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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ORANGE**

WENDY SARINANA and SHELBI
MCFARLAND, as individuals and on behalf
of all similarly situated employees,

Plaintiffs,

v.

SHELFBOT CO., and DOES 1-50, inclusive,

Defendants.

Case No.: 30-2021-01207546-CU-OE-CXC

CLASS ACTION

**JOINT STIPULATION OF CLASS
ACTION SETTLEMENT AND RELEASE**

Assigned to for all purposes:
Hon. William Claster, Dept. CX-104

Complaint Filed: June 25, 2021
Trial Date: None Yet Set

1 **JOINT STIPULATION OF CLASS ACTION SETTLEMENT AND RELEASE**

2 IT IS HEREBY STIPULATED, by and among Plaintiffs WENDY SARINANA and
3 SHELBI MCFARLAND, on behalf of themselves and the Settlement Class Members, on the one
4 hand, and Defendant SHELFBOT CO., on the other hand, and subject to the approval of the Court,
5 that the above-captioned action is hereby being compromised and settled pursuant to the terms
6 and conditions set forth in this Joint Stipulation of Class Action Settlement and Release (the
7 “Settlement”).

8 **1. DEFINITIONS**

9 Capitalized terms used in this Settlement shall have the meanings set forth below:

10 1.1. “Action” means the putative class action entitled *Wendy Sarinana, et al. v. Shelfbot*
11 *Co.*, pending in the Superior Court of the State of California, County of Orange, and designated
12 as Case No. 30-2021-01207546-CU-OE-CXC.

13 1.2. “Class Member” means all non-exempt, hourly paid employees currently and
14 formerly employed by Defendant in the state of California from March 9, 2020 through May 15,
15 2022.

16 1.3. “PAGA Member” means all non-exempt, hourly paid employees currently and
17 formerly employed by Defendant in the state of California from June 8, 2020 through May 15,
18 2022.

19 1.4. “Settlement Administrator” means Phoenix Settlement Administrators.

20 1.5. “Settlement Administration Costs” means the amount to be paid to the third-party
21 Settlement Administrator from the Gross Settlement Amount for the administration of the
22 Settlement. The Settlement Administration Costs amount is not to exceed Five Thousand Dollars
23 (\$5,000.00). Any portion of the requested Settlement Administration Costs that is not awarded to
24 the Settlement Administrator shall be part of the Net Settlement Amount.

25 1.6. “Class Counsel” means Kevin Mahoney and John A. Young of the Mahoney Law
26 Group, APC.

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1 1.7. “Class Counsel Fees” means reasonable attorneys’ fees for Class Counsel’s
2 litigation and resolution of this Action, in the amount of Eighty-One Thousand Six Hundred and
3 Sixty-Six Dollars And Sixty Six Cents (\$81,666.66) (or 33.33% of the Gross Settlement Amount).
4 The Court shall determine the amount of the Class Counsel Fees, and it shall be paid from the
5 Gross Settlement Amount. Any portion of the requested Class Counsel Fees that is not awarded
6 to Class Counsel shall be part of the Net Settlement Amount.

7 1.8. “Class Counsel Costs” means actual expenses incurred by Class Counsel for Class
8 Counsel’s litigation and resolution of this Action, as supported by declaration, in an amount not
9 to exceed Fourteen Thousand Dollars (\$14,000.00). The Court shall determine the amount of the
10 Class Counsel Costs, and it shall be paid from the Gross Settlement Amount. Any portion of the
11 requested Class Counsel Costs that is not awarded to Class Counsel shall be part of the Net
12 Settlement Amount.

13 1.9. “Class Information” means information regarding Settlement Class Members that
14 Defendant will in good faith compile from its records and provide to the Settlement
15 Administrator. Class Information shall be provided as a Microsoft Excel spreadsheet and shall
16 include: each Settlement Class Member’s full name; last known address; last known home
17 telephone number; social security number; all start and end dates of employment during the Class
18 Period, and the total number of weeks each Settlement Class Member worked for Defendant
19 during the Class Period. The number of weeks worked shall be calculated using Defendant’s
20 payroll data during the Class Period whenever the hours worked for the work week was greater
21 than zero. Because social security numbers are included in the Class Information, the Settlement
22 Administrator shall maintain the Class Information in confidence; access shall be limited to those
23 with a need to use the Class Information as part of the administration of the Settlement, and
24 transmission shall be through use of a secure, password-protected file.

25 1.10. “Class Period” means the period from March 9, 2020 through May 15, 2022.

26 1.11. “PAGA Class Period” means the period from June 8, 2020 through the date the
27 Court Preliminary Approves this settlement.

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1.12. "PAGA Released Claims" shall mean all claims, demands, rights, liabilities and causes of action for penalties under California Labor Code Private Attorneys General Act of 2004 against the Released Parties, based on the letter to the Labor & Workforce Development Agency on June 8, 2021, that arose during the PAGA Class Period, including but not limited to claims for civil penalties for violations of Labor Code 226, 226.7, 510, 512, 1182.12, 1194, 1197, 2802, 2698-2699.5, and claims under California Business & Professions Code section 17200, and applicable Wage Orders of the Industrial Welfare Commission, and all related claims for attorneys' fees and costs.

1.13. "Class Representative Service Awards" means the amount that the Court authorizes to be paid to Plaintiffs, not to exceed Five Thousand Dollars (\$5,000.00) each, for a total of Ten Dollars and Zero Cents (\$10,000.00), in addition to Plaintiffs' Individual Settlement Payment. The Class Representative Service Awards to Plaintiffs is in exchange for the Released Claims, Plaintiffs' General Released Claims, and for Plaintiffs' efforts and risks in assisting with the prosecution of the Action. The Class Representative Service Awards shall be paid from the Gross Settlement Amount. Any portion of the requested Class Representative Service Awards that are not awarded to Plaintiffs shall be part of the Net Settlement Amount.

1.14. "Court" means the Superior Court of the State of California for the County of Orange.

1.15. "Defendant" mean Shelfbot Co., and each of its parent companies, subsidiaries, related companies, affiliates, dbas, current and former management companies, shareholders, members, agents (including any investment bankers, accountants, insurers, reinsurers, attorneys and any past, present or future officers, directors and employees) predecessors, successors, and assigns or any related entity that was the "employer" of Class Members.

1.16. "Defendant's Counsel" means Katherine Den Bleyker and Samuel Knecht of Lewis Brisbois.

1.17. "Effective Date" means the date that the Gross Settlement Amount is fully funded.

1.18. "Employee Taxes" means the employee's share of any and all applicable federal, state, and local payroll taxes on the portion of Settlement Class Members' Individual Settlement

1 Payment that constitutes wages. The Employee Taxes shall be paid out of the Net Settlement
2 Amount.

3 1.19. "Employer Taxes" means the employer's share of any and all applicable federal,
4 state, and local payroll taxes on the portion of Settlement Class Members' Individual Settlement
5 Payment that constitutes wages. The Employer Taxes shall be paid by Defendant separately and
6 not out of the Gross Settlement Amount or Net Settlement Amount.

7 1.20. "Final Approval Hearing" means the hearing held on the motion for final approval
8 of the Settlement.

9 1.21. "Final Approval Date" means the date which the Court grants final approval of the
10 Settlement.

11 1.22. "Final Judgment" means the Court's entry of an order of judgment in this Action
12 following the Court's final approval of the Settlement.

13 1.23. "Gross Settlement Amount" means the maximum amount Defendant shall have to
14 pay in connection with this Settlement, by way of a common fund, which shall be inclusive of all
15 Individual Settlement Amounts to Settlement Class Members, Class Counsel Fees, Class Counsel
16 Costs, Settlement Administrator Costs, Class Representative Service Award, and PAGA
17 Allocation. Subject to Court approval and the terms of this Settlement, the Gross Settlement
18 Amount Defendant shall be required to pay is Two Hundred Forty-Five Thousand Dollars and
19 Zero Cents (\$245,000.00). No portion of the Gross Settlement Amount will revert to Defendant,
20 and the Settlement does not require Settlement Class Members to submit claims as a prerequisite
21 to receiving their Individual Settlement Payment. This settlement sum is based on Defendant's
22 representation that the number of total Workweeks during the Class Period through March 15,
23 2022 was Two Thousand Two Hundred (2,200). Defendant shall not be required to pay more
24 than the Gross Settlement Amount as long as the actual number of Workweeks during the Class
25 Period as of May 15, 2022 is more than ten percent (10%) greater than Defendant's estimate. If
26 the actual number of Workweeks during the Class Period as of May 15, 2022 is more than ten
27 percent (10%) greater than the estimate – or 2,420 or more Workweeks – the Gross Settlement
28 Amount shall increase proportionately to the increase in the number of Workweeks over the ten

1 percent (10%) grace amount— e.g., if the number of Workweeks increases by eleven percent
2 (11%), the Gross Settlement Amount shall increase by one percent (1%); if the number of
3 Workweeks increases by twelve percent (12%), the Gross Settlement Amount shall increase by
4 two percent (2%), and so forth. Under no other circumstances shall Defendant be required to pay
5 more than the Gross Settlement Amount except as provided for in this section of the Settlement
6 Agreement.

7 1.24. “Individual Settlement Payment” means the amount payable to each Settlement
8 Class Member, as calculated pursuant to Paragraph 3.12.1 of the Settlement, from the Net
9 Settlement Amount. Checks for Individual Settlement Payments shall specifically indicate that
10 they are void if not negotiated within one hundred eighty (180) days of their issuance.

11 1.25. “PAGA Allocation” means Fifteen Thousand Dollars (\$15,000.00), allocated from
12 the Gross Settlement Amount for the compromise of claims brought under the Labor Code Private
13 Attorney General Act of 2004 (“PAGA”). Per California Labor Code section 2699(i), Eleven
14 Thousand Two Hundred and Fifty Dollars and Zero Cents (\$11,250.00), representing 75% of the
15 PAGA Allocation, shall be paid to California’s Labor Workforce Development Agency. The
16 remaining Three Thousand Seven Hundred and Fifty Dollars and Zero Cents (\$3,750.00),
17 representing 25% of the PAGA Allocation, shall be part of the Net Settlement Amount and shall
18 be distributed to PAGA Members.

19 1.26. “LWDA” shall mean the California Labor and Workforce Development Agency.

20 1.27. “LWDA PAGA Allocation” means Eleven Thousand Two Hundred and Fifty
21 Dollars and Zero Cents (\$11,250.00), representing 75% of the PAGA Allocation, and is the
22 amount payable from the Gross Settlement Amount to California’s Labor Workforce
23 Development Agency.

24 1.28. “PAGA Member Allocation” means Three Thousand Seven Hundred and Fifty
25 Dollars and Zero Cents (\$3,750.00), representing the PAGA Allocation, and is the amount
26 payable to PAGA Members. The PAGA Member Allocation shall be distributed in its entirety to
27 PAGA Class Members pursuant to paragraph 3.13.

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1 1.29. “Net Settlement Amount” means the Gross Settlement Amount, less the Class
2 Counsel Fees, the Class Counsel Costs, the Class Representative Service Award, the Settlement
3 Administration Costs, the LWDA PAGA Allocation, and the PAGA Class Member Allocation.
4 The Net Settlement Amount shall be distributed in its entirety to Settlement Class Members, as
5 provided for in this Settlement.

6 1.30. “Notice of Objection” means a written statement of objection to the Settlement,
7 made and signed by a Settlement Class Member and includes the following: (1) the full name of
8 the Settlement Class Member; (2) the dates of employment of the Settlement Class Member; (3)
9 the last four digits of the Settlement Class Member’s Social Security number and/or the entire
10 Employee ID number; (4) the basis for the objection; and, (5) whether the Settlement Class
11 Member intends to appear at the Final Approval Hearing.

12 1.31. “Notice of Settlement” means the Notice of Proposed Class Action and Notice of
13 Private Attorney General Act Settlement (attached hereto as **Exhibit A**).

14 1.32. “Notice Packet” means the Notice of Proposed Class Action, Notice of Private
15 Attorney General Act Settlement and the Request for Exclusion to be provided in English and
16 Spanish.

17 1.33. “Settlement Class Members” means all Class Members who do not submit a valid
18 and timely Request for Exclusion. “Parties” means Plaintiffs and Defendant collectively; and
19 “Party” shall mean any Defendant or Plaintiffs, individually.

20 1.34. “Plaintiffs” means Wendy Sarinana and Shelbi McFarland.

21 1.35. “Plaintiffs’ General Released Claims” means, in addition to the Released Claims,
22 Plaintiffs, on behalf of themselves, their respective, agents, spouses, executors, representatives,
23 heirs, successors, assigns, and estates, in exchange for the terms and conditions of this Settlement,
24 including the Class Representative Service Award requested or as otherwise authorized by the
25 Court, shall also, as of the Effective Date, fully and forever release the Released Parties, to the
26 full extent permitted by law, of and from any and all claims arising from their employment with
27 Defendant, known and unknown, asserted and unasserted, which Plaintiffs had or may have had
28 against the Released Parties, whether sounding in tort, in contract, in law, in equity or otherwise,

1 and including but not limited to all claims for violation of any local, state, or federal statute, rule,
2 or regulation. Plaintiffs expressly waive and relinquish all rights and benefits afforded by section
3 1542 of the Civil Code of the State of California and do so understanding and acknowledging the
4 significance of such specific waiver of section 1542. Section 1542 of the Civil Code of the State
5 of California states as follows:

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

10 Notwithstanding the above, Plaintiffs' General Released Claims do not include any
11 workers' compensation claims, claims that cannot be waived as a matter of law by signing this
12 agreement, or enforce this agreement.

13 1.36. "Preliminary Approval Date" means the date the Court enters the Preliminary
14 Approval Order for the Settlement.

15 1.37. "Preliminary Approval Order" means the proposed order (filed concurrently with
16 this Settlement and Plaintiff's motion for preliminary approval of the Settlement), as may be
17 amended by the Court, for preliminary approval of the Settlement.

18 1.38. "Released Claims" means any and all claims during the Class Period which were
19 or could have been raised based on the facts, conduct, and/or omissions alleged in the Action,
20 including all wage and hour claims, demands, rights, liabilities, and causes of action for unpaid
21 wages, including minimum wage payments, regular wages, overtime wages; failure to pay wages
22 during employment; failure to pay all wages due upon separation of employment; failure to
23 maintain and provide accurate records; meal and rest break violations; meal and rest break
24 premiums; wage statement violations, failure to reimburse for necessary business expenditures,
25 violation of the Private Attorney General Act (California Labor Code section 2698, et seq.), civil
26 and statutory penalties, interest, liquidated damages, attorney's fees and costs, claims under
27 California Labor Code sections 90.5, 201-204, 225.5, 226, 226.7, 510, 512, 1174, 1194, 1194.2,
28 1197, 1198, 2802, 2698-2699.5, and applicable Industrial Welfare Commission Wage Order, and

claims under California Business & Professions Code sections 17200-17204. It is understood and agreed that Released Claims do not include claims for workers' compensation, unemployment, or disability benefits of any nature, nor any claims, actions, or causes of action which may be possessed by Settlement Class Members under state or federal discrimination statutes, including, without limitation, the California Fair Employment and Housing Act, California Government Code section 12940, *et seq.*; the Unruh Civil Rights Act, California Civil Code section 51, *et seq.*; the California Constitution; Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000, *et seq.*; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101, *et seq.*; the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. § 1001, *et seq.*; and all of their implementing regulations and interpretive guidelines.

1.39. "Released Parties" means Shelfbot, Co., and each of its parent companies, subsidiaries, related companies, affiliates, dbas, current and former management companies, shareholders, members, agents (including any investment bankers, accountants, insurers, reinsurers, attorneys and any past, present or future officers, directors and employees) predecessors, successors, and assigns, or any related entity that was the "employer" of Class Members.

1.40. "Released Parties' Release of Claims Against Representative Plaintiffs" means Released Parties, as defined herein, do hereby, for themselves, and for their heirs, successors, predecessors, attorneys, agents, representatives and assigns, forever release the Representative Plaintiffs from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts, and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, from the beginning of time through the date of their signature on this Settlement Agreement, known or unknown, suspected or unsuspected, including but not limited to all claims arising out of, based upon, or relating to Representative Plaintiffs' employment with Defendant and related to this Lawsuit.

1.41. Released Parties expressly waive and relinquish all rights and benefits afforded by section 1542 of the Civil Code of the State of California and do so understanding and acknowledging the significance of such specific waiver of section 1542. Section 1542 of the Civil

Code of the State of California states as follows:

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

1.42. Thus, subject to and in accordance with this Settlement Agreement, even if Released Parties may hereafter discover facts in addition to or different from those they now know or believe to be true, Released Parties shall be deemed to have fully, finally, and forever settled and released any and all claims against the Representative Plaintiffs that could have been alleged against them, as well as any other claims, whether known or unknown, suspected or unsuspected, contingent or non-contingent, that now exist, upon any theory of law or equity, including without limitation, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law, or rule, without regard to the subsequent discovery or existence of such different or additional facts.

1.43. "Response Deadline" means the date sixty (60) days after the Settlement Administrator mails the Notice Packets to Settlement Class Members, and shall be the last date on which Settlement Class Members may: (a) postmark Requests for Exclusion from the Settlement, or (b) postmark Objections to the Settlement.

1.44. "Settlement" means this Joint Stipulation of Class Action Settlement and Release.

1.45. "Settlement Class Member(s)" or "Settlement Class" means all non-exempt employees, currently and formerly employed by Defendant in the State of California at any time during the Class Period.

1.46. "Workweeks" shall mean the number of weeks each Class Member worked at Shelfbot Co. as an hourly-paid and/or non-exempt employee in California during the Class Period. The Settlement Administrator will calculate the number of Workweeks by calculating the number of days each Class Member worked at Shelfbot Co. was employed during the Class Period, and dividing by seven (7).

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2. RECITALS

2.1. Class Certification. The Parties stipulate and agree to the conditional certification of this Action for purposes of this Settlement only. Should, for whatever reason, the Settlement not become final and effective, conditional Class Certification shall immediately be set aside (subject to further proceedings on motion of any Party to certify or decertify thereafter). The Parties' willingness to stipulate to conditional Class Certification as part of the Settlement shall have no bearing on and shall not be admissible or considered in connection with the issue of whether a class should be certified in a non-settlement context in this Action, and shall have no bearing on and shall not be admissible or considered in connection with the issue of whether a class should be certified in any other lawsuit. Defendant expressly reserves its right to oppose class certification should this Settlement be modified or reversed on appeal or otherwise not become final and effective for any reason.

2.2. Procedural History. On June 8, 2021, Plaintiffs submitted their PAGA letter to the LWDA alleging Defendant violated, among other provisions of the California Labor Code and applicable wage law, Labor Code 226, 226.7, 510, 512, 1182.12, 1194, 1197, 2802, and 2698-2699.5, California Business & Professions Code section 17200, and applicable Wage Orders of the Industrial Welfare Commission. On June 25, 2021, Plaintiffs filed a lawsuit in the Superior Court of California for the County of Orange as a proposed class action on behalf of all current and former non-exempt California employees of Defendant during the period of June 25, 2017 through the date of final judgment. In their initial complaint Plaintiffs alleged that Defendant (1) failed to pay wages, including minimum wage and overtime; (2) failed to provide rest periods; (3) failed to provide meal periods; (4) failed to pay wages due at separation of employment; (5) failed to provide accurate itemized wage statements; (6) failure to reimburse for necessary business expenditures; and (7) violations of Business and Professions Code Section 17200 et seq. Plaintiffs sought recovery under the California Labor Code, the applicable Industrial Welfare Commission Wage Order, and the California Business & Professions Code. On September 2, 2021, Plaintiffs filed a First Amended Complaint adding a claim under the Labor Code Private Attorneys General Act of 2004 ("PAGA").

1 2.3. Settlement Negotiations. On March 15, 2022, the Parties participated in a full-day
2 private mediation session with mediator Hon. Carl West (Ret.). Prior to the mediation, Defendant
3 provided time records and corresponding time records for a sample of putative class members, as
4 well as other documents, allowing Class Counsel to construct a damage analysis. Based on the
5 information obtained through informal discovery, the Parties reached an agreement in principal
6 to the basic terms of a class-action settlement agreement. The Settlement is the result of an
7 informed and detailed evaluation of the total exposure and potential liability, in relation to the
8 costs and risks associated with continued litigation of the Action. The Parties have engaged in
9 sufficient discovery and investigation to assess the relative merits of the claims, defenses, and
10 contentions of the Parties.

11 2.4. Benefits of Settlement to Settlement Class Members. Plaintiffs and Class Counsel
12 recognize the length of continued proceedings necessary to litigate the Parties' disputes through
13 certification, trial, and any possible appeal. Plaintiffs and Class Counsel have also taken into
14 account the uncertainty and risk of the outcome of further litigation, the difficulties and delays
15 inherent in such litigation, including, but not limited to, the risks related to a contested motion for
16 class certification, potential motions for decertification, trial, and appeal. Plaintiffs and Class
17 Counsel are also aware of the burdens of proof necessary to establish liability for the claims
18 asserted in the Action and the difficulties in establishing damages for the Class Members.
19 Plaintiffs and Class Counsel have also taken into account Defendant's agreement to enter into a
20 settlement that confers substantial relief upon Class Members. Based on the foregoing, Plaintiffs
21 and Class Counsel have determined that this Settlement is fair, adequate, and reasonable, and is
22 in the best interests of the Class Members.

23 2.5. Defendant's Denial of Wrongdoing and Liability and Reasons for Settlement.
24 Defendant has denied and continue to deny each and all of the claims and contentions alleged in
25 the Action. Defendant has repeatedly asserted, and continue to assert, defenses thereto, and have
26 expressly denied, and continue to deny, any wrongdoing or legal liability arising out of any of the
27 facts, conduct, and/or omissions alleged in the Action. Defendant has also denied, and continue
28 to deny, *inter alia*, the allegations that the Class Members have suffered damage. Without limiting

the foregoing, Defendant contends that the Class Members were properly and timely paid all wages owed, including, but not limited to, all straight and overtime pay; were provided timely and uninterrupted meal and rest periods as required under California law; were properly and timely paid all wages upon separation of employment or otherwise when due; were properly and timely provided accurate itemized wage statements as required under California law; were properly reimbursed for any expenses required to incur; and that Defendant has not engaged in any unlawful, unfair, or fraudulent business practices in violation of California law. However, Defendant has concluded that any further defense of this litigation would be protracted and expensive for all Parties. Substantial amounts of time, energy, and resources of Defendant has been and, unless this Settlement is approved, will continue to be devoted to the defense of the claims asserted by Plaintiffs and Class Members. Defendant has also taken into account the uncertainty and risks inherent in any litigation, especially in complex cases such as this Action. Based on the foregoing, Defendant has concluded that it is desirable and beneficial that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Settlement. This will allow Defendant to dispose of burdensome and protracted litigation, permit the operation of Defendant's business without further expensive litigation, and put an end to the distraction and diversion of its personnel regarding matters at issue in the Action.

2.6. No Admissions. The Parties understand and agree that this Settlement is the result of a good faith compromise of disputed claims and allegations, and Defendant is entering into this Settlement solely to resolve disputed matters. No part of this Settlement or any conduct or written or oral statements made in connection with this Settlement, whether or not the Settlement is finally approved and/or consummated, is or may be offered as or construed to be an admission or concession of any kind by any of the Parties. In particular, but without limiting the generality of the foregoing, nothing about this Settlement shall be offered or construed as an admission that Defendant violated any of its obligations under the California Labor Code, applicable Industrial Welfare Commission Wage Orders, Business and Professions Code or Private Attorney General Act, or of liability in general, or any wrongdoing, impropriety, responsibility, or fault whatsoever on the part of Defendant and/or the Released Parties. In addition, this Settlement shall not be

1 offered or be admissible in evidence against any of the Parties or any of the Released Parties,
2 except in any action or proceeding brought by or against Plaintiffs, Class Members, or Defendant
3 to enforce the Settlement's terms, or by Defendant in defense of any claims brought by Plaintiff
4 or Class Members. The provisions of this paragraph shall become effective when this Settlement
5 is signed by all Parties, and shall be binding on the Parties and their counsel regardless of whether
6 the Settlement is preliminarily and/or finally approved or terminated for any reason, or rendered
7 null and void.

8 2.7. Class Members' Claims. Plaintiffs claim that the Released Claims have merit and
9 give rise to liability on the part of Defendant. This Settlement is a compromise of disputed claims.
10 Nothing contained in this Settlement, and no documents referred to herein, nor any action taken
11 to carry out this Settlement, may be construed or used as an admission by or against the Plaintiffs,
12 Class Members or Class Counsel as to the merits or lack thereof of the claims asserted in the
13 Action.

14 2.8. Defendant's Defenses. Defendant has denied and continue to deny each and all of
15 the allegations, claims, and contentions of wrongdoing alleged by Plaintiff in the Action.
16 Defendant has expressly denied and continue to deny all charges of wrongdoing or liability
17 against them arising out of any of the conduct, statements, acts, or omissions alleged in the Action.
18 Defendant contends that they complied in good faith with California and federal wage-and-hour
19 laws and have dealt legally and fairly with Plaintiffs and Class Members. Defendant further
20 denies that, for any purpose other than settling this Action, these claims are appropriate for class
21 or representative treatment.

22 **3. TERMS OF SETTLEMENT**

23 The Parties agree as follows:

24 3.1. Binding Settlement. This Settlement shall bind the Parties and all Settlement Class
25 Members, subject to the terms and conditions set forth in the Settlement and the Court's approval.

26 3.2. Release As To All Settlement Class Members and Plaintiffs.

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1 3.2.1. Release As To All Settlement Class Members. As of the Effective Date, all
2 Settlement Class Members, including Plaintiffs, will be deemed to have fully, finally and forever
3 released, settled, compromised, relinquished, and discharged the Released Parties from the
4 Released Claims during the Class Period. This release shall be binding on all Settlement Class
5 Members, including each of their respective attorneys, agents, executors, representatives,
6 guardians ad litem, heirs, successors, and assigns, and shall inure to the benefit of the Released
7 Parties, who shall have no further or other liability or obligation to any Class Member with respect
8 to the Released Claims, except as expressly provided herein. All PAGA Members, regardless of
9 whether they submit timely and valid Requests for Exclusion from the Settlement, will release all
10 PAGA Released Claims, as well as claims that could have been premised on the claims, causes
11 of action or legal theories alleged in the Action, during the PAGA Class Period. Plaintiffs on
12 behalf of the State of California and the LWDA will also release all PAGA Released Claims.
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14 3.2.2. Release As To Plaintiffs. As of the Effective Date, Plaintiffs will be
15 deemed to have fully, finally and forever released, settled, compromised, relinquished, and
16 discharged any and all of Plaintiffs' General Released Claims against the Released Parties. With
17 respect to the Plaintiffs' General Released Claims only, Plaintiffs shall be deemed to have, and
18 by operation of the Final Judgment shall have, in light of their respective Class Representative
19 Service Awards, expressly waived and relinquished, to the fullest extent permitted by law, the
20 provisions, rights, and benefits of section 1542 of the California Civil Code, which section
21 provides:

22 A general release does not extend to claims which the creditor or releasing
23 party does not know or suspect to exist in his or her favor at the time of
24 executing the release and that, if known by him or her, would have
25 materially affected his or her settlement with the debtor or released party.
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1 Plaintiffs may hereafter discover facts in addition to or different from those they now
2 know or believe to be true with respect to the subject matter of the Plaintiffs' General Released
3 Claims, but upon the Effective Date, shall be deemed to have, and by operation of the Final
4 Judgment shall have, fully, finally, and forever settled and released any and all of the Plaintiffs'
5 General Released Claims, whether known or unknown, suspected or unsuspected, contingent or
6 non-contingent, which now exist, or heretofore have existed, upon any theory of law or equity
7 now existing or coming into existence in the future. Plaintiffs agree not to sue or otherwise make
8 a claim against any of the Released Parties for Plaintiffs' General Released Claims.

9 3.3. Tax Liability. The Parties understand and agree that the Parties are not providing
10 tax or legal advice. Defendant shall be responsible for any Employer Taxes due as a result of the
11 Settlement. These payments shall be separate and shall not be made from the Gross Settlement
12 Amount or the Net Settlement Amount. Settlement Class Members shall remain responsible for
13 any Employee Taxes due as a result of the Settlement. Settlement Class Members will assume
14 any employee tax obligations or consequences that may arise from this Settlement and should
15 consult with a tax expert if they have questions. However, Individual Settlement Payments will
16 be allocated as follows: one third as wages (for which an IRS Form W-2 will be issued) and two-
17 thirds as interest and penalties (for which an IRS Form 1099 will be issued). Any required payroll
18 deductions will be based on this apportionment. The Parties agree that, in the event that any taxing
19 body determines that additional employee taxes are due from any Settlement Class Member, such
20 Settlement Class Member assumes all responsibility for the payment of such taxes.

21 3.4. Circular 230 Disclaimer. The Parties acknowledge and agree that (1) no provision
22 of this Settlement, and no written communication or disclosure between or among the Parties,
23 Class Counsel or Defendant's Counsel and other advisers, is or was intended to be, nor shall any
24 such communication or disclosure constitute or be construed, or be relied upon, as tax advice
25 within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as
26 amended); (2) the acknowledging Party (a) has relied exclusively upon his, her, or its own,
27 independent legal and tax counsel for advice (including tax advice) in connection with this
28 Settlement, (b) has not entered into this Settlement based upon the recommendation of any other

1 Party or any attorney or advisor to any other Party, and (c) is not entitled to rely upon any
2 communication or disclosure by any attorney or advisor to any other Party to avoid any tax penalty
3 that may be imposed on the acknowledging Party; and (3) no attorney or advisor to any other
4 Party has imposed any limitation that protects the confidentiality of any such attorney's or
5 adviser's tax strategies (regardless of whether such limitation is legally binding) upon disclosure
6 by the acknowledging Party of the tax treatment or tax structure of any transaction, including any
7 transaction contemplated by this Settlement.

8 3.5. Settlement Approval and Implementation Procedures. As part of this Settlement,
9 the Parties agree to the following procedures for obtaining the Court's preliminary approval of
10 the Settlement: conditionally certifying the Settlement Class, notifying Settlement Class Members
11 of the Settlement and distributing the PAGA Payment, obtaining the Court's final approval of the
12 Settlement, and processing the Individual Settlement Payments, as set forth below.

13 3.5.1. Preliminary Approval and Certification. As soon as practicable after
14 execution of this Settlement, pending the Court's availability, Plaintiffs will submit this
15 Settlement to the Court for preliminary approval of the Settlement, in accordance with California
16 Rules of Court, Rule 3.769(c). Such submission will include this Settlement, the proposed Notice
17 Packet, the proposed Preliminary Approval Order, and any memoranda and evidence as may be
18 necessary for the Court to determine that this Settlement is fair, adequate, and reasonable. The
19 Parties agree to request the Court to enter an order conditionally certifying the Settlement Class
20 after the preliminary approval hearing, in accordance with California Rules of Court, Rule
21 3.769(d).

22 3.5.2. Class Information. No more than twenty-one (21) calendar days after the
23 entry of the Preliminary Approval Order by the Court, Defendant shall provide the Settlement
24 Administrator with the Class Information for purposes of mailing Notice Packets to Class
25 Members. Defendant shall also provide the Settlement Administrator a separate list of PAGA
26 Members and dates of PAGA Members' employment with Defendant.

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1 3.5.3. Notice by First Class U.S. Mail. Upon receipt of the Class Information,
2 the Settlement Administrator will perform a search on the National Change of Address database
3 to update the Class Members' addresses. No more than ten (10) calendar days after receiving the
4 Class Information from Defendant, as provided herein, the Settlement Administrator shall mail
5 copies of the Notice Packet to all Settlement Class Members by regular First-Class U.S. Mail.
6 The Settlement Administrator shall exercise its best judgment to determine the current mailing
7 address for each Class Member. The address identified by the Settlement Administrator as the
8 current mailing address shall be presumed to be the best mailing address for each Class Member.
9 It will be conclusively presumed that if an envelope so mailed has not been returned within twenty
10 (20) days of the mailing that the Class Member received the Notice Packet.

11 3.5.4. Undeliverable Notices. Any Notice Packets returned to the Settlement
12 Administrator as undeliverable on or before the Response Deadline shall be re-mailed to the
13 forwarding address affixed thereto or as described in paragraph 3.5.5 of this Settlement.

14 3.5.5. For each Class Member whose Notice Packet is returned, and a forwarding
15 address is not affixed thereto, there will be one skip trace by the Settlement Administrator. If an
16 updated mailing address is identified, the Settlement Administrator shall resend the Notice Packet
17 to the Class Member at the updated mailing address so identified. One supplemental Notice
18 Packet shall be mailed to each Class Member whose original Notice Packet is returned as
19 undeliverable to the Settlement Administrator, if a forwarding or updated address can be
20 identified. Such re-mailing shall be made within five (5) business days of the Settlement
21 Administrator receiving notice that the respective Notice Packet was undeliverable. Any requests
22 to Defendant's Counsel by the Settlement Administrator for documents or information from
23 Defendant must be responded to within a reasonable amount of time by Defendant's Counsel. It
24 is the intent of the Parties that reasonable means be used to locate the Class Members and apprise
25 them of their rights.

26 3.5.6. Class Members to whom Notice Packets are resent after having been
27 returned undeliverable to the Settlement Administrator shall have fourteen (14) calendar days
28 thereafter, or until the Response Deadline has expired, whichever is later, to mail the Request for

1 Exclusion or a Notice of Objection. Notice Packets that are resent shall inform the recipient of
2 this adjusted deadline. The date of the postmark on the return envelope shall be the exclusive
3 means used to determine whether a Class Member has returned his or her Request for Exclusion
4 on or before the adjusted deadline. It will be conclusively presumed that if an envelope so mailed
5 has not been returned within thirty (30) days of the mailing, that the Class Member received the
6 Notice Packet. If a Class Member's Notice Packet is returned to the Settlement Administrator
7 more than once as undeliverable, then an additional Notice Packet shall not be re-mailed.

8 3.5.7. Compliance with the procedures specified in paragraphs 3.5.3 through
9 3.5.6 of this Settlement shall constitute due and sufficient notice to Class Members of this
10 Settlement and shall satisfy the requirement of due process. Nothing else shall be required of, or
11 done by, the Parties, Class Counsel, and Defendant's Counsel to provide notice of the proposed
12 Settlement.

13 3.6. Disputes. Class Members will have the opportunity during the 60-day response
14 period, should they disagree with Defendant's records regarding their weeks worked during the
15 Class Period, to provide documentation and/or an explanation to show contrary weeks worked.
16 If there is a dispute, the Settlement Administrator will consult with the Parties to determine
17 whether an adjustment is warranted. The Settlement Administrator shall determine the eligibility
18 for, and the amounts of, any Individual Settlement Payments under the terms of this Settlement.
19 The Settlement Administrator's determination of the eligibility for and amount of any Individual
20 Settlement Payment shall be binding upon the Class Member and the Parties.

21 3.7. Exclusions (Opt-Outs). The Notice Packet shall state that Class Members who
22 wish to exclude themselves from the Settlement must submit a Request for Exclusion by the
23 Response Deadline. The Request for Exclusion: (1) must contain the name, address, and the last
24 four digits of the Social Security number and/or the entire Employee ID number of the Class
25 Member requesting exclusion; (2) must contain a clear statement requesting to be excluded from
26 the Class Settlement; (3) must be signed by the Class Member; and (4) must be postmarked by
27 the Response Deadline and returned to the Settlement Administrator at the specified address. If
28 the Request for Exclusion does not contain the information listed in (1)-(3), it will not be deemed

1 a valid Request for Exclusion from this Settlement. The date of the postmark on the return mailing
2 envelope shall be the exclusive means used to determine whether a Request for Exclusion has
3 been timely submitted. Any Class Member who requests to be excluded from the Settlement in
4 accordance with the provisions of this paragraph will not be entitled to any recovery under the
5 Settlement and will not be bound by the terms of the Settlement. Class Members who receive a
6 Notice Packet but fail to submit a valid and timely Request for Exclusion on or before the
7 Response Deadline, which is sixty (60) days from the date of the mailing of the Notice Packet,
8 shall be bound by all terms of the Settlement and any Final Judgment entered in this Action if the
9 Settlement is approved by the Court. Any Class Member who does not request exclusion as set
10 forth above is deemed to have released all claims, including Released Claims against Released
11 Parties, as set forth herein and therefore by operation will be deemed a Settlement Class Member.
12 At no time shall any of the Parties or their counsel seek to solicit or otherwise encourage members
13 of the Class to submit Requests for Exclusion from the Settlement. Class Counsel shall not
14 represent any Class Member with respect to any such Request for Exclusion. Class Members
15 who submit a valid Request for Exclusion may not also submit a Notice of Objection. PAGA
16 Members cannot opt out or submit a Request for Exclusion

17 3.8. Objections. The Notice Packet shall state that Class Members who wish to object
18 to the Settlement shall submit a written statement of objection (“Notice of Objection”) by the
19 Response Deadline, which is sixty (60) days from the date of the mailing of the Notice Packet, to
20 the Settlement Administrator. The Notice of Objection must be signed by the Class Member and
21 state: (1) the full name of the Class Member; (2) the dates of employment of the Class Member;
22 (3) the last four digits of the Class Member’s Social Security number and/or the entire Employee
23 ID number; (4) the basis for the objection; and, (5) whether the Class Member intends to appear
24 at the Final Approval Hearing. The Notice of Objection must be postmarked by the Response
25 Deadline and returned to the Settlement Administrator at the specified address. Within five (5)
26 days of receiving a Notice of Objection from a Settlement Class Member, the Settlement
27 Administrator shall forward the Notice of Objection to Class Counsel and Defendant’s Counsel.
28 The Parties shall thereafter lodge the Class Member’s Notice of Objection with the Court. Class

Members, regardless of whether or not they submit a timely Notice of Objection, will have a right to appear at the Final Approval Hearing, with or without an attorney, and have their objections heard by the Court. At no time shall any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to file or serve written objections to the Settlement or to appeal from the Final Judgment. Class Counsel shall not represent any Class Member with respect to any such objection.

3.9. Plaintiffs' Participation. By executing this Settlement, Plaintiffs hereby stipulates they will not object to or exclude themselves from the Settlement in any way.

3.10. No Solicitation of Settlement Objections or Exclusions. The Parties and their counsel agree to use their best efforts to carry out the terms of this Settlement. At no time shall any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to submit Notices of Objection to the Settlement or Requests for Exclusion from the Settlement, or to appeal from the Court's Final Judgment.

3.11. Funding of the Gross Settlement Amount. This is a non-reversionary Settlement in which Defendant is required to pay the entire Gross Settlement Amount. No portion of the Gross Settlement Amount will revert to Defendant. Defendant is separately and solely responsible for any employer payroll taxes owed as a result of the Settlement. Defendant shall fund the Gross Settlement Amount By no later than twenty-one (21) calendar days after the Final Approval Date. No release in this Settlement shall be effective until the Gross Settlement Amount is fully funded.

3.11.1. No more than five (5) business days after Defendant makes the of the Gross Settlement Amount payment, the Settlement Administrator shall provide the Parties with an accounting of all anticipated payments from the Gross Settlement Amount. The Net Settlement Amount shall be calculated by deducting from the Gross Settlement Amount the anticipated payments for (1) Class Representative Service Awards, as specified in this Settlement and approved by the Court; (2) Class Counsel Fees, as specified in this Settlement and approved by the Court; (3) Class Counsel Costs, as specified in this Settlement and approved by the Court; (4) Settlement Administration Costs, as specified in this Settlement and approved by the Court;

1 and (5) the LWDA PAGA Allocation, as specified in this Settlement and approved by the Court.
2 The Net Settlement Amount shall be distributed in Individual Settlement Payments in accordance
3 with Paragraphs 3.12, 3.12.1 and 3.13.

4 3.12. Individual Settlement Payments. Each Settlement Class Member shall be eligible
5 to receive an Individual Settlement Payment, which is a share of the Net Settlement Amount,
6 based on the number of weeks worked by the Settlement Class Member for Defendant during the
7 Class Period, as a proportion of all weeks worked by all Class Members for Defendant during the
8 Class Period. Individual Settlement Payments shall be paid by check pursuant to the formula set
9 forth in Paragraph 3.12.1 and 3.13 below. Individual Settlement Payments shall be mailed by
10 regular First-Class U.S. Mail to Settlement Class Members' last known mailing address no later
11 than fifteen (15) calendar days after Defendant makes the payment of the Gross Settlement
12 Amount. Individual Settlement Payments shall specifically indicate that they are void if not
13 negotiated within one hundred eighty (180) days of their issuance. Individual Settlement
14 Payments reflect settlement of a dispute regarding wages, interest, and penalties. Individual
15 Settlement Payments will be allocated as follows: one-third as wages; and two-thirds as interest
16 and penalties. The "wage" portion of each Individual Settlement Payment will be reduced by any
17 Employee Taxes. The Settlement Administrator shall issue the appropriate tax documents
18 associated with the Individual Settlement Payments, including an IRS Form W-2 for the amounts
19 allocated as "wages" and an IRS Form 1099 for the amounts allocated as "interest" or "penalties."

20 3.12.1. Individual Settlement Payment Formula. After deducting the Class Counsel Fees
21 and Class Counsel Costs, the LWDA PAGA Allocation, Class Representative Service Awards,
22 and Settlement Administration Costs, the remaining funds (the "Net Settlement Amount"), shall
23 be distributed as follows: The Settlement Administrator shall divide the Net Settlement Amount
24 by the total number of workweeks Class Members worked for Defendant during the Class Period
25 in order to determine the amount each Settlement Class Member is entitled to for each workweek
26 he or she worked for Defendant (the "Weekly Amount") during the Class Period. The Settlement
27 Administrator shall multiply the Weekly Amount by the estimated total number of workweeks
28 that each Settlement Class Member worked for Defendant during the Class Period. The product

of each calculation represents the gross Individual Settlement Payment for the respective Settlement Class Member. The Settlement Administrator shall then deduct Employee Taxes attributable to wages to arrive at the net Individual Settlement Payment for each respective Class Member. Within twenty-one (21) calendar days after Preliminary Approval, Defendant shall provide the Settlement Administrator with any information reasonably necessary to perform the calculation of number of workweeks for each Class Member, and any other reasonably required information the Settlement Administrator requests to perform the calculations required under this Settlement. Defendant shall have no responsibility for deciding the validity of any Individual Settlement Payment or any other payments made pursuant to this Settlement, shall have no involvement in or responsibility for the determination or payment of Employee Taxes, and shall have no liability for any errors made with respect to such Employee Taxes.

3.13. **PAGA Allocation & Related Release.** Out of the Maximum Settlement Amount that is ultimately preliminarily approved, Defendant shall pay a total of \$15,000.00 to resolve the PAGA Claims (as defined below) of the Settlement Class (the “PAGA Payment”). Of this amount, 75% will be paid to the LWDA and 25% (i.e. \$3,750.00) will be distributed on a pro rata per pay period basis to the PAGA Members who worked at any time from June 8, 2020 to May 15, 2022. Each PAGA Member’s Individual PAGA Payment will be calculated based on the total number of pay periods he or she worked during the PAGA Class Period. To establish the pay period value, the Settlement Administrator will first determine the total number of pay periods worked by PAGA Members during the PAGA Class Period. 25% of the PAGA Allocation will then be divided by the total number of pay periods worked by PAGA Members during the PAGA Class Period to determine the pay period value. The PAGA Member Allocation represents the portion of civil penalties awarded directly under PAGA, and shall be considered 100% penalties. PAGA Members will not be required to submit a claim form in order to be issued a check for their share of the PAGA Payment. The PAGA Members will not have the opportunity to opt out of, or object to, the PAGA Payment and release of the PAGA Claims. Upon receipt of the PAGA Payment, PAGA Members shall be deemed to have released the PAGA claims as to civil and statutory penalties, and any other interest, liquidated damages, attorney’s fees and costs related to PAGA.

1 3.13.1. Settlement Class Members are not eligible to receive any compensation
2 other than the Individual Settlement Payment (and PAGA Payment for PAGA Members), and
3 they may only receive an Individual Settlement Payment if they do not submit a valid and timely
4 Request for Exclusion to opt out of the Settlement. PAGA Members will receive their portion
5 of the PAGA Payment regardless of whether they submit a valid and timely Request for
6 Exclusion to opt out of the Settlement. Plaintiffs, however, are also eligible to receive a Class
7 Representative Service Awards.

8 3.13.2. No benefit, including but not limited to pension benefits, shall increase or
9 accrue as a result of any payment made pursuant to this Settlement.

10 3.13.3. If an Individual Settlement Payment is returned to the Settlement
11 Administrator as undeliverable and does not have a forwarding address, the Settlement
12 Administrator shall promptly attempt to obtain a valid mailing address by performing a skip trace
13 search. If the returned Individual Settlement Payment has a forwarding address, or another
14 address is identified, the Settlement Administrator shall mail the Individual Settlement Payment
15 to the forwarding, or newly-identified, address. If an Individual Settlement Payment is returned
16 to the Settlement Administrator a second time as undeliverable, the Settlement Administrator
17 shall not attempt any further re-mailing of that Individual Settlement Payment, but shall hold
18 such Individual Settlement Payment until it becomes void. Any settlement checks that remain
19 uncashed one hundred eighty (180) calendar days after issuance shall be void (“Voided
20 Checks”).

21 3.13.4. Any settlement checks that are not cashed within one hundred eighty (180)
22 days after mailing shall thereafter be paid to the California State Controller in the name of the
23 Class Member who did not cash his or her check.

24 3.14. Class Representative Service Awards. Defendant agrees not to oppose or object
25 to any application or motion by Plaintiffs for Class Representative Service Awards, not to exceed
26 Five Thousand Dollars and Zero Cents (\$5,000.00) for Plaintiffs, as consideration for Plaintiffs’
27 time and effort in bringing and prosecuting this matter. The Class Representative Service Awards
28 shall be paid to Plaintiffs from the Gross Settlement Amount no later than fifteen (15) calendar

1 days after Defendant funds the Gross Settlement Amount. The Settlement Administrator shall
2 issue an IRS Form 1099 — MISC to Plaintiffs for their Class Representative Service Awards.
3 Plaintiffs shall be solely and legally responsible for payment of all applicable taxes on their Class
4 Representative Service Awards and shall hold Defendant harmless from any claim or liability for
5 taxes, penalties, or interest arising as a result of their Class Representative Service Award. The
6 Class Representative Service Awards shall be in addition to Plaintiffs' Individual Settlement
7 Payment as a Settlement Class Member. In the event that the Court awards lesser amounts than
8 the Class Representative Service Awards requested, then any portion of the requested amount not
9 awarded to Plaintiffs shall be added to the Net Settlement Amount. Plaintiffs shall not have the
10 right to revoke this agreement to the Settlement on the grounds the Court did not approve any or
11 all of their request for a Class Representative Service Awards; it shall remain binding. Any
12 adjustments made by the Court to the requested Class Representative Service Awards shall not
13 be deemed a material modification of this Agreement.

14 3.15. Class Counsel Fees and Costs. Defendant agrees not to oppose or object to any
15 application or motion by Class Counsel for Class Counsel Fees in the amount of one-third of the
16 Gross Settlement Amount or Eighty One Thousand Six Hundred and Sixty Six Dollars And Sixty
17 Six Cents (\$81,666.66) and Class Counsel Costs not to exceed Fourteen Thousand Dollars
18 (\$14,000.00) from the Gross Settlement Amount. The Class Counsel Fees and Class Counsel
19 Costs shall be paid no later than fifteen (15) calendar days after the Defendant funds the Gross
20 Settlement Amount. Class Counsel shall be solely and legally responsible to pay all applicable
21 taxes on the payments made pursuant to this paragraph. The Settlement Administrator shall issue
22 an IRS Form 1099 — MISC to Class Counsel for the payments made pursuant to this paragraph.
23 This Settlement is not contingent upon the Court awarding Class Counsel any particular amount
24 in attorneys' fees and costs. Any amount requested by Class Counsel for the Class Counsel Fees
25 and Class Counsel Costs and not granted by the Court shall become part of the Net Settlement
26 Amount.

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1 3.16. PAGA Allocation. Subject to Court approval, the Parties shall allocate a total of
2 Fifteen Thousand Dollars (\$15,000.00) from the Gross Settlement Amount for the compromise
3 of claims brought under the Labor Code Private Attorney's General Act of 2004 (the "PAGA
4 Allocation").

5 3.17. LWDA PAGA Allocation. The LWDA PAGA Allocation shall be Eleven
6 Thousand Two Hundred and Fifty Dollars (\$11,250.00), representing 75% of the PAGA
7 Allocation, and shall be paid to California's Labor Workforce Development Agency ("LWDA")
8 from the Gross Settlement Amount by the Settlement Administrator no later than fifteen (15)
9 calendar days after Defendant funds the Gross Settlement Amount. The remaining Three
10 Thousand Seven Hundred and Fifty Dollars (\$3,750.00), representing 25% of the PAGA
11 Allocation, shall be distributed to PAGA Members.

12 3.18. Defendant's Option to Terminate Settlement. If, after the Response Deadline and
13 before the Final Approval Hearing, ten percent (10%) or more of the number of Settlement Class
14 Members submit timely and valid Requests for Exclusion from the Settlement, Defendant shall
15 have, in its sole discretion, the option to terminate this Settlement. Defendant shall exercise its
16 option to terminate, if they wish, prior to the Final Approval Hearing, provided the Settlement
17 Administrator has provided Defendant the number and percentage of valid and timely Requests
18 for Exclusion no later than fourteen (14) calendar days prior to the Final Approval Hearing. If
19 Defendant decides to void the Settlement, then the Settlement and conditional class certification
20 shall be considered void, and neither the Settlement, conditional class certification, nor any of the
21 related negotiations or proceedings, shall be of any force or effect, and the Parties shall stand in
22 the same position, without prejudice, as if this Settlement had been neither entered into nor filed
23 with the Court. Should Defendant void the Settlement under this paragraph, Defendant shall be
24 responsible for all Settlement Administration Costs incurred by the Settlement Administrator
25 through the date that Defendant notifies the Settlement Administrator that they are exercising the
26 option to terminate the Settlement.

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1 3.19. Settlement Administration Costs. The Settlement Administrator shall be paid for
2 the costs of administration of the Settlement from the Gross Settlement Amount. Such costs of
3 administration are not to exceed Five Thousand Dollars (\$5,000.00), unless the court approves a
4 higher amount. No fewer than twenty (20) days prior to the Final Approval Hearing, the
5 Settlement Administrator shall provide the Parties with a statement detailing the costs of
6 administration. The Settlement Administrator, on Defendant's behalf, shall have the authority
7 and obligation to make payments, credits and disbursements, including payments and credits in
8 the manner set forth in this Settlement, to Settlement Class Members, calculated in accordance
9 with the methodology set out in this Settlement and orders of the Court. The Parties agree to
10 cooperate in the administration of the Settlement and to make all reasonable efforts to control and
11 minimize the costs and expenses incurred in administration of the Settlement. The Parties each
12 represent they do not have any financial interest in the Settlement Administrator or otherwise
13 have a relationship with the Settlement Administrator that could create a conflict of interest. The
14 Settlement Administrator shall be responsible for: processing and mailing all payments described
15 in the Settlement to the Plaintiff, Class Counsel, Settlement Class Members and Verified
16 Settlement Class Members, the LWDA, tax authorities,; printing and mailing the Notice Packets
17 to the Settlement Class Members as called for in this Settlement and ordered by the Court;
18 receiving and reporting Notice of Objections and Requests for Exclusion submitted by Class
19 Members; providing declaration(s) as necessary in support of preliminary and/or final approval
20 of this Settlement; and other tasks as the Parties mutually agree or the Court orders the Settlement
21 Administrator to perform. The Settlement Administrator shall keep the Parties timely apprised
22 of the performance of all Settlement Administrator responsibilities. Any legally mandated tax
23 reports, tax forms, tax filings, or other tax documents required by administration of this Settlement
24 shall be prepared by the Settlement Administrator. Any expenses incurred in connection with
25 such preparation shall be Settlement Administration Costs. The Settlement Administrator shall
26 be paid the Settlement Administration Costs no later than fifteen (15) calendar days after the
27 Defendant funds the Gross Settlement Amount.

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1 3.20. Final Approval Hearing. At a reasonable time following the Response Deadline,
2 the Court shall hold the Final Approval Hearing, where objections, if any, may be heard, and the
3 Court shall determine amounts properly payable for (i) the Class Counsel Fees, (ii) the Class
4 Counsel Costs, (iii) the Class Representative Service Award, (iv) the LWDA PAGA Allocation;
5 and (v) the Settlement Administration Costs.

6 3.21. Entry of Final Judgment. If the Court approves this Settlement at the Final
7 Approval Hearing, the Parties shall request that the Court enter the Final Judgment after the Gross
8 Settlement Amount has been fully funded, with the Court retaining jurisdiction over the Parties
9 to enforce the terms of the judgment. If the Court grants Final Approval to the Settlement, notice
10 of Final Approval shall be posted on the Settlement Administrator's website, at
11 www.phoenixclassaction.com.

12 3.22. No Effect on Employee Benefits. Amounts paid to Plaintiffs or other Settlement
13 Class Members pursuant to this Settlement will not count as earnings or compensation for
14 purposes of any benefits (e.g., pensions or retirement plans) sponsored by Defendant. It is
15 expressly understood and agreed that the receipt of Individual Settlement Payments and/or PAGA
16 Payments shall not entitle any Settlement Class Member to additional compensation or benefits
17 under any collective bargaining agreement or under any bonus, contest, or other compensation or
18 benefit plan or agreement in place during the period covered by the Settlement, nor shall it entitle
19 any Settlement Class Member to any increased pension and/or retirement, or other deferred
20 compensation benefits. It is the intent of the Parties that payments from Net Settlement Amount
21 provided for in this Settlement are the sole payments to be made by Defendant to Settlement Class
22 Members in connection with this Settlement, with the sole exception of Plaintiffs' Class
23 Representative Service Award, and that the Settlement Class Members are not entitled to any new
24 or additional compensation or benefits as a result of having received funds from the Net
25 Settlement Amount. Furthermore, the receipt of Individual Settlement Payments by Settlement
26 Class Members shall not, and does not, by itself establish any general, special, or joint
27 employment relationship between and among the Settlement Class Member(s) and Defendant.

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1 3.23. Nullification of Settlement. In the event: (i) the Court does not enter the
2 Preliminary Approval Order as specified herein; (ii) the Court does not grant final approval of the
3 Settlement as provided herein; (iii) the Court does not enter a Final Judgment as provided herein;
4 or (iv) the Settlement does not become final for any other reason, this Settlement shall be null and
5 void and any order or judgment entered by the Court in furtherance of this Settlement shall be
6 treated as void from the beginning. In such a case, the Parties and any funds to be awarded under
7 this Settlement shall be returned to their respective statuses as of the date and time immediately
8 prior to the execution of this Settlement, and the Parties shall proceed in all respects as if this
9 Settlement had not been executed. In the event an appeal is filed from the Court's Final Judgment,
10 or any other appellate review is sought, administration of the Settlement shall be stayed pending
11 final resolution of the appeal or other appellate review.

12 3.24. No Admission by the Parties. Defendant denies any and all claims alleged in this
13 Action and denies all wrongdoing whatsoever. This Settlement is not a concession or admission,
14 and shall not be used against Defendant as an admission or indication, with respect to any claim,
15 of any fault, concession, or omission by Defendant. Neither this Settlement, nor any of its terms
16 and conditions, nor any of the negotiations connected with it, is a concession or admission, and
17 none shall be used against Defendant as an admission or indication with respect to any claim of
18 any fault, concession, or omission by Defendant, or that class certification is proper under the
19 standard applied to contested certification motions. The Parties stipulate and agree to the
20 certification of the Settlement for settlement purposes only. The Parties further agree that this
21 Settlement will not be admissible in this or any other proceeding as evidence that either: (i) a class
22 action should be certified or (ii) Defendant is liable to Plaintiff or any Class Member, other than
23 according to the terms of this Settlement.

24 3.25. Dispute Resolution. Except as otherwise set forth herein, all disputes concerning
25 the interpretation, calculation or payment of settlement claims, or other disputes regarding
26 compliance with this Settlement shall be resolved as follows:

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1 3.25.1. If Plaintiff or Class Counsel, on behalf of Plaintiff or any Settlement Class
2 Members, or Defendant at any time believe that the other Party or Parties have breached or acted
3 contrary to the Settlement, that Party shall notify the other Party or Parties in writing of the alleged
4 violation.

5 3.25.2. Upon receiving notice of the alleged violation or dispute, the responding
6 Party shall have ten (10) days to correct the alleged violation and/or respond to the initiating Party
7 with the reasons why the Party disputes all or part of the allegation.

8 3.25.3. If the response does not address the alleged violation to the initiating
9 Party's satisfaction, the Parties shall negotiate in good faith for up to ten (10) days to resolve their
10 differences.

11 3.25.4. Prior to the Court's involvement pursuant to paragraph 3.35, if the Parties
12 still cannot resolve a dispute, the Parties shall utilize the services of the Hon. Carl West (Ret.)
13 (Mediator) in a good-faith attempt to mediate and resolve the dispute.

14 3.25.5. If the Parties are unable to resolve their differences after twenty (20) days,
15 either Party may file an appropriate motion for enforcement with the Court.

16 3.26. Exhibits and Headings. The terms of this Settlement include the terms set forth
17 in Exhibit A, which are attached to this Settlement and incorporated by this reference as
18 though fully set forth in this paragraph. Any Exhibits to this Settlement are an integral part of
19 the Settlement. The descriptive headings of any paragraphs or sections of this Settlement are
20 inserted for convenience of reference only and do not constitute a part of this Settlement.

21 3.27. Interim Stay of Proceedings. The Parties agree to stay all proceedings in the
22 Action and thereafter implement and complete the Settlement.

23 3.28. Amendment or Modification. This Settlement may be amended or modified only
24 by a written instrument signed by all the Parties and counsel for all Parties or their successors-in-
25 interest.

26 3.29. Entire Settlement. This Settlement and any attached Exhibits constitute the entire
27 agreement among these Parties, and no oral or written representations, warranties, or inducements
28 have been made to any Party concerning this Settlement or its exhibits, other than the

1 representations, warranties, and covenants contained and memorialized in the Settlement and its
2 exhibits. No other prior or contemporaneous written or oral agreements may be deemed binding
3 on the Parties.

4 3.30. Authorization to Enter into Settlement. Counsel for all Parties warrant and
5 represent they are expressly authorized by the Parties whom they represent to negotiate this
6 Settlement and to take all appropriate actions required or permitted to be taken by such Parties
7 pursuant to this Settlement to effectuate its terms, and to execute any other documents required
8 to effectuate the terms of this Settlement. The Parties and their counsel will cooperate with each
9 other and use their best efforts to affect the implementation of the Settlement. In the event the
10 Parties are unable to reach agreement on the form or content of any document needed to
11 implement the Settlement, or on any supplemental provisions that may become necessary to
12 effectuate the terms of this Settlement, the Parties may seek the assistance of the Court to resolve
13 such disagreement. The person signing this Settlement on behalf of Defendant represents and
14 warrants that he or she is authorized to sign this Settlement on behalf of Defendant. Plaintiffs
15 represent and warrant they are authorized to sign this Settlement and that they have not assigned
16 any claim, or part of a claim, covered by this Settlement to a third-party.

17 3.31. No Prior Assignments. The Parties and their counsel represent, covenant, and
18 warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported
19 to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand,
20 action, cause of action or right herein released and discharged.

21 3.32. California Law Governs. All terms of this Settlement and the exhibits hereto shall
22 be governed by and interpreted according to the laws of the State of California.

23 3.33. This Settlement is Fair, Adequate and Reasonable. The Parties believe this
24 Settlement is a fair, adequate, and reasonable settlement of the Action and have arrived at this
25 Settlement after extensive arms-length negotiations, taking into account all relevant factors,
26 present and potential.

27 ///

28 ///

1 3.34. Jurisdiction of the Court. In accordance with California Rule of Court 3.769(h),
2 the Parties agree that the Court shall retain jurisdiction with respect to the interpretation,
3 implementation, and enforcement of the terms of this Settlement and all orders and judgments
4 entered in connection therewith, and the Parties and their counsel hereto submit to the jurisdiction
5 of the Court for purposes of interpreting, implementing, and enforcing this Settlement and all
6 orders and judgments entered in connection therewith.

7 3.35. Invalidity of Any Provision. Before declaring any provision of this Settlement
8 invalid, the Court shall first attempt to construe the provision to be valid to the fullest extent
9 possible, consistent with applicable precedents.

10 3.36. Waiver of Certain Appeals. The Parties agree to waive appeals and to stipulate to
11 conditional class certification for purposes of this Settlement only.

12 3.37. Cooperation. The Parties agree to cooperate fully with one another to accomplish
13 and implement the terms of this Settlement. Such cooperation shall include, but not be limited
14 to, execution of such other documents and the taking of such other action as may be reasonably
15 necessary to fulfill the terms of this Settlement. The Parties to this Settlement shall use their best
16 efforts, including all efforts contemplated by this Settlement and any other efforts that may
17 become necessary by Court order, or otherwise, to effectuate this Settlement and its terms.

18 3.38. Publicity. Plaintiffs agree not to disclose or publicize the Settlement Agreement
19 contemplated herein, the facts of the Settlement Agreement, its terms or contents, or the
20 negotiations underlying the Settlement Agreement, in any manner or form, directly or indirectly,
21 to any person or entity, except to Settlement Class members and as shall be contractually required
22 to effectuate the terms of the Settlement Agreement as set forth herein. However, for the limited
23 purpose of allowing Class Counsel to prove adequacy as class counsel in other actions, Class
24 Counsel may disclose the names of the Parties in this Action, the venue/case number of this
25 Action, and a general description of the Action, to a court in a declaration by Class Counsel. Class
26 Counsel may also include a general description of the Settlement on their respective websites, but
27 may not include the name(s) of any of the Parties, including the Defendant, or any of the Released
28 Parties, or the case name or case number of the Action.

1 3.39. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms
2 and conditions of this Settlement. Accordingly, this Settlement will not be construed more strictly
3 against one party than another merely by virtue of the fact that it may have been prepared by
4 counsel for one of the Parties, it being recognized that, because of the arm's-length negotiations
5 between the Parties, all Parties have contributed to the preparation of this Settlement.

6 3.40. Representation by Counsel. The Parties acknowledge that they have been
7 represented by counsel throughout all negotiations that preceded the execution of this Settlement,
8 and that this Settlement has been executed with the consent and advice of counsel, and reviewed
9 in full. Further, Plaintiffs and Class Counsel warrant and represent that there are no liens on the
10 Settlement.

11 3.41. All Terms Subject to Final Court Approval. All amounts and procedures described
12 in this Stipulation are subject to final Court approval.

13 3.42. Notices. Unless otherwise specifically provided, all notices, demands or other
14 communications in connection with this Settlement shall be: (1) in writing; (2) deemed given on
15 the third business day after mailing; and (3) sent via United States registered or certified mail,
16 return receipt requested, addressed as follows:

17 **To Plaintiffs:**

18 Kevin Mahoney, Esq.
19 John A. Young, Esq.
20 MAHONEY LAW GROUP
21 249 East Ocean Boulevard, Suite 814
22 Long Beach, CA 90802
23 Telephone: (562) 590-5550
24 Facsimile: (562) 590-8400

17 **To Defendant:**

18 Katherine Den Bleyker, Esq.
19 Samuel Knecht, Esq.
20 LEWIS BRISBOIS BISGAARD & SMITH LLP
21 633 W. 5th Street, Suite 4000
22 Los Angeles, CA 90071
23 Tel.: (213) 250-1800
24 Fax: (213) 250-7900

25 3.43. Execution by Settlement Class Members. It is agreed that it is impossible or
26 impractical to have each Settlement Class Member execute this Settlement. The Notice of
27 Settlement will advise all Settlement Class Members of the binding nature of the release and such
28 shall have the same force and effect as if each Settlement Class Member executed this Settlement.

 3.44. Execution by Plaintiffs and Defendant. Plaintiffs and Defendant, by signing this
Settlement, are bound by the terms herein.

1 3.45. Binding Agreement. The Parties warrant that they understand and have full
2 authority to enter into this Settlement, and further intend that this Settlement will be fully
3 enforceable and binding on all Parties, and agree that it will be admissible and subject to
4 disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality
5 provisions that otherwise might apply under federal or state law.

6 3.46. Counterparts. This Settlement shall become effective upon its execution by all
7 of the undersigned. Plaintiffs and Defendant may execute this Settlement in counterparts, and
8 execution of counterparts shall have the same force and effect as if each had signed the same
9 instrument. Copies of the executed Settlement shall be effective for all purposes as though the
10 signatures contained therein were original signatures.

11
12
13 Dated: May 26, 2022

On behalf of Shelfshot, Co.



14 Printed: Deborah Alexander

15 Title: COO

16
17
18
19 Wendy Sarinana

20 Dated: _____, 2022

21
22
23 Shelbi McFarland

24 Dated: _____, 2022

25 _____

1 3.45. Binding Agreement. The Parties warrant that they understand and have full
2 authority to enter into this Settlement, and further intend that this Settlement will be fully
3 enforceable and binding on all Parties, and agree that it will be admissible and subject to
4 disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality
5 provisions that otherwise might apply under federal or state law.

6 3.46. Counterparts. This Settlement shall become effective upon its execution by all
7 of the undersigned. Plaintiffs and Defendant may execute this Settlement in counterparts, and
8 execution of counterparts shall have the same force and effect as if each had signed the same
9 instrument. Copies of the executed Settlement shall be effective for all purposes as though the
10 signatures contained therein were original signatures.

11
12
13 Dated: _____, 2022

On behalf of Shelfbot, Co.

14
15 Printed: _____

16 Title: _____

17
18
19
20 Dated: June 2, 2022

Wendy Sarinana


21
22
23
24 Dated: May 23, 2022

Shelbi McFarland



Exhibit A

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

**SUPERIOR COURT OF CALIFORNIA FOR THE COUNTY OF ORANGE
SARINANA, ET AL. V. SHELFBOT CO., CASE NO. 30-2021-01207546-CU-OE-CXC**

A court authorized this notice. This is not a solicitation from a lawyer.

ATTENTION: IF YOU HAVE BEEN EMPLOYED BY SHELFBOT CO., AS A NON-EXEMPT HOURLY PAID EMPLOYEE IN CALIFORNIA AT ANY TIME DURING THE PERIOD BEGINNING MARCH 9, 2020 THROUGH MAY 15, 2022, YOU ARE ENTITLED TO A SHARE OF A PROPOSED CLASS ACTION SETTLEMENT.

Shelfbot Co.'s records show that, between March 9, 2020 through May 15, 2022 you worked <<weeks worked>> as a non-exempt employee. Based on these records, your estimated minimum settlement payment is <<estimated amount>>.

TO UNDERSTAND YOUR RIGHTS, READ THIS NOTICE CAREFULLY.

- A proposed class action settlement (the “Settlement”) has been reached between Plaintiffs Wendy Sarinana and Shelbi McFarland (“Plaintiffs”), on behalf of themselves and the below-defined Settlement Class, and Defendant Shelfbot Co. (“Defendant”).
- The Settlement resolves a class action lawsuit (the “Action”) about Plaintiffs’ allegations that Defendant failed to provide meal periods, failed to provide rest periods, failed to pay minimum wage, failed to pay overtime, failed to pay all wages at termination, failed to pay waiting time penalties, failed to provide accurate wage statements, engaged in unfair business practices, and is liable for civil penalties. Defendant denies all liability to Settlement Class Members, asserts that it properly and timely compensated employees for all wages owed, including minimum wages, overtime wages, and final wages; properly and timely provided accurate itemized wage statements; properly and timely provided meal and rest periods; fully complied with all applicable wage and hour laws; has not engaged in any unfair business practices; and has entered into the Settlement solely for purposes of resolving this dispute.
- The Settlement provides for settlement payments based on the number of weeks you worked while employed by Defendant, in a non-exempt position, between March 9, 2020 through May 15, 2022.

Your estimated minimum settlement payment and covered weeks worked during the relevant period are printed on the notice below.

OVERVIEW OF YOUR LEGAL RIGHTS AND OPTIONS UNDER THE SETTLEMENT	
DO NOTHING	You will automatically receive a settlement payment in exchange for which, whether or not you cash or deposit the payment, you will be bound by all terms of the Settlement and any Final Judgment entered in this Action if the Settlement receives final approval by the Court, and you will give up your rights to be part of any other lawsuit against Defendant involving the same or similar legal claims as the ones in this Action, based on the facts alleged in this Action. You will be mailed a settlement check at the address where this notice was mailed (unless you timely provide a forwarding address to the Settlement Administrator).
EXCLUDE YOURSELF FROM THE CLASS	Submit a request for exclusion post marked no later than [Response Deadline]. This is the only way for you to be part of any other lawsuit against Defendant involving the same or similar legal claims as the ones in this Action. If you submit a Request for Exclusion, you will <u>not</u> receive a class settlement payment and you will <u>not</u> be bound by the terms of the Settlement. If you request to be excluded from the Settlement, you will still receive a PAGA individual payment if you worked during the PAGA Period (June 8, 2020 through [date of preliminary approval]) also referred to as the “PAGA Class Period”, and shall be bound by the PAGA release.
OBJECT	If you wish to object to the Settlement, you must submit a written Objection and any supporting papers to the Settlement Administrator. The Objection must be postmarked no later than [Response Deadline]. You may also attend the Final Approval Hearing, with or without an attorney, to voice your objections (whether you had previously mailed a written objection or not).
GO TO THE HEARING	You may also attend the Final Approval Hearing, with or without an attorney, to voice your objections, if any (whether you had previously mailed a written objection or not). You can still submit a claim form. If the Court approves the Settlement, you will be bound by it.

- These rights and options, and how to exercise them, are explained in more detail in this notice.
- The Court handling this Action still has to decide whether to grant final approval of the Settlement. Settlement payments will only be issued if the Court grants final approval of the Settlement.
- Additional information regarding the Settlement is available through the Settlement Administrator or Class Counsel, whose contact information is provided in this notice.

BASIC INFORMATION

1. Why Did I Get This Notice?

Defendant Shelfbot Co.'s records show that you are, or have been, employed by it as a non-exempt employee at some point in California during the period from March 9, 2020 through May 15, 2022. This notice explains the Action, the Settlement, and your legal rights.

The lawsuit is known as *Sarinana et al. v. Shelfbot Co.*, and is pending in the Superior Court of California for the County of Orange, Case No. 19STCV35497 (the "Action"). Wendy Sarinana and Shelbi McFarland are called the Plaintiffs, and the company they sued, Shelfbot Co., is called the Defendant.

2. What is the Action About?

The Action generally involves claims under California's wage and hour laws. Plaintiffs are former non-exempt employees of Defendant. They allege that Defendant did not compensate their employees for all hours worked, did not provide them with meal and rest breaks, did not provide accurate itemized wage statements, failed to pay wages upon ending employment, and failed to indemnify for expenditures. As a result, Plaintiffs allege that they and Settlement Class Members (defined in response to Question 4 below) are entitled to recover unpaid wages, including overtime wages, interest, reimbursement of business expenditures, and penalties. Defendant denies that it engaged in any wrongful conduct or that it violated the law in any way, and it believes that Plaintiffs and the Settlement Class were properly compensated and provided meal and rest breaks, reimbursement for necessary business expenditures, and accurate itemized wage statements.

3. Why is This A Class Action?

Class action lawsuits are generally used where a large number of individuals are believed to be affected. In a class action, one or more persons, called the "Plaintiffs" (in this case, Wendy Sarinana and Shelbi McFarland), sue on behalf of people who have similar alleged claims. All of these people are a "class" or "class members." Once the class is certified, the Court resolves the issues for all class members, except for those who exclude themselves from the class. Class certification does not mean that there was any wrongdoing on the part of Defendant. On **[insert date]**, the Honorable William Claster issued an order conditionally certifying the Settlement Class for Settlement purposes only.

4. Who Is In The Settlement Class?

"Settlement Class Members" or "Settlement Class" means all non-exempt, hourly paid employees currently and formerly employed by Defendant in the State of California at any time from March 9, 2020 through May 15, 2022, that have not elected to be excluded

5. Why Is There A Settlement?

After conducting thorough investigation, including review of policies, payroll records, time records and personnel files, both sides have agreed to the Settlement as described in this notice to avoid the cost and risk of further litigation. The Settlement does not mean that any law was broken or that Defendant engaged in any wrongdoing. Defendant denies all of the claims asserted in the Action and denies that it has violated any laws. A settlement permits the parties to avoid the cost, delay, and uncertainty of trial, and permits eligible Class Members to receive some compensation sooner, rather than engaging in years of further litigation – including motions for summary judgment, trial, and an appeal – with the possibility of no recovery at all. The Settling Parties disagree on both liability and damages, and do not agree on the average amount of damages, if any, that would be recoverable if the Class Representatives were to prevail at trial on each claim. Nonetheless, Defendant has concluded that further defense of this Action would be protracted and expensive, and that it is desirable that this Action be fully and finally settled upon the terms and conditions approved by the Court in order to limit further expense and avoid the burden of protracted litigation. Defendant entered into a proposed Settlement without in any way admitting to or acknowledging any fault, liability or wrongdoing of any kind. There has been no adverse determination by any court against Defendant or anyone else on the merits of the claims asserted in the Complaint.

THE SETTLEMENT BENEFITS—WHAT YOU GET

6. What Does The Settlement Provide?

Under the terms of the Settlement, Defendant agrees to pay a Gross Settlement Amount of Two Hundred Forty-Five Thousand Dollars (\$245,000.00). Defendant will fund the Gross Settlement Amount no later than twenty-one (21) days of the Final Approval Date. Individual Settlement Payments will be mailed by regular First-Class U.S. Mail to Settlement Class Members' last known address no later than fifteen (15) calendar days after Defendant funds the Gross Settlement Amount.

Deducted from this Gross Settlement Amount will be sums approved by the Court for attorneys' fees, not to exceed Eighty-One Thousand Six Hundred Sixty-Six Dollars and Sixty-Six Cents (\$81,666.66), which is 33-1/3% of the Gross Settlement Amount; attorneys' actual costs, not to exceed Fourteen Thousand Dollars (\$14,000.00); Class Representative Enhancement Awards to each Plaintiff for their services as Plaintiffs and class representatives, not to exceed Five Thousand Dollars (\$5,000.00) for each Plaintiff, which would be a total of Ten Thousand Dollars (\$10,000.00); a payment of Eleven Thousand Two Hundred Fifty Dollars (\$11,250.00) to the State of California Labor and Workforce Development Agency ("LWDA") for alleged civil penalties; and the fees and expenses of the Settlement Administrator, Phoenix Settlement Administrators, not to exceed Five Thousand Dollars (\$5,000.00), which will result in a net amount payable by Defendant for distribution to Settlement Class Members who do not opt out ("The Net Settlement Amount"). The remaining Three Thousand Seven Hundred Fifty Dollars (\$3,750.00) of the PAGA Allocation, will be paid to Class Members who worked during the PAGA Period based on the number of pay periods worked by the Class Member during the PAGA Period, June 8, 2020 to [date of preliminary approval]).

Individual Class Settlement Payment Formula: The Net Settlement Amount will be distributed to Settlement Class Members who do not opt out of the Settlement (“Participating Class Members”), as follows: Compensable weeks will be all weeks in which Participating Class Members worked for Defendant in California between March 9, 2020 through May 15, 2022 (“Class Period”). The Settlement Administrator shall divide the Net Settlement Amount by the total number of workweeks all Participating Class Members worked during the Class Period in California for Defendant in order to determine the amount to which each Participating Class Member is entitled for each workweek he or she was employed by Defendant (the “Weekly Amount”) during the Class Period. Workweeks are determined by the Settlement Administrator calculating the number of days each Participating Class Member worked at Defendant was employed during the Class Period and divide by seven (7). The Settlement Administrator will multiply the Weekly Amount by the total number of workweeks that each Participating Class Member worked during the Class Period for Defendant to arrive at the gross Individual Settlement Payment for each Participating Class Member. The Settlement Administrator will then deduct all Employee Taxes attributable to wages to arrive at the net Individual Settlement Payment for each Participating Class Member.

No benefit, including but not limited to pension benefits, shall increase or accrue as a result of any payment made as a result of the Settlement.

The Parties recognize that the settlement amounts to be paid to the Participating Class Members are for wages, interest, and penalties. The Parties agree that one-third (33.33%) of the Participating Class Member payments shall be reported as wages on IRS Form W-2 and its state and local equivalents, and two-thirds (66.67%) shall be reported as interest and penalties on IRS Form 1099 and its state and local equivalents. **The Parties are neither providing tax or legal advice, nor making representations regarding tax obligations or consequences, if any, related to any settlement amounts to be paid to the Participating Class Members. Each Participating Class Member will assume any employee tax obligations or consequences that may arise from any settlement amount paid to him or her and should consult with a tax expert if he or she has questions.** Each Participating Class Member’s pro rata gross distribution amount will be reduced by the amount of any required employee-related tax deductions.

Individual Class Settlement Payment to Participating Class Members: Each Participating Class Member shall be eligible to receive an Individual Settlement Payment, which is a share of the Net Settlement Amount, based on the number of weeks worked by the Participating Class Member for Defendant during the Class Period, as a proportion of all weeks worked by all Participating Class Members for Defendant during the Class Period.

Individual PAGA Settlement Payment Formula: The Settlement Administrator shall divide the PAGA Allocation to be distributed to Class Members that worked during the PAGA Period regardless of whether they opt-out of the Individual Class Settlement Payment. Twenty-Five percent (25%) of the PAGA Allocation or Three Thousand Seven Hundred Fifty Dollars (\$3,750.00) shall be distributed to Class Members by the total number of pay periods they worked during the PAGA Period. Each Class Member’s Individual PAGA Payment will be calculated based on the total number of pay periods he or she worked during the PAGA Period. To establish the pay period value, the Settlement Administrator will first determine the total number of pay periods worked by Class Members during the PAGA Period. Twenty-Five percent (25%) of the PAGA Allocation will

then be divided by the total number of pay periods worked by Class Members during the PAGA Period to determine the pay period value. The product of each calculation represents the gross Individual PAGA Settlement Payment for the respective Class Member.

SHELFBOT CO.'S RECORDS INDICATE YOU WORKED APPROXIMATELY [INSERT WORKWEEKS] WORKWEEKS DURING THE SETTLEMENT CLASS PERIOD.

SHELFBOT CO.'S RECORDS INDICATE YOU WORKED APPROXIMATELY [INSERT PAY PERIODS] PAY PERIODS DURING THE PAGA PERIOD.

BASED ON YOUR TOTAL WORKWEEKS DURING THE CLASS PERIOD AND PAY PERIODS WORKED DURING THE PAGA PERIOD, YOUR ESTIMATED INDIVIDUAL SETTLEMENT PAYMENT IS [INSERT AMOUNT], TO BE ISSUED LESS APPLICABLE TAXES.

To the extent any Participating Class Member disputes any aspect of his or her payment, that Participating Class Member must produce supporting evidence to the Settlement Administrator and it must be postmarked no later than [Response Deadline]. Late workweek dispute letters will not be considered. Defendant's records will be presumed determinative.

Once the Settlement becomes final (as described in response to Question 17 below), the process of funding the Gross Settlement Amount (as described above) will begin. The Individual Settlement Payments to Participating Class Members will be made within fifteen (15) calendar days after Defendant fully funds the Settlement. Defendant shall fund the Gross Settlement Amount by no later than Twenty-One (21) days after the Final Approval Date. Additionally, any settlement checks that are not cashed within one hundred eighty (180) days after mailing shall thereafter be paid to the California State Controller in the name of the Class Member who did not cash his or her check.

7. What Am I Giving Up In Exchange For Settlement Benefits?

In exchange for the consideration provided, Plaintiffs and each member of the Settlement Class who does not submit a valid Request for Exclusion (defined in response to Question 10 below) will release Shelfbot, Co., and each of its parent companies, subsidiaries, related companies, affiliates, dbas, current and former management companies, shareholders, members, agents (including any investment bankers, accountants, insurers, reinsurers, attorneys and any past, present or future officers, directors and employees) predecessors, successors, and assigns, or any related entity that was the "employer" of Class Members (collectively, the "Released Parties") from any and all claims during the Class Period which were or could have been raised based on the facts, conduct, and/or omissions alleged in the Action, including all wage and hour claims, demands, rights, liabilities, and causes of action for unpaid wages, including minimum wage payments, regular wages, overtime wages; failure to pay wages during employment; failure to pay all wages due upon separation of employment; failure to maintain and provide accurate records; meal and rest break violations; meal and rest break premiums; wage statement violations, failure to reimburse for necessary business expenditures, violation of the Private Attorney General Act (California Labor Code section 2698, et seq.), civil and statutory penalties, interest, liquidated

damages, attorney's fees and costs, claims under California Labor Code sections 90.5, 201-204, 225.5, 226, 226.7, 510, 512, 1174, 1194, 1194.2, 1197, 1198, 2802, 2698-2699.5, and applicable Industrial Welfare Commission Wage Order, and claims under California Business & Professions Code sections 17200-17204. It is understood and agreed that Released Claims do not include claims for workers' compensation, unemployment, or disability benefits of any nature, nor any claims, actions, or causes of action which may be possessed by Settlement Class Members under state or federal discrimination statutes, including, without limitation, the California Fair Employment and Housing Act, California Government Code section 12940, *et seq.*; the Unruh Civil Rights Act, California Civil Code section 51, *et seq.*; the California Constitution; Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000, *et seq.*; the Americans with Disabilities Act, as amended, 42 U.S.C. § 12101, *et seq.*; the Employee Retirement Income Security Act of 1974, as amended, 29 U.S.C. § 1001, *et seq.*; and all of their implementing regulations and interpretive guidelines.

HOW TO GET A SETTLEMENT PAYMENT

8. How Do I Get A Settlement Payment?

If you do not exclude yourself from the Settlement, you will automatically receive a class settlement payment in exchange for which, whether or not you cash or deposit the payment, you will be bound by all terms of the Settlement and any Final Judgment entered in this Action if the Settlement receives final approval by the Court; and you will give up your rights to be part of any other lawsuit against the Released Parties involving the same or similar legal claims as the ones in this case, based on the facts alleged in the Action. You will be mailed a settlement check at the address where this notice was mailed (unless you timely provide a forwarding address to the Settlement Administrator). If you worked during the PAGA Period, you will also receive a PAGA Payment and will be bound by the release of PAGA claims.

9. When Will I Get My Check?

Checks will be mailed to Participating Class Members after the Gross Settlement Amount is fully funded (as described in response to Question 6 above). If the judge approves the Settlement after a hearing on **[insert date]** (see "The Court's Final Approval Hearing" section below), there may be appeals. If there are any appeals, resolving them could take some time, so please be patient. Please also be advised that you will have only 180 days from the date that your settlement check is issued to cash it. If you do not cash your settlement check within 180 days of the date of its issuance, your Individual Settlement Payment will be voided. **Assuming there are no appeals, it is estimated that you will receive your settlement check within approximately forty-five (45) days after the Court grants final approval of the Settlement** (see "The Court's Final Approval Hearing" section below).

EXCLUDING YOURSELF FROM THE SETTLEMENT

10. How Do I Ask The Court to Exclude Me From the Settlement Class?

If you do not wish to participate in the Settlement (“opt out”), you must complete and send a timely Request for Exclusion form. The Request for Exclusion must be signed, dated, and mailed by First Class U.S. Mail, or the equivalent, postmarked no later than [Response Deadline] to:

**Phoenix Settlement Administrators
P.O. Box 7208
Orange, CA 92863**

Requests for Exclusion that do not include all required information and/or that are not timely submitted will be deemed null, void, and ineffective. Settlement Class Members who fail to submit a valid and timely Request for Exclusion on or before the above-specified deadline shall be bound by all terms of the Settlement and any Final Judgment entered in the Action if the Settlement is approved by the Court. Finally, this request for exclusion will not apply to your Individual PAGA Settlement Payment if you worked during the PAGA Period. You will receive your Individual PAGA Settlement Payment regardless of your request for exclusion and you will be bound by the PAGA release if the Settlement is approved.

11. If I Exclude Myself, Can I Get Anything From the Class Settlement?

No. If you exclude yourself now, you will not get anything from the settlement. If you ask to be excluded within the time allowed for a Request for Exclusion, you will not get an Individual Class Settlement Payment and you will not be bound by the Settlement. However, as stated in section 10, even if you submit a request for exclusion from the Class Action Settlement, it will not apply to your Individual PAGA Settlement Payment if you worked during the PAGA period and you will receive your Individual PAGA Settlement Payment regardless of your request for exclusion and you will be bound by the PAGA release if the Settlement is approved.

12. If I Don’t Exclude Myself, Can I Sue Later?

No. Unless you exclude yourself, you give up the right to sue the Released Parties for the claims that were or could have been brought based on the facts as alleged in this Action. You must exclude yourself from the Class Action Settlement within the time indicated in the response to Question 10 above if you wish to start or continue your own lawsuit.

THE LAWYERS REPRESENTING YOU

13. Do I Have a Lawyer In This Case?

The Court has appointed the following lawyers to serve as Class Counsel for the Settlement Class:

Kevin Mahoney, Esq. (SBN: 235367)
kmahoney@mahoney-law.net
John A. Young (SBN: 299808)

jyoung@mahoney-law.net

MAHONEY LAW GROUP, APC

249 East Ocean Boulevard, Suite 814

Long Beach, CA 90802

Telephone No.: (562) 590-5550

Facsimile No.: (562) 590-8400

14. How Will The Costs of the Lawsuit and The Settlement Be Paid?

Subject to court approval, Defendant agrees to pay, as part of the Gross Settlement Amount, Eighty-One Thousand Six Hundred Sixty-Six Dollars and Sixty-Six Cents (\$81,666.66) in attorneys' fees, and up to Fourteen Thousand Dollars (\$2145,000.00) in actual costs, to Class Counsel. The Court may award less than these amounts. If lesser amounts are awarded, the difference will be returned to the Net Settlement Amount for distribution to Participating Class Members.

In addition, and subject to Court approval, Defendant agrees to pay Plaintiffs, as part of the Gross Settlement Amount, a total of up to Ten Thousand Dollars (\$10,000.00), as Class Representative Service Awards for their participation in this lawsuit and for taking on the risk of litigation. Defendant also agrees to pay, as part of the Gross Settlement Amount, the LWDA PAGA Allocation of Fifteen Thousand Dollars (\$15,000.00). Defendant also agrees to pay, as part of the Gross Settlement Amount, the Settlement Administrator's costs and fees associated with administering the Settlement, not to exceed Five Thousand Dollars (\$5,000.00). The Court may award less than these amounts. If lesser amounts are awarded, the difference will be included in the Net Settlement Amount for distribution to Participating Class Members.

The Court has appointed Plaintiff's attorneys, who are named below, as Class Counsel, to represent the Class. The Court has tentatively approved an award up to Eighty-One Thousand Six Hundred Sixty-Six Dollars and Sixty-Six Cents (\$81,666.66) in attorneys' fees and a separate award of costs to Class Counsel. All attorneys' fees and costs will be paid from the Class Settlement Amount.

OBJECTING TO THE SETTLEMENT

15. How Do I Object to the Settlement?

Any Settlement Class Member may object to the proposed Settlement for any reason by completing a written objection. The written objection must be mailed to the Settlement Administrator at the following address by regular U.S. Mail, or the equivalent, postmarked no later than [Response Deadline]:

Phoenix Settlement
Administrators
P.O. Box 7208
Orange, CA 92863

A written objection must be signed by the Settlement Class Member and must state: (1) the full name of the Settlement Class Member; (2) the dates of employment of the Settlement Class Member; (3) the last four digits of the Settlement Class Member's Social Security number and/or the entire Employee ID number; (4) the basis for the objection; and, (5) whether the Settlement Class Member intends to appear at the Final Approval Hearing. If a Settlement Class Member wishes to appear at the Court's Final Approval Hearing (see response to Question 17 below) and orally present his or his objection to the Court, they may do so whether or not they submitted a written objection to the Settlement Administrator. They may also hire counsel to represent them at the final approval hearing. Any Settlement Class Member who submits an objection or appears at the Final Approval Hearing to submit a verbal objection remains eligible to receive monetary compensation from the Settlement. Settlement Class Members who submit Requests for Exclusion may not object to the proposed Settlement.

16. What's The Difference Between Objecting and Asking to be Excluded?

Objecting is simply telling the Court you do not like something about the Settlement. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class.

THE COURT'S FINAL APPROVAL HEARING

The Court will hold a hearing to decide whether to approve the Settlement. Whether you have filed an objection on time or not, you may attend and you may ask to speak, but you don't have to.

17. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a Final Approval Hearing on **[insert time/date]** in Department CX-104 at the Superior Court of California for the County of Orange, located at **751 W. Santa Ana Blvd, Santa Ana, CA 92701**. The hearing may be moved to a different date and/or time without additional notice. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will only listen to people who ask to speak at the hearing. The Court will also decide how much should be paid for Class Counsel's fees and costs, the Settlement Administrator's costs, the PAGA Allocation, and Plaintiffs' Class Representative Service Awards. After the hearing, the Court will decide whether to approve the Settlement. If the Court grants final approval of the Settlement, the date which the Court grants final approval of the Settlement will be the Final Approval Date. We do not know how long these decisions will take.

18. Do I Have to Come to the Hearing?

No. Class Counsel will answer any questions the judge may have. But you are welcome to come at your own expense. If you send an objection, you don't have to come to Court to talk about it, however, you are welcome to do so. As long as you mailed your written objection on time, the Court will consider it. You may also pay another lawyer to attend and represent you, but it is not required.

19. May I Speak At The Hearing?

If a Settlement Class Member wishes to appear at the Final Approval Hearing and orally present his or his objection to the Court, they may do so regardless of whether or not they submitted a written objection.

IF YOU DO NOTHING

20. What Happens If I Do Nothing At All?

If you do nothing, you will automatically receive a payment from this Settlement (assuming the Settlement is approved and not successfully appealed) as described above and you will be bound by the release of the claims described above and in the Settlement. If the Court grants final approval to the Settlement, notice of the final approval shall be posted on the Settlement Administrator's website at www.phoenixclassaction.com.

GETTING MORE INFORMATION

21. How Do I Get More Information?

This notice summarizes the Settlement. More details are in the Settlement. You may contact Class Counsel or the Settlement Administrator for more information. This notice summarizes the Settlement. More details are in the Settlement. You may contact Class Counsel by email at kmahoney@mahoney-law.net, jyoung@mahoney-law.net or by phone at (562) 590-5550, or visit the Settlement Administrator website at [www.phoenixclassaction.com/\[INSERT BY ADMINISTRATOR\]](http://www.phoenixclassaction.com/[INSERT BY ADMINISTRATOR]) for more information. You may also view the entire case file, you can go to the Clerk's Office of the Superior Court of California for the County of Orange, located at 751 W. Santa Ana Blvd, Santa Ana, CA 92701.