administrator, by mail, on or before the Response
9 Deadline. The Notice of Objection must be signed by the Settlement Class Member and contain all
10 information required by this Settlement Agreement. The postmark date will be deemed the exclusive
11 means for determining that the Notice of Objection is timely. At no time will any of the Parties or their
12 counsel seek to solicit or otherwise encourage Settlement Class Members to object to the Settlement
13 Agreement or appeal from the Final Approval Order and Judgment. Settlement Class Members may
14 also present their objection at the Final Approval Hearing.

15 23. Reports by the Settlement Administrator Regarding Settlement Administration. The
16 Settlement Administrator will provide Defendants' Counsel and Class Counsel a weekly report which
17 certifies: (a) the number of Class Members/Aggrieved Employees who have submitted a Workweek
18 Dispute; (b) the number of Class Members who have submitted timely and valid Requests for Exclusion
19 or timely and complete Notices of Objection; and (c) the number of undeliverable and re-mailed Class
20 Notices. Additionally, the Settlement Administrator will provide to counsel for both Parties any updated
21 reports regarding the administration of the Settlement Agreement as needed or requested, and
22 immediately notify the Parties when it receives a request from an individual or any other entity regarding
23 inclusion in the Class and/or settlement.

24 24. Certification of Completion. Upon completion of administration of the settlement, the
25 Settlement Administrator will provide a written declaration under oath to certify such completion to the
26 Court and counsel for all Parties.

27 25. Treatment of Individual Settlement Payments. Each Individual Settlement Allocation will
28 be allocated as follows: one-third (1/3) wages, one-third (1/3) penalties, and one-third (1/3) interest.

1 The portion allocated to wages will be reported on an IRS Form W-2 and the portions allocated to
2 interest and penalties will be reported on an IRS Form-1099 by the Settlement Administrator. Each
3 Individual PAGA Allocation will be allocated entirely as penalties and will be reported on an IRS Form-
4 1099 by the Settlement Administrator. The Settlement Administrator will withhold the employee's share
5 of taxes and withholdings with respect to the wages portion of the Individual Settlement Allocations,
6 and issue checks to Settlement Class Members for their Individual Settlement Payments (i.e., payment
7 of their Individual Settlement Allocation net of these taxes and withholdings). The employer's share of
8 taxes and contributions on the wages portion of Individual Settlement Allocations will be paid separately
9 and in addition to the Maximum Settlement Amount.

10 26. Administration of Taxes by the Settlement Administrator. The Settlement Administrator
11 will be responsible for issuing to Plaintiff, Settlement Class Members, Aggrieved Employees, and Class
12 Counsel any W-2, 1099, or other tax forms as may be required by law for all amounts paid pursuant to
13 this Settlement Agreement. The Settlement Administrator will also be responsible for forwarding all
14 payroll taxes, contributions, and withholdings to the appropriate government authorities.

15 27. Tax Liability. Plaintiff, Class Counsel, Defendants, and Defendants' Counsel do not
16 intend anything contained in this Settlement Agreement to constitute advice regarding taxes or
17 taxability, nor shall anything in this Settlement Agreement be relied on as such. Plaintiff, Settlement
18 Class Members, and Aggrieved Employees understand and agree that Plaintiff, Settlement Class
19 Members, and Aggrieved Employees will be solely responsible for correctly characterizing any
20 compensation received under the settlement on his/her personal income tax returns and paying any and
21 all taxes due for any and all amounts paid to them under the settlement.

22 28. Circular 230 Disclaimer. EACH PARTY TO THIS SETTLEMENT AGREEMENT (FOR
23 PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY TO THIS
24 SETTLEMENT AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER
25 PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS SETTLEMENT
26 AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR
27 AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS
28 INTENDED TO BE, NOR WILL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE

OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS SETTLEMENT AGREEMENT, (B) HAS NOT ENTERED INTO THIS SETTLEMENT AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISOR TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISOR'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS SETTLEMENT AGREEMENT.

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

30. 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.

31. 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.

32. Duties of the Parties with Respect to Obtaining Preliminary Approval of the Settlement.

Upon execution of this Settlement Agreement, Plaintiff shall promptly obtain a hearing date for Plaintiff's Motion for Preliminary Approval of the Settlement, which Plaintiff and Class Counsel will be responsible for drafting, and submit this Settlement Agreement to the Court in support of said motion. Class Counsel will provide Defendants' Counsel a draft of the Preliminary Approval Motion before the filing deadline. Defendants agree not to oppose the Motion for Preliminary Approval of the Settlement consistent with this Settlement Agreement. Said motion shall apply to the Court for the entry of an order ("Preliminary Approval Order"), which shall be mutually agreed upon by the Parties, seeking the following:

- a. Conditionally certifying the Class for settlement purposes only;
- b. Granting Preliminary Approval of the Settlement;
- c. Preliminarily appointing Plaintiff as representative of the Class;
- d. Preliminarily appointing Plaintiff's Counsel as counsel for the Class;
- e. Approving, as to form and content, the mutually-agreed upon and proposed Class Notice and directing its mailing to the Class by first class mail;
- f. Approving the manner and method for Class Members to request exclusion from the Settlement as contained herein and within the Class Notice; and
- g. Scheduling a Final Approval Hearing at which the Court will determine whether the Settlement should be finally approved as fair, reasonable and adequate as to the Settlement Class Members.

33. Duties of the Parties with Respect to Obtaining Final Approval of the Settlement. After the Response Deadline, and with the Court's permission, a Final Approval Hearing will be conducted to determine whether Final Approval of the Settlement should be granted, along with the amounts properly payable for (a) Individual Settlement Payments; (b) PAGA Payment; (c) Attorneys' Fees and Costs; (d) Enhancement Award; and (e) Settlement Administration Fees. The Final Approval Hearing will not be held earlier than thirty (30) calendar days after the Response Deadline. Plaintiff and Class Counsel will be responsible for drafting the motion seeking Final Approval of the Settlement. Class Counsel will

1 provide Defendants' Counsel a draft of the Final Approval Motion before the filing deadline. By way
2 of said motion, Plaintiff will apply for the entry of the mutually-agreed upon proposed order and
3 judgment ("Final Approval Order and Judgment"), which will provide for, in substantial part, the
4 following:

5 a. Approval of the Settlement as fair, reasonable, and adequate, and directing
6 consummation of its terms and provisions;

7 b. Certification of the settlement Class;

8 c. Approval of the application for Attorneys' Fees and Costs to Class Counsel;

9 d. Approval of the application for Enhancement Award to Plaintiff;

10 e. Directing Defendants to fund all amounts due under the Settlement Agreement
11 and ordered by the Court; and

12 f. Entering judgment in this Action barring and enjoining all Settlement Class
13 Members from prosecuting the Released Claims against any of the Released Parties, while maintaining
14 continuing jurisdiction, in conformity with California Rules of Court 3.769 and the Settlement
15 Agreement.

16 34. Termination or Revocation of Settlement.

17 a. If five percent (5%) or more of the Class Members submit timely and valid
18 Requests for Exclusion, Defendants may elect to rescind the Settlement Agreement. Defendants must
19 exercise this right of rescission in writing that is provided to Class Counsel within seven (7) calendar days
20 of the Response Deadline. If Defendants exercise this option, Defendants shall pay any costs of settlement
21 administration owed to the Settlement Administrator incurred up to that date.

22 b. If the Court finds the Maximum Settlement Amount to be insufficient to warrant
23 Preliminary Approval or Final Approval of the Settlement or if it does not certify the Class or does not
24 certify a class releasing claims as set forth in this Agreement, Defendants may, at their election, rescind
25 the Settlement Agreement and all actions taken in furtherance of it will thereby be null and void.

26 35. Effects of Termination of the Settlement. Termination of the Settlement Agreement shall
27 have the following effects:

28 a. The Settlement Agreement shall be void and shall have no force or effect, and no

1 Party shall be bound by any of its terms;

2 b. In the event the Settlement Agreement is terminated, Defendants shall have no
3 obligation to make any payments to any Party, Class Member, Aggrieved Employee or attorney, except
4 that the terminating Party shall pay the Settlement Administrator for services rendered up to the date the
5 Settlement Administrator is notified that the settlement has been terminated;

6 c. The Preliminary Approval Order, Final Approval Order and Judgment, including
7 any order certifying the Class, shall be vacated;

8 d. The Settlement Agreement and all negotiations, statements and proceedings
9 relating thereto shall be without prejudice to the rights of any of the Parties, all of whom shall be restored
10 to their respective positions in the Action prior to the execution of the Settlement Agreement;

11 e. Neither this Settlement Agreement, nor any ancillary documents, actions,
12 statements or filings in furtherance of the Settlement (including all matters associated with the mediation)
13 shall be admissible or offered into evidence in the Action or any other action for any purpose whatsoever;
14 and

15 f. Any documents generated to bring the settlement into effect, will be null and void,
16 and any order or judgment entered by the Court in furtherance of this Settlement Agreement will
17 likewise be treated as void from the beginning.

18 36. Escalator Clause. If it is determined that the number of Workweeks for the Class Period
19 actually exceeds 12,397 by more than ten percent (10%), the Maximum Settlement Amount will increase
20 by 1% for every 1% increase in Workweeks over the 10% threshold.

21 37. Continued Jurisdiction. After entry of judgment pursuant to the Settlement, the Court
22 will have continuing jurisdiction pursuant to Rule 3.769 of the California Rules of Court and Section
23 664.6 of the California Code of Civil Procedure, for purposes of addressing: (a) the interpretation and
24 enforcement of the terms of the settlement, (b) settlement administration matters, and (c) such post-
25 judgment matters as may be appropriate under court rules or as set forth in this Settlement Agreement.

26 38. Exhibits Incorporated by Reference. The terms of this Settlement Agreement include the
27 terms set forth in any attached exhibits, which are incorporated by this reference as though fully set
28 forth herein. Any exhibits to this Settlement Agreement are an integral part of the settlement.

1 39. Entire Agreement. This Settlement Agreement and any attached exhibits constitute the
2 entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral agreements
3 may be deemed binding on the Parties. The Parties expressly recognize California Civil Code § 1625
4 and California Code of Civil Procedure § 1856(a), which provide that a written agreement is to be
5 construed according to its terms and may not be varied or contradicted by extrinsic evidence, and the
6 Parties agree that no such extrinsic oral or written representations or terms will modify, vary or
7 contradict the terms of this Settlement Agreement.

8 40. Interim Stay of Proceedings. The Parties agree to hold in abeyance all proceedings in the
9 Action (including with respect to California Code of Civil Procedure section 583.310), except such
10 proceedings necessary to implement and complete the Settlement Agreement, pending the Final
11 Approval Hearing to be conducted by the Court.

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

16 42. Authorization to Enter into Settlement Agreement. Counsel for all Parties warrant and
17 represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement
18 Agreement and to take all appropriate actions required or permitted to be taken by such Parties pursuant
19 to this Settlement Agreement to effectuate its terms and to execute any other documents required to
20 effectuate the terms of this Settlement Agreement. The Parties warrant that they understand and have
21 full authority to enter into this Settlement Agreement, and further intend that this Settlement Agreement
22 will be fully enforceable and binding on all parties, and agree that it will be admissible and subject to
23 disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality
24 provisions that otherwise might apply under state or federal law.

25 43. Signatories. It is agreed that because the members of the Class are so numerous, it is
26 impossible or impractical to have each Settlement Class Member execute this Settlement Agreement.
27 The Class Notice will advise all Class Members of the binding nature of the release as to the Settlement
28 Class Members, and the release shall have the same force and effect as if this Settlement Agreement

were executed by each Settlement Class Member.

44. Binding on Successors and Assigns. This Settlement Agreement will be binding upon, and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

45. California Law Governs. All terms of this Settlement Agreement and attached exhibits hereto will be governed by and interpreted according to the laws of the State of California.

46. Execution and Counterparts. This Settlement Agreement is subject only to the execution of all Parties. However, the Settlement Agreement may be executed in one or more counterparts. All executed counterparts and each of them, including facsimile, electronic, and scanned copies of the signature page, will be deemed to be one and the same instrument.

47. Acknowledgment that the Settlement is Fair and Reasonable. The Parties believe this Settlement Agreement is a fair, adequate, and reasonable settlement of the Action and have arrived at this settlement after arm's-length negotiations and in the context of adversarial litigation, taking into account all relevant factors, present and potential. 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 Agreement. In addition, the Mediator may execute a declaration supporting the Settlement and the reasonableness of the Settlement and the Court may, in its discretion, contact the Mediator to discuss the Settlement and whether or not the Settlement is objectively fair and reasonable.

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

49. Plaintiff's Waiver of Right to Be Excluded. Plaintiff agrees to sign this Settlement Agreement and, by signing this Settlement Agreement, is hereby bound by the terms herein.

50. Non-Admission of Liability. The Parties enter into this Settlement Agreement to resolve the dispute that has arisen between them and to avoid the burden, expense and risk of continued litigation. In entering into this Settlement Agreement, Defendants do not admit, and specifically deny, that they have violated any state, federal, or local law; violated any regulations or guidelines

promulgated pursuant to any statute or any other applicable laws, regulations or legal requirements; breached any contract; violated or breached any duty; engaged in any misrepresentation or deception; or engaged in any other unlawful conduct with respect to their employees. Neither this Settlement Agreement, nor any of its terms or provisions, nor any of the negotiations connected with it, shall be construed as an admission or concession by Defendants of any such violations or failures to comply with any applicable law. Except as necessary in a proceeding to enforce the terms of this Settlement Agreement, this Settlement Agreement and its terms and provisions shall not be offered or received as evidence in any action or proceeding to establish any liability or admission on the part of Defendants or to establish the existence of any condition constituting a violation of, or a non-compliance with state, federal, local or other applicable law.

51. Captions. The captions and paragraph numbers in this Settlement Agreement are inserted for the reader's convenience, and in no way define, limit, construe or describe the scope or intent of the provisions of this Settlement Agreement.

52. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms and conditions of this Settlement Agreement. Accordingly, this Settlement Agreement will not be construed more strictly against one party than another merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being recognized that, because of the arms-length negotiations between the Parties, all Parties have contributed equally to the preparation of this Settlement Agreement.

53. Representation by Counsel. The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Settlement Agreement, and that this Settlement Agreement has been executed with the consent and advice of counsel, and reviewed in full.

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

55. Notices. All notices, demands, and other communications to be provided concerning this Settlement Agreement shall be in writing and delivered by overnight mail at the addresses set for below, or such other addresses as either Party may designate in writing from time to time:

To Plaintiff and Class Counsel:

D. Aaron Brock, Esq.
 Danielle L. GruppChang, Esq.
BROCK & GONZALES, LLP
 6701 Center Drive West, Ste. 610
 Los Angeles, California 90045

To Defendants:

Kathryn T. McGuigan, Esq.
MORGAN, LEWIS & BOCKIUS LLP
 300 South Grand Avenue
 Twenty-Second Floor
 Los Angeles, California 90071

56. Final Judgment. The Parties shall provide the Settlement Administrator with a copy of the Final Judgment once it is entered by the Court, and the Settlement Administrator shall post the Final Judgment on its website within three (3) business days of receipt. No individualized notice to the Class will be required.

57. Cooperation and Execution of Necessary Documents. All Parties and their counsel will cooperate with each other in good faith and use their best efforts to implement the settlement, including and not limited to, executing all documents to the extent reasonably necessary to effectuate the terms of this Settlement Agreement. If the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement Agreement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement Agreement, the Parties may seek the assistance of the Mediator and then the Court to resolve such disagreement.

58. Integration Clause. This Settlement Agreement contains the entire agreement between the Parties relating to the settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a Party or such Party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Stipulation of Class and PAGA Settlement between Plaintiff and Defendants:

IT IS SO AGREED.

Dated: 7/19/2022, 2022

PLAINTIFF LETICIA GUEVARA

DocuSigned by:

Leticia Guevara

3609C8EB20E44F0
 Leticia Guevara, Plaintiff

DEFENDANT ABD INSURANCE & FINANCIAL SERVICES, INC.

Dated: July 20, 2022

DocuSigned by:
Full Name: Jonathan Young
4D4E562F681F49A...

Title: General Counsel & Chief Compliance Officer
On behalf of ABD Insurance & Financial Services, Inc.

DEFENDANT NEWFRONT INSURANCE SERVICES, LLC

Dated: July 20, 2022

DocuSigned by:
Full Name: Jonathan Young
4D4E562F681F49A...

Full Name: Jonathan Young
Title: General Counsel & Chief Compliance Officer
On behalf of NewFront Insurance Services, LLC

APPROVED AS TO FORM

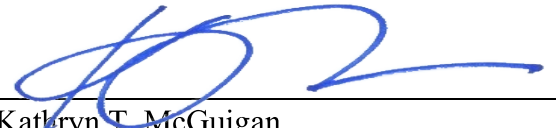
BROCK & GONZALES, LLP

Dated: _____, 2022

Danielle L. GruppChang
Attorneys for Plaintiff Leticia Guevara and Proposed Class Counsel

MORGAN, LEWIS & BOCKIUS LLP

Dated: July 21, 2022



Kathryn T. McGuigan
Attorneys for Defendants ABD Insurance & Financial Services, Inc. and NewFront Insurance Services, LLC

DEFENDANT ABD INSURANCE & FINANCIAL SERVICES, INC.

Dated: _____, 2022

Full Name: _____

Title: _____
On behalf of ABD Insurance & Financial Services, Inc.

DEFENDANT NEWFRONT INSURANCE SERVICES, LLC

Dated: _____, 2022

Full Name: _____

Title: _____
On behalf of NewFront Insurance Services, LLC

APPROVED AS TO FORM

BROCK & GONZALES, LLP

Dated: July 20, 2022



Danielle L. GruppChang
Attorneys for Plaintiff Leticia Guevara and Proposed Class Counsel

MORGAN, LEWIS & BOCKIUS LLP

Dated: _____, 2022

Kathryn T. McGuigan
Attorneys for Defendants ABD Insurance & Financial Services, Inc. and NewFront Insurance Services, LLC