

ATTORNEY OR PARTY WITHOUT ATTORNEY NAME: Nathan Reese; Alyssa Smith (PL-510067) FIRM NAME: GrahamHollis, APC STREET ADDRESS: 3555 Fifth Avenue, Suite 200 CITY: San Diego TELEPHONE NO.: 619-692-0800 EMAIL ADDRESS: nreese@grahamhollis.com and asmith@grahamhollis.com ATTORNEY FOR (name): Plaintiffs Alejandro Rico and Jose Villa SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO STREET ADDRESS: 330 W. Broadway MAILING ADDRESS: 330 W. Broadway CITY AND ZIP CODE: San Diego, CA 92101 BRANCH NAME: Hall of Justice	STATE BAR NUMBER: 283150 FOR COURT USE ONLY
PLAINTIFF/PETITIONER: Alejandro Rico, et al. DEFENDANT/RESPONDENT: Interstate Group, LLC, et al.	
NOTICE OF ENTRY OF JUDGMENT OR ORDER (Check one): ☒ UNLIMITED CASE (Amount demanded exceeded \$35,000) ☐ LIMITED CASE (Amount demanded was \$35,000 or less)	CASE NUMBER: 37-2021-00043919-CU-OE-CTL

TO ALL PARTIES :

1. A judgment, decree, or order was entered in this action on (date): April 12, 2024
2. A copy of the judgment, decree, or order is attached to this notice.

Date: May 2, 2024

Nathan Reese

(TYPE OR PRINT NAME OF ☒ ATTORNEY ☐ PARTY WITHOUT ATTORNEY)


(SIGNATURE)

PLAINTIFF/PETITIONER: Alejandro Rico, et al.
 DEFENDANT/RESPONDENT: Interstate Group, LLC, et al.

CASE NUMBER:
 37-2021-00043919-CU-OE-CTL

**PROOF OF SERVICE BY FIRST-CLASS MAIL
 NOTICE OF ENTRY OF JUDGMENT OR ORDER**

(NOTE: You cannot serve the Notice of Entry of Judgment or Order if you are a party in the action. The person who served the notice must complete this proof of service.)

1. I am at least 18 years old and **not a party to this action**. I am a resident of or employed in the county where the mailing took place, and my residence or business address is (*specify*):

2. I served a copy of the *Notice of Entry of Judgment or Order* by enclosing it in a sealed envelope with postage fully prepaid and (*check one*):

- a. ☐ deposited the sealed envelope with the United States Postal Service.
 b. ☐ placed the sealed envelope for collection and processing for mailing, following this business's usual practices, with which I am readily familiar. On the same day correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service.

3. The *Notice of Entry of Judgment or Order* was mailed:

- a. on (*date*):
 b. from (*city and state*):

4. The envelope was addressed and mailed as follows:

a. Name of person served:

Street address:

City:

State and zip code:

c. Name of person served:

Street address:

City:

State and zip code:

b. Name of person served:

Street address:

City:

State and zip code:

d. Name of person served:

Street address:

City:

State and zip code:

☐ Names and addresses of additional persons served are attached. (*You may use form POS-030(P).*)

5. Number of pages attached:

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date:

 (TYPE OR PRINT NAME OF DECLARANT)

 (SIGNATURE OF DECLARANT)

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8 Attorneys for Plaintiffs Alejandro Rico and Jose Villa,
and All Aggrieved Employees

9
10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
11 **COUNTY OF SAN DIEGO**

12 ALEJANDRO RICO, in his representative
13 capacity, and JOSE VILLA, in his
14 representative capacity, on behalf of the State of
California, the general public, and All
Aggrieved Employees,

15 Plaintiffs,

16 v.

17 INTERSTATE GROUP, LLC, a Delaware
18 limited liability company; and DOES 1 through
19 50, inclusive,

20 Defendants.
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ELECTRONICALLY RECEIVED
Superior Court of California,
County of San Diego

03/18/2024 at 03:30:07 PM

Clerk of the Superior Court
By: Nora Lopez, Deputy Clerk

FILED
Clerk of the Superior Court

APR 12 2024

By: J. Virissimo, Deputy

Case No.: 37-2021-00043919-CU-OE-CTL

**~~[PROPOSED]~~ ORDER GRANTING
PLAINTIFFS' MOTION FOR APPROVAL OF
PAGA SETTLEMENT AND ENTRY OF
JUDGMENT**

Date: April 12, 2024
Time: 10:30 a.m.
Dept: C-64
Judge: Hon. Loren G. Freestone

Complaint Filed: October 15, 2021
Trial Date: Not Set

1 Plaintiff Alejandro Rico and Plaintiff Jose Villa ("Plaintiffs") have reached an agreement to settle
2 the claims asserted in the above-entitled action (the "Action") pursuant to the terms set forth in the Parties'
3 Private Attorneys General Act (Labor Code §§ 2698, *et seq.*) Settlement Agreement and Release (the
4 "PAGA Settlement Agreement"). The Court, having considered the parties' PAGA Settlement
5 Agreement, all papers filed in this Action, all applicable law, and for good cause appearing therefor,
6 **HEREBY ORDERS THE FOLLOWING:**

7 1. This Order adopts and incorporates by reference the terms and conditions set forth in the
8 PAGA Settlement Agreement, which is attached hereto as **Exhibit A**.

9 2. Neither the Settlement nor any of the terms set forth in the PAGA Settlement Agreement
10 is an admission by Defendant.

11 3. The Court hereby grants approval of the parties' PAGA Settlement Agreement, finding
12 that it is fair and reasonable and consistent with the purposes of PAGA.

13 4. The Court approves the Maximum Settlement Amount of \$140,000.00.

14 5. Defendant shall fund the Maximum Settlement Amount within thirty calendar days upon
15 entry of this Order.

16 6. The Court approves the amount of \$77,206.36 to be paid by Defendant pursuant to the
17 terms of the PAGA Settlement Agreement to cover any and all claims for civil penalties associated with
18 Plaintiffs' representative claims under Labor Code § 2698 *et seq.* as asserted in this Action. Of the
19 \$77,206.36 to be paid by Defendant, 75% (\$57,904.77) shall be distributed to the Labor and Workforce
20 Development Agency ("LWDA") and the remaining 25% (\$19,301.59) shall be distributed to the
21 "Aggrieved Employees" as defined in the PAGA Settlement Agreement to mean all current and former
22 employees of Defendant working in California at any time between August 11, 2020 and the date of entry
23 of an Order approving this settlement or April 8, 2024, whichever comes first.

24 7. Upon the date of this Order and Judgment and funding of the Maximum Settlement
25 Amount, Plaintiffs, of the LWDA, and all Aggrieved Employees shall be deemed to have fully, voluntarily
26 and knowingly released and forever discharged any and all PAGA claims for civil penalties for Labor
27 Code violations identified, plead, or otherwise set out in Plaintiffs' letters to the LWDA and/or operative
28 Complaint filed in the Lawsuit, for the PAGA Period, as against all Released Parties including, but not

1 limited to, claims that Defendant: misclassified its exempt employees; did not provide lawful meal periods
2 and/or pay meal period premiums in lieu thereof; did not provide lawful rest periods and/or pay rest period
3 premiums in lieu thereof; did not properly pay minimum, regular, and overtime wages; did not reimburse
4 employees for necessary business expenses; did not provide accurate itemized wage statements; did not
5 timely pay all wages during and upon separation of employment; did not maintain accurate records; did
6 not maintain a safe and healthy working environment; retaliated against employees who used earned and
7 accrued sick leave; and retaliated against employees for reporting unlawful and/or unsafe conditions.
8 Plaintiffs, the LWDA and Aggrieved Employees are barred from bringing any such claims against
9 Released Parties.

10 8. The Court further finds that upon the date of this Order and Judgment, Plaintiffs shall be
11 deemed to have released, in addition to the PAGA released claims, every claim, demand, action, contract,
12 covenant, cause of action, obligation, debt, controversy, promise, agreement, liability, cost, expense and
13 lien, whether known or unknown, under federal, state or local law against Defendant and the Released
14 Parties. Plaintiffs are barred from bringing any such claims against Released Parties.

15 9. From the Maximum Settlement Amount, the Court approves the amount of attorney's fees
16 to be paid to Plaintiffs' counsel in the amount of \$46,666.67. Having incurred costs in litigating this case,
17 the Court also approves Plaintiffs' counsel's request for costs of \$8,326.97.

18 10. The Court approves the proposed amount of settlement administration fees of \$3,800.00
19 and approves Apex Class Action, LLC as the Settlement Administrator in this Action.

20 11. The Court approves the payment of an Enhancement Award to Plaintiffs, which shall not
21 exceed \$2,000.00 for each Plaintiff (\$4,000.00 in total), for their services to the LWDA and Aggrieved
22 Employees in bringing this Action.

23 12. This document shall constitute a final judgment.

24 **IT IS SO ORDERED AND JUDGMENT IS HEREBY ENTERED.**

25 Dated: 4/12/24

26 
27 Honorable Loren G. Freestone
28 Judge of the Superior Court

EXHIBIT A

PRIVATE ATTORNEYS GENERAL ACT (LABOR CODE §§ 2698, ET SEQ.)
SETTLEMENT AGREEMENT AND RELEASE

This Private Attorneys General Act ("PAGA") Settlement Agreement and Release ("Agreement") is made by and between Plaintiff Alejandro Rico ("Plaintiff Rico") and Plaintiff Jose Villa ("Plaintiff Villa") (collectively, "Plaintiffs"), acting in a private attorney general capacity, and Interstate Group, LLC ("Defendant").

This Agreement, and the settlement embodied herein shall be binding on Plaintiffs, the Aggrieved Employees they represent, the State of California and Defendant, subject to the approval of the Court. If for any reason the settlement is not approved by the Court, then the Agreement shall be automatically void and vacated.

I. DEFINITIONS

The following terms, when used in this Agreement, shall have the following meanings:

1. "Action" means the matter entitled *Rico v. Interstate Group, LLC*, San Diego County Superior Court Case No. 37-2021-00043919-CU-OE-CTL.
2. "Aggrieved Employees" shall mean "all store employees of Defendant in California at any time between August 11, 2020 and the date of entry of an Order approving this settlement or April 8, 2024, whichever comes first.
3. "Complaint" means the Representative Action Complaint and First Amended Complaint on file in this Action.
4. "Court" means the Superior Court of California for the County of San Diego.
5. "Days" in this Agreement refers to calendar days unless otherwise noted. In the event any date or deadline set forth in this Agreement falls on a weekend or a state or federal legal holiday, such date or deadline shall be on the first business day thereafter.
6. "Defendant" means Interstate Group, LLC.
7. "Defense Counsel" means Mary P. Snyder and Erik T. Johnson, Wilson Turner Kosmo LLP, 402 West Broadway, Suite 1600, San Diego, CA 92101, Tel: (619) 236-9600 / Fax: (619) 236-9669; msnyder@wilsonturnerkosmo.com, ejohnson@wilsonturnerkosmo.com.
8. "Effective Date" means ten (10) business days after the later of the following: (a) the date on which settlement approval is granted, judgment is entered thereon, and time to file a motion to vacate has run; (b) if an objection to the settlement is made, a third party seeks to intervene or files a motion to vacate the judgment, and subsequent appeal filed, the date of final affirmance on an appeal of the judgment or the date of final dismissal with prejudice of the last pending appeal from the judgment; or (c) if an objection to the settlement is made, a third party seeks to intervene or files a motion to vacate the judgment and no subsequent appeal is filed, the expiration date of the time for the filing or noticing of any form of valid appeal from the Judgment.
9. "Enhancement Award" refers to an amount, which shall not exceed Two Thousand Dollars and Zero Cents (\$2,000.00) for each Plaintiff (\$4,000.00 in total), for which Plaintiffs shall

apply to the Court as an award for their services to the LWDA and Aggrieved Employees in bringing this Action.

10. **“Individual PAGA Payment”** means the amount to be paid to each Aggrieved Employee based on the formula described herein.

11. **“Labor Code”** means the California Labor Code.

12. **“LWDA”** means the California Labor and Workforce Development Agency.

13. **“LWDA Notices”** means the written notices provided by Plaintiffs to the LWDA and Defendant on June 9, 2021, and the amendments provided by Plaintiffs to the LWDA and Defendant on August 10, 2022 and December 7, 2023.

14. **“Maximum Settlement Amount”** is the non-reversionary sum of One Hundred Forty Thousand Dollars and Zero Cents (\$140,000.00), which represents the total amount payable under this Settlement by Defendant including, without limitation, payments to all Aggrieved Employees, payment to the LWDA, payment of Plaintiffs’ attorneys’ fees and costs, payment of the Enhancement Awards and payment of Settlement Administration Costs.

15. **“Net Settlement Amount”** is the amount remaining to distribute to the LWDA and Aggrieved Employees after the following amounts (if approved by the Court) are subtracted from the Maximum Settlement Amount: (a) Plaintiffs’ attorneys’ fees up to one-third (1/3) of the Maximum Settlement Amount, which is Forty-Six Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents (\$46,666.67); (b) Plaintiffs’ attorneys’ costs up to Nine Thousand Five Hundred Dollars and Zero Cents (\$9,500.00); (c) Settlement Administration Costs; and (d) Plaintiffs’ Enhancement Awards, which shall not exceed Two Thousand Dollars and Zero Cents (\$2,000.00) to each Plaintiff, respectively.

16. **“PAGA”** means the California Labor Code Private Attorneys General Act, California Labor Code §§ 2698, *et seq.*

17. **“PAGA Period”** means the time period from August 11, 2020 to the date of entry of an Order approving this settlement or April 8, 2024, whichever comes first.

18. **“PAGA Released Claims”** mean any and all PAGA claims for civil penalties for Labor Code violations identified, plead, or otherwise set out in Plaintiffs’ letters to the LWDA and/or operative Complaint filed in the Lawsuit, for the PAGA Period, including, but not limited to, claims that Defendant: misclassified its exempt employees; did not provide lawful meal periods and/or pay meal period premiums in lieu thereof; did not provide lawful rest periods and/or pay rest period premiums in lieu thereof; did not properly pay minimum, regular, and overtime wages; did not reimburse employees for necessary business expenses; did not provide accurate itemized wage statements; did not timely pay all wages during and upon separation of employment; did not maintain accurate records; did not maintain a safe and healthy working environment; retaliated against employees who used earned and accrued sick leave; and retaliated against employees for reporting unlawful and/or unsafe conditions.

19. **“Plaintiffs”** means Alejandro Rico and Jose Villa.

20. **“Parties”** mean Plaintiffs and Defendant.

21. **“Plaintiffs’ Counsel”** means Nathan Reese and Alyssa L. Smith of GrahamHollis APC, 3555 Fifth Ave., Suite 200, San Diego, CA 92103, Tel: (619) 692-0800 / Fax: (619) 692-0822; nreese@grahamhollis.com, asmith@grahamhollis.com.

22. **“Released Parties”** means Defendant and its predecessors, merged entities, subsidiaries, affiliates, parents, and attorneys, and their respective successors and predecessors in interest, all of their respective officers, shareholders, directors, employees, administrators, fiduciaries, trustees, beneficiaries, and agents, and each of their past, present, and future, officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, attorneys, auditors, consultants, insurers, and reinsurers.

23. **“Settlement Administration Costs”** means the amount the Settlement Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with approval of this Settlement.

24. **“Settlement Administrator”** means Apex Class Action LLC the neutral entity the Parties have agreed to appoint to administer the Settlement. The Settlement Administrator shall be responsible for sending notices and for calculating settlement payments specified in the Agreement and preparing all checks and mailings.

25. **“Settlement”** means the disposition of this Action alleging claims under the Private Attorneys General Act (Labor Code §§ 2698, *et seq.*) effected by this Agreement.

II. RECITALS

1. Plaintiff Rico was employed by Defendant as an Assistant Store Manager (“ASM”) from October 4, 2019, to approximately October 18, 2019, after which he was promoted to the role of Acting Store Manager (“ATSM”). Plaintiff Rico then worked for Interstate as an ATSM from mid-October 2019 to late September 2020, and ultimately as a Store Manager (“SM”) from late September 2020 to December 22, 2020.

2. Plaintiff Villa worked for Interstate as a Parts and Services Associate (“PSA”) intermittently from approximately October 2019 to approximately December 2021.

3. On June 9, 2021, Plaintiff Rico provided written notice to the LWDA and Defendant asserting claims for civil penalties pursuant to PAGA stemming from alleged violations of the California Labor Code.

4. On October 15, 2021, Plaintiff Rico filed a Complaint entitled *Rico v. Interstate Group, LLC, San Diego County Superior Court Case No. 37-2021-00043919-CU-OE-CTL*.

5. On August 10, 2022, Plaintiffs amended their written notice to the LWDA and Defendant, which added Plaintiff Villa as an additional representative plaintiff.

6. On October 17, 2022, Plaintiffs filed their First Amended Complaint.

7. On April 14, 2023, this Court ruled on Defendant's Motion to Compel Arbitration, ordering that both Rico and Villa were required to bring their individual claims in arbitration. The Court further ruled that the representative portion of the PAGA case was to remain with the Court, but be stayed pending the resolution of Rico's and Villa's individual claims through arbitration.

8. During Summer 2023, Counsel for the Parties discussed and ultimately agreed upon a framework to attempt to resolve the Action, as well as Plaintiffs' individual arbitrations, through mediation.

9. On December 7, 2023, Plaintiffs filed a second amended notice with the LWDA and Defendant, which added factual allegations and legal theories stemming from Defendant's rounding practices.

10. In preparation for mediation, Plaintiffs sought information, data and documents from Defendant through a series of informal discovery requests to Defendant. In response to Plaintiffs' informal discovery requests, Defendant provided Plaintiffs' Counsel with information and documents pertaining to Plaintiffs and other Aggrieved Employees in order for Plaintiffs' Counsel to investigate Plaintiffs' allegations and potential penalties/exposure to Defendant for the PAGA Released Claims. Said information and documents included, *inter alia*, the timekeeping and payroll records of Plaintiffs and a sample for the Aggrieved Employees; information and documentation concerning the claims set forth in the Complaint, such as Defendant's employee handbooks, policies and procedures regarding the payment of wages, meal and rest breaks, and time keeping; and information regarding the number of Aggrieved Employees and the number of current versus former employees. Said information and documents permitted Plaintiffs' Counsel to develop a detailed analysis of the potential civil penalties exposure to Defendant. Likewise, Plaintiffs each provided responses to Defendant's informal pre-mediation requests.

11. On January 8, 2024, the Parties participated in a full-day mediation with the Honorable Jan Adler. As of the date of the mediation, there were 3,577 pay periods during the PAGA Period. A settlement was reached at the mediation, which fully and finally resolved the PAGA Released Claims as to Plaintiffs and Aggrieved Employees.

12. The Parties have arrived at the settlement after extensive, arms-length negotiations, taking into account all relevant factors, present and potential;

13. Based on their own independent investigations and evaluations, Plaintiffs and Plaintiffs' Counsel are of the opinion that the settlement for the consideration and on the terms set forth in this Agreement is genuine and meaningful, consistent with the underlying purpose of the PAGA, and is in the best interests of the Plaintiffs and the Aggrieved Employees, in light of all known facts and circumstances and the risks inherent in litigation.

14. Defendant denies all of the allegations in the Action and further denies that Defendant has committed and/or is liable for any misconduct, statutory or regulatory violation, wrongdoing, or any other actionable conduct of any kind. Defendant further denies that, for any purpose other than settling this matter, this Action is appropriate for representative treatment. During the course of this litigation, Defendant maintained, among other things, that they have complied with Federal and California law in all aspects.

15. The Parties desire to settle, compromise, and avoid litigation relating to the claims described in the pleadings in the Action, and have agreed to settle the Action upon the terms and conditions and for the consideration set forth in this Agreement.

16. The Parties, Plaintiffs' Counsel and Defense Counsel represent that other than the individual arbitrations of Plaintiffs, they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

III. OPERATIVE TERMS OF SETTLEMENT AGREEMENT

THEREFORE, in consideration of the promises and agreements contained herein, and to avoid the uncertainty, risks, costs, and delays associated with further litigation, the Parties agree and covenant as follows:

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

2. **Maximum Settlement Amount**. Defendant shall pay One Hundred Forty Thousand Dollars and Zero Cents (\$140,000.00) as the Maximum Settlement Amount in full satisfaction of the PAGA Released Claims of Plaintiffs and Aggrieved Employees to the Settlement Administrator. Defendant shall disburse the Maximum Settlement Amount in accordance with the terms of the Settlement, to the Settlement Administrator, within the timeframe specified herein.

3. **Net Settlement Amount**. The Parties agree that the following amounts should be subtracted from the Maximum Settlement Amount, if approved by the Court, resulting in a Net Settlement Amount to distribute to the LWDA and Aggrieved Employees:

a. **Plaintiffs' Attorneys' Fees and Costs**. Defendant will not oppose Plaintiffs' request for attorneys' fees in the amount of one-third (1/3) of the Maximum Settlement Amount, which if approved would be Forty-Six Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents (\$46,666.67) and costs incurred in prosecuting this Action, up to Nine Thousand Five Hundred Dollars and Zero Cents (\$9,500.00). In the event the Court approves a payment of less than these amounts, the difference will be added to the Net Settlement Amount. With the exception of the Plaintiffs' Attorneys' Fees and Costs discussed in this paragraph above, all Parties shall bear their own fees and costs. Released Parties shall have no liability to Plaintiffs, Plaintiffs' Counsel or any other Plaintiff's Counsel arising from any claim to any portion of the Plaintiffs' Attorneys' Fees and Costs. The Settlement Administrator will pay the Plaintiffs' Attorneys' Fees and Costs from the funded Maximum Settlement Amount and will issue one or more IRS 1099 Forms reflecting the payments. Plaintiffs' Counsel assumes full responsibility and liability for taxes owed on the Plaintiffs' Attorneys' Fees and Costs payment. Plaintiffs' Counsel further assumes full responsibility and agrees to hold Defendant harmless, and indemnify Defendant, from any dispute or controversy regarding any division or sharing of any of these payments among any other person representing or purporting to represent Plaintiffs.

b. Settlement Administration Costs. Defendant will not oppose Settlement Administration Costs of up to \$3,800.00 for administering the Settlement. The Settlement Administrator will pay the approved Settlement Administration Costs from the funded Maximum Settlement Amount and will report this payment on IRS Form 1099 issued to the Settlement Administrator.

c. Enhancement Award. Defendant will not oppose Plaintiffs' request for Enhancement Awards in recognition of their effort in obtaining the benefits of the Settlement. The Enhancement Payment shall not exceed Two Thousand Dollars and Zero Cents (\$2,000.00) to each Plaintiff, respectively.

4. Allocation of Net Settlement Amount. The Net Settlement Amount shall be allocated between the LWDA and the Aggrieved Employees pursuant to Labor Code Section 2699 as follows: One-Hundred Percent (100%) shall be paid as a Labor Code Section 2699 penalty payment with Seventy-Five Percent (75%) of this amount being paid to the LWDA and Twenty-Five Percent (25%) being paid to the Aggrieved Employees. The 25% portion to be paid to Aggrieved Employees will be allocated on the basis of each Aggrieved Employee's total pay periods of employment, excluding any full pay periods during which an Aggrieved Employee was on vacation, paid time off, or a leave of absence, during the PAGA Period. These payments will be characterized as penalties for tax-reporting purposes, and Aggrieved Employees will be responsible for paying any personal income taxes owed on the amounts they receive. This amount shall constitute resolution of all remedies available under Labor Code Section 2699 and shall preclude, pursuant to this Agreement, Aggrieved Employees from pursuing any PAGA Released Claims.

5. PAGA Release. In exchange for payment of the Maximum Settlement Amount, Plaintiffs, the State of California and all Aggrieved Employees forever release and discharge Defendant and all Released Parties from any and all PAGA claims for civil penalties for Labor Code violations identified, plead, or otherwise set out in Plaintiffs' letters to the LWDA and/or operative Complaint filed in the Action, for the PAGA Period, including but not limited to, claims that Defendant misclassified its exempt employees; Defendant did not provide lawful meal periods and rest breaks; Defendant did not properly pay meal and rest period premiums; Defendant did not properly pay minimum, regular, and overtime wages; Defendant did not reimburse employees for necessary business expenses; employees' wage statements were inaccurate; Defendant did not timely pay wages during employment and upon separation of employment; Defendant did not maintain accurate records; Defendant failed to maintain a safe and healthy working environment; Defendant retaliated against employees who used earned and accrued sick leave; and Defendant retaliated against employees for reporting unlawful and/or unsafe conditions. This release shall become effective upon Defendant's funding the Maximum Settlement Amount.

6. Waiver of California Civil Code § 1542. Plaintiffs agree it is their intention that this Agreement will be effective as a full and final accord and satisfaction and settlement of, and as a bar to, every claim, demand, action, contract, covenant, cause of action, obligation, debt, controversy, promise, agreement, liability, cost, expense, and lien, as referred to and released above, that they have or may have against the Released Parties. For such waiver and relinquishment, Plaintiffs acknowledge that they may, after signing this Agreement, discover facts different from or besides the facts they know or believe to be true regarding the subject of the Action and this Agreement, but they intend to fully, finally, absolutely, and forever settle all such claims, disputes, and differences that do now exist or previously have existed between the Parties. In furtherance of this intention, Plaintiffs expressly,

knowingly, and voluntarily waive all rights and benefits conferred upon them by California Civil Code § 1542, which provides:

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

Plaintiffs knowingly abandon, release, waive, and relinquish all rights and benefits they may acquire under California Civil Code § 1542 pertaining to their employment with Defendant(s), the subject of the Action and this Agreement. Plaintiffs further acknowledge this waiver of California Civil Code § 1542 was separately bargained for and is an essential and material term of this Agreement.

Notwithstanding the foregoing, the Parties acknowledge that they have separately entered into settlement agreements regarding the non-PAGA claims by Plaintiffs against Defendant that are currently pending in arbitration. Nothing in this Agreement shall be construed to limit the Parties' rights under said agreements.

7. **Entry of Judgment.** Plaintiffs shall submit a [Proposed] Order and Judgment which seeks the Court's approval of the Settlement and entry of judgment thereon, in accordance with the terms of the PAGA Settlement. The judgment will not release or bar any claims other than the PAGA Released Claims as to the Aggrieved Employees. The judgment will release and bar any and all claims, in addition to the PAGA Released Claims, as to Plaintiffs.

IV. MOTION OR APPLICATION FOR APPROVAL OF SETTLEMENT

1. **Plaintiffs' Responsibilities.** Plaintiffs' Counsel will:

a. Prepare and deliver to Defense Counsel documents necessary for obtaining approval of this Settlement under Labor Code section 2699, subdivision (1)(2) including: (i) a draft proposed Order Approving the PAGA Settlement; and (ii) a signed declaration from Plaintiffs' Counsel's firm attesting to its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Lab. Code, §2699, subd. (1)(1)), this Agreement (Lab. Code, § 2699, subd. (1)(2))). In their Declarations, Plaintiffs and Plaintiffs' Counsel shall aver that at the time of execution of this Agreement they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.

b. Finalize and file the application or motion for approval of this Settlement no later than 20 days after the full execution of this Agreement and, if necessary, obtain a prompt hearing date for the motion and appear in Court to advocate in favor of the motion. Plaintiffs' Counsel is responsible for delivering the Court's Preliminary Approval to the Settlement Administrator. Plaintiffs' Counsel shall provide the motion to Defense Counsel for review at least five (5) days prior to filing.

2. **Duty to Cooperate.** If the Parties disagree on any aspect of the proposed application or motion for approval of this Settlement and/or the supporting declarations and documents, Plaintiffs' Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by {03986517; 1}

meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant the motion for approval of this Settlement or conditions its approval on any material change to this Agreement, Plaintiffs' Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns in order to obtain court approval of the Settlement in the gross amount agreed upon herein.

V. ADMINISTRATION OF SETTLEMENT

1. **Settlement Administrator.** The Parties agree that Apex Class Action LLC will manage the administration of this Settlement. The Parties have verified that Apex Class Action LLC, as a condition of appointment, agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Settlement Administration Costs. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

2. **Employer Identification Number.** The Settlement Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports to state and federal tax authorities.

3. **Qualified Settlement Fund.** The Settlement Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.

4. **Settlement Administrator Duties.** The Settlement Administrator has a duty to perform or observe all tasks to be performed or observed by the Settlement Administrator contained in this Agreement or otherwise.

5. **Funding Obligation.** Within thirty (30) days after the Effective Date, Defendant shall pay the Settlement Administrator the One Hundred Forty Thousand Dollars and Zero Cents (\$140,000.00) Maximum Settlement Amount.

6. **Payment Distribution.** The Settlement Administrator will distribute the following payments from the Qualified Settlement Fund based on the timing set forth in Section V.7, below: (1) the 75% share of the Net Settlement Amount to the LWDA; (2) the Individual PAGA Payments; (3) the Court-approved attorneys' fees and costs to Plaintiffs' Counsel; (4) the Court-approved Settlement Administration Costs to the Settlement Administrator; and (5) the Court-approved Enhancement Awards to Plaintiffs. Disbursement of the Plaintiffs' Counsel Fees and Costs payments shall not precede disbursement of Individual PAGA Payments.

7. Provision of Information for Aggrieved Employees.

a. Within ten (10) business days after the Effective Date, Defendant shall provide to the Settlement Administrator the information specified in this section for Aggrieved Employees. Defendant will in good faith compile from their records a list of Aggrieved Employees that will be in a computer-readable format, such as a Microsoft Excel spreadsheet, and shall include each Aggrieved Employee's full name, last known mailing address, last known telephone number, start date(s) of employment, end date(s) of employment, and Social Security numbers (for purposes of issuance of {03986517; 1}

IRS Forms 1099). To protect Aggrieved Employees' privacy rights, the Settlement Administrator must maintain the Aggrieved Employee information in confidence, use the Aggrieved Employee information only for purposes of this Settlement and for no other purpose and restrict access to the Aggrieved Employee information to Settlement Administrator employees who need access to the Aggrieved Employee's data to effect and perform under this Agreement.

b. Within five (5) business days of receipt of this information, the Settlement Administrator will circulate to counsel for Plaintiffs and Defendant an anonymized spreadsheet containing the Individual PAGA Payments to each Aggrieved Employee and the data used to calculate said payments. The Settlement Administrator shall obtain approval of the calculations from the Parties within five (5) business days after receipt of such information by counsel for the Parties. Within five (5) business days after such approval is received, the Settlement Administrator shall mail the Individual PAGA Payments.

8. Explanatory Letter and Individual PAGA Payments.

a. The Settlement Administrator will include copies of the explanatory letter, which has been mutually approved by the Parties and is attached hereto as Exhibit A, in English, along with Individual PAGA Payments to all Aggrieved Employees via regular First Class U.S. Mail. The Settlement Administrator shall conduct a National Change of Address Database ("NCOAD") as well as an Accurant®, or substantially similar, skip trace prior to mailing the Individual PAGA Payments and explanatory letter. The Settlement Administrator shall exercise its best judgment to determine the current mailing address for each Aggrieved Employee.

b. The amount to be received by each Aggrieved Employee, will be based on the formula set forth in Section III.4, *supra*. Checks will remain negotiable for 180 days and the face of each check shall prominently state the date when the check will be voided. Each Individual PAGA Payment shall be deemed penalties and reported by the Settlement Administrator using IRS Form 1099. It is understood and agreed that this is a non-reversionary settlement and that Aggrieved Employees are not required to submit a claim form to receive their settlement checks.

c. The payment of Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to the Aggrieved Employees (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

d. The Settlement Administrator will cancel all checks not cashed by the void date.

9. Undeliverable Payments.

a. For any check returned as non-deliverable on or before the check cashing deadline, the Settlement Administrator will within seven (7) days of receiving the returned check, re-mail the check via regular First-Class U.S. Mail to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator will within seven (7) days of receiving the returned check, attempt to determine the correct address using another skip-trace or other search using the name, address or Social Security number of the Aggrieved Employee involved and will perform a single re-mailing. The Settlement Administrator need not take further steps to deliver checks to Aggrieved Employees whose re-mailed checks are returned as undelivered. The Settlement

Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, as requested by the Aggrieved Employee prior to the void date.

b. Defendant fully discharges its obligations to the Aggrieved Employees through the payment of the Maximum Settlement Amount to the Settlement Administrator and clearance of the settlement funds, regardless of whether checks are actually received and/or negotiated by Aggrieved Employees. Funds represented by checks returned as undeliverable after a re-mailing, and funds represented by checks remaining un-cashed for more than 180 days after issuance will be redistributed to the Parties' chosen cy pres beneficiary, California State Bar Legal Gap Fund.

c. Neither Defendant nor Plaintiffs shall bear any liability for lost or stolen checks, forged signatures on checks, or unauthorized negotiation of checks. Unless responsible by its own acts of omission or commission, the same is true for the Settlement Administrator.

10. **Accounting.** The Settlement Administrator will provide an accounting under oath to Plaintiffs' Counsel and Defense Counsel of the amounts paid from the Settlement prior to any final accounting hearing set by the Court, or in case no such hearing is required, no later than six (6) months after the Individual PAGA Payments have been disbursed, if requested by the Parties.

11. **Tax Consequences.** Neither Plaintiffs nor Defendant, nor counsel for either of the Parties, makes any representations or warranties with respect to tax consequences of any payment under this Settlement. Nothing in this Settlement should be relied upon as tax advice within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

VI. **MISCELLANEOUS PROVISIONS**

1. **Drafting.** The Parties agree that the terms and conditions of this Settlement are the result of lengthy, intensive, arm's-length negotiations between the Parties and that neither Plaintiffs nor Defendant shall be considered the "drafter" of this Settlement for purposes of having terms construed against that Party.

2. **Headings.** The descriptive heading of any section or paragraph of this Settlement Agreement is inserted for convenience of reference only and does not constitute a part of this Settlement.

3. **Successors.** This Settlement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators and successors.

4. **No Prior Assignments.** The Parties separately represent 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 released and discharged by the Party in this Settlement.

5. **Governing Law.** This Settlement shall be construed under and governed by the laws of the State of California. All questions of validity, interpretation or performance of any of its terms or of any rights or obligations of the Parties to this Settlement shall be governed by California law. If any legal or equitable action is necessary to enforce the terms of this Settlement, it shall be brought in the State of California.

6. **Complete Agreement.** The Parties each acknowledge and represent that no promise or representation not contained in this Settlement has been made to them and acknowledge and represent that this Settlement contains the entire understanding between them and contains all terms and conditions pertaining to the compromise and settlement of the PAGA Released Claims. This Settlement cannot be amended or modified except by a writing signed by the Parties hereto.

7. **Nullification of Settlement.** In the event that the Court does not approve the Settlement as provided herein or the Settlement does not become final for any other reason, then this Settlement and any documents generated to bring it into effect, will be null and void, and the Parties will be returned to their original respective positions. The Parties agree to cooperate regarding the preparation and execution of any documents necessary for effectuating this provision.

8. **Continued Jurisdiction.** After approval of this Settlement, the Court will have continuing jurisdiction solely for purposes of addressing: (i) the interpretation and enforcement of the terms of the Settlement, (ii) settlement administration matters, and (iii) such post-Judgment matters as may be appropriate under court rules or as set forth in this Settlement.

9. **Amendment or Modification.** This Settlement may be amended or modified only by a written instrument, signed by either the Parties or their successors-in-interest or counsel for all Parties, and approved by the Court.

10. **Authorization to Enter into Settlement.** Counsel for all Parties warrant and represent that they are expressly authorized by the Parties whom they represent to negotiate this Settlement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Settlement to effectuate its terms, and to execute any other court documents required to effectuate the terms of this Settlement. The Parties and their counsel will cooperate with each other and use their best efforts to effect the implementation of the Settlement. If the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of the mediator and/or the Court to resolve such disagreement.

11. **Execution and Counterparts.** This Settlement is subject only to the execution of all Parties. However, the Settlement may be executed in one or more counterparts. All executed counterparts, and each of them, including facsimile, electronic signature, and scanned copies of the signature page, will be deemed to be one and the same instrument provided that counsel for the Parties will exchange among themselves original signed counterparts.

12. **Invalidity of Any Provision.** Before declaring any provision of this Settlement 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 valid and enforceable.

13. **Severability.** If any term or provision of this Settlement is held to be invalid or unenforceable, the remaining portions of this Settlement will continue to be valid and will be performed, construed and enforced to the fullest extent permitted by law, and the invalid or unenforceable term will be deemed amended and limited in accordance with the intent of the Parties, as determined from the face of the Settlement, to the extent necessary to permit the maximum enforceability or validation of the term or provision.

14. **Waiver.** No waiver of any condition or covenant contained in this Settlement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a further waiver by such Party of the same or any other condition, covenant, right or remedy.

15. **Enforcement Action.** In the event that one or more of the Parties institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement or to declare rights and/or obligations under this Settlement, the successful Party or Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

16. **Mutual Preparation.** The Parties have had a full opportunity to negotiate the terms and conditions of this Settlement. Accordingly, this Settlement will not be construed more strictly against one Party 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 arm's-length negotiations between the Parties, all Parties have contributed to the preparation of this Settlement.

17. **Representation by Counsel.** The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Settlement, and this Settlement has been reviewed in full and is executed knowingly and voluntarily.

18. **Cooperation and Execution of Necessary Documents.** All Parties will cooperate in good faith and execute all documents to the extent reasonably necessary to effectuate the terms of this Settlement. This includes, among other things, modifying the Settlement Agreement, submitting supplemental evidence and/or supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

19. **Notice.** All notices, demands or other communications between the Parties in connection with this Agreement will be in writing to the addresses listed above for Plaintiffs' Counsel and Defense Counsel and will be deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger.

20. **Binding Agreement.** The Parties warrant that they understand and have full authority to enter into this Settlement, and further intend that this Settlement will be fully enforceable and binding on all Parties and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under federal or state law.

21. **Applicable Law.** All terms and conditions of this Agreement will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.

22. **Stay of Litigation.** The Parties agree to request that the Court lift the current stay of the Action for the sole purpose of effectuating the terms of this Agreement.

23. **Denial of Liability.** The Parties expressly recognize that the making of this Settlement does not in any way constitute an admission or concession of wrongdoing on the part of Defendant. The Parties agree that representative treatment is for purposes of this Settlement only and that entering

into this Settlement is not an admission of any kind. If for any reason the Court does not approve this Settlement, Defendant reserves all available defenses to the claims in the Action, and Plaintiffs reserve the right to contest Defendant's defenses. Nothing in this Settlement, nor any action taken in implementation thereof, nor any statements, discussions or communications, nor any materials prepared, exchanged, issued or used during the course of this Action, is intended by the Parties to, nor will any of the foregoing constitute, be introduced, be used or be admissible in any way in any other judicial, arbitral, administrative, investigative or other forum or proceeding, as evidence of any violation of any federal, state or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity. Notwithstanding the foregoing, this Settlement may be used in any Court proceeding that has as its purpose the interpretation, implementation or enforcement of the Settlement or any orders or judgments of the Court entered into in connection therewith.

24. **Confidentiality.** The terms of this Settlement shall remain confidential until the court approval paperwork is filed. Even after approval, Plaintiffs and their counsel agree not to make any public statements, issue any press releases, place information regarding this Settlement on their website, or make any other announcements publicizing this Settlement.

IN WITNESS THEREOF, the Parties each acknowledge that they have read the foregoing Settlement, accept and agree to the provisions contained in this Settlement and hereby execute it voluntarily and with full understanding of its consequences.

Dated: 2/12, 2024

PLAINTIFF

By: DocuSigned by: [Signature]
EAAD8376B4C549E...
Alejandro Rico

Dated: 2/14, 2024

PLAINTIFF

By: DocuSigned by: [Signature]
F8AD881F9735490...
Jose Villa

INTERSTATE GROUP, LLC

Dated: 2/21, 2024

[Signature]
By: Michael Snow
Its: CEC

Exhibit A

Dear [NAME]:

The enclosed check is your proportional share of the civil penalties settlement payment in the California Private Attorneys General Act ("PAGA") lawsuit titled *Rico v. Interstate Group, LLC*, which is currently pending in the San Diego County Superior Court, Case No. 37-2021-00043919-CU-OE-CTL. You are receiving this check because you worked for Interstate Group, LLC within the state of California at some point between August 11, 2020, and [insert date of approval]. It is important to note that Interstate Group, LLC denies all claims and allegations in the lawsuit and that no court has found that the company did anything wrong or violated any laws. Rather, to avoid further costs and time in defending the lawsuit, Interstate Group, LLC has settled the lawsuit, and the Court has approved the settlement and release of the PAGA claims.

This settlement releases claims for civil penalties under the PAGA, but does not release other claims. Enclosed you will also find an IRS Form 1099 for 100% of this payment, which represents civil penalties only. Please cash or deposit the check on or before its printed void date. Checks will not be re-issued after the void date.

If you have any questions about this payment, contact Apex Class Action LLC, the Settlement Administrator at (000) 000-0000. Please note that we cannot provide tax advice. If you have questions about the tax treatment of this payment, we suggest that you consult your tax advisor or accountant.

Regards,

Apex Class Action LLC