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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO

THYREE STEELE, individually, and on behalf
of all others similarly situated,

Plaintiff,

vs.

PATHWAY STAFFING, INC., a California
corporation dba PATHWAY GROUP;
CALIFORNIA STEEL SERVICES, INC., a
California corporation; and DOES 1 through 10,
inclusive,

Defendants

Case No.: CIVSB 2116557

CLASS ACTION

**CLASS ACTION AND PAGA SETTLEMENT
AGREEMENT AND CLASS NOTICE**

Complaint filed: June 10, 2021
Trial date: Not set

CLASS ACTION AND PAGA SETTLEMENT AGREEMENT AND CLASS NOTICE

This Class Action and PAGA Settlement Agreement ("Agreement") is made by and between plaintiff Thyree Steele ("Plaintiff") and defendant California Steel Services, Inc. ("CSS"). The Agreement refers to Plaintiff and CSS collectively as "Parties," or individually as "Party."

1. DEFINITIONS.

- 1.1. "Action" means the Plaintiff's lawsuit alleging wage and hour violations against CSS and Defendant Pathway Staffing, Inc. captioned *Thyree Steele v. Pathway Staffing, Inc., et al.*, initiated on June 10, 2021, and pending in Superior Court of the State of California, County of San Bernardino.
- 1.2. "Administrator" means the IYLM Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.3. "Administration Expenses Payment" means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses to administer the settlement.
- 1.4. "Aggrieved Employee" means any person employed by CSS or placed to work at CSS by Defendant Pathway Staffing, Inc. in California and classified as a non-exempt employee who worked for CSS during the PAGA Period.
- 1.5. "Class" means all persons employed by CSS and/or placed to work with CSS by Defendant Pathway Staffing, Inc. in California and classified as non-exempt who worked during the Class Period.
- 1.6. "Class Counsel" means Kane Moon, Allen Feghali, and Brett Gunther of Moon & Yang, APC.
- 1.7. "Class Counsel Fees Payment" and "Class Counsel Litigation Expenses Payment" mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys' fees and expenses, respectively, incurred to prosecute the Action.
- 1.8. "Class Data" means Class Member identifying information in CSS's possession including the Class Member's name, last-known mailing address, Social Security number, and

number of Class Period Workweeks and PAGA Pay Periods.

1.9. "Class Member" or "Settlement Class Member" means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non-Participating Class Member who qualifies as an Aggrieved Employee).

1.10. "Class Member Address Search" means the Administrator's investigation and search for current Class Member mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.

1.11. "Class Notice" means the "Notice of Proposed Class Action Settlement", to be mailed to Class Members in English with a Spanish translation, in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.

1.12. "Class Period" means the period from June 10, 2017 to August 28, 2022.

1.13. "Class Representative" means Thyree Steele, the named Plaintiff in the operative First Amended complaint in the Action seeking Court approval to serve as the Class Representative.

1.14. "Class Representative Service Payment" means the up to \$6,000 payment to the Class Representative for initiating the Action and providing services in support of the Action.

1.15. "Court" means the Superior Court of California, County of San Bernardino.

1.16. "CSS" means named Defendant California Steel Services, Inc.

1.17. "Defense Counsel" means John Egley and Ellen Cohen of CALL & JENSEN, APC.

1.18. "Effective Date" means (i) if no appeal from the Final Judgment is filed, sixty-one (61) days after entry of the Final Judgment, or (ii) if an appeal is filed, upon the final dismissal of the appeal, writ, or other appellate proceeding opposing this Settlement. It is the Parties' intent that the Settlement shall not become effective until the Final Judgment has become completely final, and there is no timely recourse by an appellant or intervenor who seeks to contest the Settlement.

1.19. "Employer Payroll Taxes" means CSS' share of payroll taxes on the Wage Portion of Participating Class Members' Individual Class Payments.

- 1.20. "Final Approval Order and Judgment" means the Court's order granting final approval of the Settlement and entering Judgment thereon.
- 1.21. "Final Approval Hearing" means the Court's hearing on the Motion for Final Approval of the Settlement.
- 1.22. "Gross Settlement Amount" means One Hundred Fifty Thousand Dollars and Zero Cents (\$150,000.00) which is the total amount CSS agrees to pay under this Settlement. In no event shall CSS be obligated to pay more than the Gross Settlement Amount except as provided in Paragraph 8 below. The Gross Settlement Amount will be used to pay (i) Individual Class Payments, (ii) Individual PAGA Payments, (iii) the LWDA PAGA Payment, (iv) the Class Counsel Fees Payment, (v) the Class Counsel Litigation Expenses Payment, (vi) the Class Representative Service Payment, (vii) the Administration Expense Payment, and (viii) Employer Payroll Taxes.
- 1.23. "Individual Class Payment" means the Participating Class Member's pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.
- 1.24. "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 25% of the PAGA Penalties calculated according to the number of Workweeks the Aggrieved Employee worked during the PAGA Period.
- 1.25. "Judgment" means the judgment entered by the Court based upon the Final Approval.
- 1.26. "LWDA" means the California Labor and Workforce Development Agency, the agency entitled to PAGA Penalties under Labor Code § 2699(i).
- 1.27. "LWDA PAGA Payment" means the 75% of the PAGA Penalties paid to the LWDA under Labor Code § 2699(i).
- 1.28. "Net Settlement Amount" means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: (i) Individual PAGA Payments, (ii) the LWDA PAGA Payment, (iii) Class Representative Service Payment, (iv) Class Counsel Fees Payment, (v) Class Counsel Litigation Expenses Payment, and (vi) the Administration Expenses Payment. After Employer Payroll Taxes are deducted from the

Net Settlement Amount, the remainder is to be paid to Participating Class Members as Individual Class Payments.

- 1.29. "Non-Participating Class Member" means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.
- 1.30. "PAGA Pay Period" means any Pay Period during which an Aggrieved Employee worked for CSS for at least one day during the PAGA Period.
- 1.31. "PAGA Period" means the period from June 5, 2020, to August 28, 2022.
- 1.32. "PAGA" means the Private Attorneys General Act (Labor Code §§ 2698. *et seq.*).
- 1.33. "PAGA Notice" means Plaintiff's June 5, 2021 letter to CSS and the LWDA, as amended June 9, 2021, providing notice pursuant to Labor Code § 2699.3(a).
- 1.34. "PAGA Penalties" means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees (\$2,500) and 75% to the LWDA (\$7,500) in settlement of PAGA claims.
- 1.35. "Participating Class Member" means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.
- 1.36. "Plaintiff" means Thyree Steele, the named plaintiff in the Action.
- 1.37. "Preliminary Approval" means the Court's Order Granting Preliminary Approval of the Settlement.
- 1.38. "Preliminary Approval Order" means the Order Granting Preliminary Approval and Approval of PAGA Settlement.
- 1.39. "Released Class Claims" means the claims being released as described in Paragraph 5.2 below.
- 1.40. "Released PAGA Claims" means the claims being released as described in Paragraph 5.3 below.
- 1.41. "Released Parties" means: CSS and Defendant Pathway Staffing, Inc. dba Pathway Group and each of their former and present subsidiaries, parents, affiliated and related companies, divisions, subsidiaries, successors, predecessors, and assigns, and their respective past and present directors, officers, shareholders, owners, partners, employees, agents,

representatives, members, attorneys, advisors, accountants, insurers, trustees, heirs, executors, and administrators, .

1.42. "Request for Exclusion" means a Class Member's submission of a written request to be excluded from the Class Settlement signed by the Class Member.

1.43. "Response Deadline" means 45 days after the Administrator mails Notice to Class Members and Aggrieved Employees, and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her objection to the Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional 14 days beyond the Response Deadline has expired.

1.44. "Settlement" means the disposition of the Action effected by this Agreement and the Judgment.

1.45. "Workweek" means any week during which a Class Member worked for CSS for at least one day, during the Class Period.

2. RECITALS.

2.1. On June 10, 2021, Plaintiff commenced this Action by filing a Complaint alleging causes of action against CSS and Defendant Pathway Staffing, Inc. (together referred to as "Defendants") for 1) failure to pay minimum wages; 2) failure to pay overtime compensation; 3) failure to provide meal periods; 4) failure to authorize and permit rest breaks; 5) failure to indemnify necessary business expenses; 6) failure to timely pay final wages at termination; 7) failure to provide accurate itemized wage statements; and 8) unfair business practices. On September 01, 2021, Plaintiff filed a First Amended Complaint adding a Ninth Cause of Action against Defendants for PAGA civil penalties. The First Amended Complaint is the operative complaint in the Action (the "Operative Complaint.") Defendants deny the allegations in the Operative Complaint, deny any failure to comply with the laws identified in in the Operative Complaint, and deny any and all liability for the causes of action alleged.

- 1 2.2. Pursuant to Labor Code § 2699.3(a), Plaintiff gave timely written notice to CSS and the
2 LWDA by sending the PAGA Notice.
- 3 2.3. On June 29, 2022, the Parties participated in an all-day mediation presided over by
4 experienced employment mediator Steve Rottman, Esq. which led to this Agreement to
5 settle the Action.
- 6 2.4. Prior to mediation, Plaintiff obtained, through both formal and informal discovery,
7 information sufficient to meaningfully evaluate the claims at issue, including applicable
8 policy documents and a sample of time and pay records for the Class. Plaintiff's
9 investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v.*
10 *Foot Locker Retail, Inc.*, 48 Cal. App. 4th 1794, 1801 (1996) and *Kullar v. Foot Locker*
11 *Retail, Inc.*, 168 Cal. App. 4th 116, 129-130 (2008) ("*Dunk/Kullar*").
- 12 2.5. The Court has not granted class certification.
- 13 2.6. The Parties, Class Counsel, and Defense Counsel represent that they are not aware of any
14 other pending matter or action asserting claims that will be extinguished or affected by the
15 Settlement.
- 16 2.7. Defendant Pathway Services, Inc. ("Pathway") is being provided a full release as a result
17 of this Settlement, but CSS shall be solely responsible for funding the Gross Settlement
18 Amount. CSS preserves all of its legal and equitable rights to separately pursue Pathway,
19 and CSS is not releasing any claims it might have against Pathway.

20

21 **3. MONETARY TERMS.**

- 22 3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 8 below, CSS
23 promises to pay the total amount of One Hundred Fifty Thousand Dollars and Zero Cents
24 (\$150,000.00). CSS has no obligation to pay the Gross Settlement Amount prior to the
25 deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the
26 entire Gross Settlement Amount without asking or requiring Participating Class Members
27 or Aggrieved Employees to submit any claim as a condition of payment. None of the
28 Gross Settlement Amount will revert to CSS.

1 3.2. Payments from the Gross Settlement Amount. The Administrator will make and deduct the
2 following payments from the Gross Settlement Amount, in the amounts specified by the
3 Court in the Final Approval Order and Judgment:

4 3.2.1. To Plaintiff: Class Representative Service Payment of not more than Six Thousand
5 Dollars and Zero Cents (\$6,000.00) (in addition to any Individual Class Payment
6 and any Individual PAGA Payment Plaintiff is entitled to receive as a Participating
7 Class Member and Aggrieved Employee). CSS will not oppose Plaintiff's request
8 for a Class Representative Service Payment that does not exceed this amount. As
9 part of the motion for Class Counsel Fees Payment and Class Litigation Expenses
10 Payment, Plaintiff will seek Court approval for the Class Representative Service
11 Payment no later than 16 court days prior to the Final Approval Hearing. If the
12 Court approves a Class Representative Service Payment less than the amount
13 requested, the remainder will be added to the Net Settlement Amount. The
14 Administrator will pay the Class Representative Service Payment using IRS Form
15 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on
16 the Class Representative Service Payment.

17 3.2.2. To Class Counsel: A Class Counsel Fees Payment of not more than thirty-three
18 and one third percent (33 1/3%) of the Gross Settlement Amount (i.e., Fifty
19 Thousand Dollars and Zero Cents (\$50,000.00) and a Class Counsel Litigation
20 Expenses Payment of not more than Twenty Thousand Dollars and Zero Cents
21 (\$20,000.00). CSS will not oppose requests for these payments provided that Class
22 Counsel's requests do not exceed these amounts. Plaintiff and/or Class Counsel
23 will file a motion for Class Counsel Fees Payment and Class Litigation Expenses
24 Payment no later than 16 court days prior to the Final Approval Hearing. If the
25 Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation
26 Expenses Payment less than the amounts requested, the remainder will be added to
27 the Net Settlement Amount. Released Parties shall have no liability to Class
28 Counsel or any other Plaintiff's Counsel arising from any claim to any portion of

any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds CSS harmless, and indemnifies CSS, from any dispute or controversy regarding any division or sharing of any of these Payments.

3.2.3. To the Administrator: An Administration Expenses Payment not to exceed Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00) except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than \$7,500, the remainder will be added to the Net Settlement Amount.

3.2.4. To Each Participating Class Member: An Individual Class Payment calculated by (a) dividing the Net Settlement Amount (after deduction of Employer Payroll Taxes) by the total number of Workweeks worked by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks.

3.2.4.1. Tax Allocation of Individual Class Payments. Twenty percent (20%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. The remaining eighty percent (80%) of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for interest and penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payments.

3.2.4.2. Effect of Non-Participating Class Members on Calculation of Individual

1 Class Payments. Non-Participating Class Members will not receive any
2 Individual Class Payments. The Administrator will retain amounts equal to
3 their Individual Class Payments in the Net Settlement Amount for
4 distribution to Participating Class Members on a pro rata basis.

5 3.2.5. Employer Payroll Taxes: The Administrator shall calculate and deduct Employer
6 Payroll Taxes from the Net Settlement Amount prior to distribution of Individual
7 Class Payments. The Administrator shall provide an estimate of Employer Payroll
8 Taxes to the Parties for purposes of Court approval and to disclose the amount to
9 the Court.

10 3.2.6. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of Ten
11 Thousand Dollars and Zero Cents (\$10,000.00) to be paid from the Gross
12 Settlement Amount, with seventy-five percent (75%) i.e., Seven Thousand Five
13 Hundred Dollars and Zero Cents (\$7,500.00)) allocated to the LWDA PAGA
14 Payment and twenty-five percent (25%) (i.e., Two Thousand Five Hundred Dollars
15 and Zero Cents (\$2,500.00)) allocated to the Individual PAGA Payments.

16 3.2.6.1. The Administrator will calculate each Individual PAGA Payment by (a)
17 dividing the amount of the Aggrieved Employees' 25% share of PAGA
18 Penalties (i.e., \$2,500) by the total number of PAGA Period Pay Periods
19 worked by all Aggrieved Employees during the PAGA Period and (b)
20 multiplying the result by each Aggrieved Employee's PAGA Period Pay
21 Periods. Aggrieved Employees assume full responsibility and liability for
22 any taxes owed on their Individual PAGA Payments.

23 3.2.6.2. If the Court approves PAGA Penalties of less than the amount requested,
24 the remainder will be added to the Net Settlement Amount. The
25 Administrator will report the Individual PAGA Payments on IRS 1099
26 Forms.

1 **4. SETTLEMENT FUNDING AND PAYMENTS.**

2 4.1. Class Data. Not later than fifteen (15) days after the Court grants Preliminary Approval of
3 the Settlement, CSS will deliver the Class Data to the Administrator, in the form of a
4 Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator
5 must maintain the Class Data in confidence, use the Class Data only for purposes of this
6 Settlement and for no other purpose, and restrict access to the Class Data to Administrator
7 employees who need access to the Class Data to effect and perform under this Agreement.
8 CSS has a continuing duty to immediately notify Class Counsel if it discovers that the
9 Class Data omitted Class Member identifying information and to provide corrected or
10 updated Class Data as soon as reasonably feasible. Without any extension of the deadline
11 by which CSS must send the Class Data to the Administrator, the Parties and their counsel
12 will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any
13 issues related to missing or omitted Class Data. Nothing in this section shall work to
14 prohibit or prevent Class Counsel from fulfilling their fiduciary duties to the Class.

15 4.2. Funding of Gross Settlement Amount. CSS shall fully fund the Gross Settlement Amount
16 by transmitting the funds to the Administrator no later than thirty (30) days after the
17 Effective Date.

18 4.3. Payments from the Gross Settlement Amount. Within fourteen (14) days after CSS funds
19 the Gross Settlement Amount, the Administrator will mail checks for all Individual Class
20 Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the
21 Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel
22 Litigation Expenses Payment, and the Class Representative Service Payment.
23 Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses
24 Payment, and the Class Representative Service Payment shall not precede disbursement of
25 Individual Class Payments and Individual PAGA Payments.

26 4.3.1. The Administrator will issue checks for the Individual Class Payments and/or
27 Individual PAGA Payments and send them to the Class Members via First Class
28 U.S. Mail, postage prepaid. The face of each check shall prominently state the

1 date (not less than 180 days after the date of mailing) when the check will be
2 voided. The Administrator will cancel all checks not cashed by the void date. The
3 Administrator will send checks for Individual Settlement Payments to all
4 Participating Class Members (including those for whom Class Notice was returned
5 undelivered). The Administrator will send checks for Individual PAGA Payments
6 to all Aggrieved Employees including Non-Participating Class Members who
7 qualify as Aggrieved Employees (including those for whom Class Notice was
8 returned undelivered). The Administrator may send Participating Class Members a
9 single check combining the Individual Class Payment and the Individual PAGA
10 Payment. Before mailing any checks, the Settlement Administrator must update
11 the recipients' mailing addresses using the National Change of Address Database.

12 4.3.2. The Administrator must conduct a Class Member Address Search for all other
13 Class Members whose checks are returned undelivered without USPS forwarding
14 address. Within seven (7) days of receiving a returned check the Administrator
15 must re-mail checks to the USPS forwarding address provided or to an address
16 ascertained through the Class Member Address Search. The Administrator need
17 not take further steps to deliver checks to Class Members whose re-mailed checks
18 are returned as undelivered. The Administrator shall promptly send a replacement
19 check to any Class Member whose original check was lost or misplaced, requested
20 by the Class Member prior to the void date.

21 4.3.3. For any Class Member whose Individual Class Payment check or Individual
22 PAGA Payment check is uncashed and cancelled after the void date, the
23 Administrator shall transmit the funds represented by such checks to the California
24 Controller's Unclaimed Property Fund in the name of the Class Member thereby
25 leaving no "unpaid residue" subject to the requirements of California Code of Civil
26 Procedure § 384(b).

27 4.3.4. The payment of Individual Class Payments and Individual PAGA Payments shall
28 not obligate CSS to confer any additional benefits or make any additional

1 payments to Class Members (such as 401(k) contributions or bonuses) beyond
2 those specified in this Agreement.

3 4.3.5. The Administrator shall remit payment for Employer Payroll Taxes to the
4 appropriate taxing authorities within the deadlines established by law.
5

6 **5. RELEASES OF CLAIMS.**

7 Effective on the date when CSS fully funds the entire Gross Settlement Amount, Plaintiff, Class
8 Members, Aggrieved Employees, and Class Counsel will release claims against all Released Parties as
9 follows:

10 5.1. Plaintiff's Release.

11 5.1.1. Scope of Plaintiff's Release. Plaintiff and his former and present spouses, family
12 members, representatives, agents, attorneys, heirs, administrators, successors, and
13 assigns generally, release and discharge Released Parties from all claims,
14 transactions, or occurrences from the beginning of time through the date Plaintiff
15 signs this Agreement, including, but not limited to: all claims under the California
16 Labor Code; the California Fair Employment and Housing Act; the California
17 Family Rights Act; the California Constitution; the California Government Code;
18 the California Civil Code; any Industrial Welfare Commission Wage Order; the
19 Americans with Disabilities Act, as amended; Title VII of the Civil Rights Act of
20 1964, as amended; the Civil Rights Act of 1991; 42 U.S.C. § 1981, as amended;
21 the Age Discrimination in Employment Act, as amended; the Fair Labor Standards
22 Act, as amended; the Equal Pay Act; the Rehabilitation Act of 1973; the Family
23 and Medical Leave Act; any and all other federal, state, and local statutes,
24 ordinances, regulations, rules, and other laws, and all claims based on
25 constitutional, statutory, common law, or regulatory grounds, as well as all other
26 claims based on theories of wrongful or constructive discharge, breach of contract
27 or implied contract, fraud, misrepresentation, promissory estoppel, intentional
28 and/or negligent infliction of emotional distress, or damages under any other

1 federal, state, or local statutes, ordinances, regulations, rules, or laws. This release
2 is for any and all relief, no matter how denominated, including, but not limited to,
3 back pay, front pay, vacation pay, bonuses, compensatory damages, tortious
4 damages, liquidated damages, punitive damages, damages for pain and suffering,
5 and attorneys' fees and costs ("Plaintiff's Release.") Plaintiff's Release does not
6 extend to any claims or actions that cannot be released as a matter of law, including
7 claims for vested benefits, unemployment benefits, disability benefits, social
8 security benefits, or workers' compensation benefits. Plaintiff acknowledges that
9 Plaintiff may discover facts or law different from, or in addition to, the facts or law
10 that Plaintiff now knows or believes to be true but agrees, nonetheless, that
11 Plaintiff's Release shall be and remain effective in all respects, notwithstanding
12 such different or additional facts or Plaintiff's discovery of them.

13 5.1.2. Plaintiff's Waiver of Rights Under California Civil Code § 1542. For purposes of
14 Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions,
15 rights, and benefits, if any, of Section 1542 of the California Civil Code, which
16 reads:

17 **A general release does not extend to claims that the creditor or**
18 **releasing party does not know or suspect to exist in his or her favor**
19 **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.

20 5.2. Release by Participating Class Members: All Participating Class Members, on behalf of
21 themselves and their respective former and present spouses, family members,
22 representatives, agents, attorneys, heirs, administrators, successors, and assigns, release
23 Released Parties from (i) all claims that were alleged, or reasonably could have been
24 alleged, based on the Class Period facts stated in the Operative Complaint, including, e.g.,
25 any and all claims arising under California Labor Code sections 201, 202, 203, 204, 218.5,
26 218.6, 226, 226.7, 510, 512, 1174(d), 1194, 1194.2, 1197, 1198, 2802 and the applicable
27 Industrial Welfare Commission Wage Orders based on any alleged failure to pay
28 minimum wage; failure to pay overtime compensation; failure to provide meal periods;

1 failure to authorize and permit rest periods; failure to indemnify necessary business
2 expenses; failure to timely pay final wages; failure to timely pay wages during
3 employment; failure to provide accurate wage statements; failure to keep adequate
4 records; and unfair business practices arising under California Business and Professions
5 Code section 17200 *et seq.* Excluded from this portion of the release are claims for
6 PAGA penalties that were alleged, or reasonably could have been alleged, based on the
7 PAGA Period facts stated in the Operative Complaint and the Plaintiff's PAGA Notice.
8 Except as set forth in Section 5.3 of this Agreement, Participating Class Members do not
9 release any other claims, including claims for vested benefits, wrongful termination,
10 violation of the Fair Employment and Housing Act, unemployment insurance, disability,
11 social security, workers' compensation, or claims based on facts occurring outside the
12 Class Period.

13 5.3. Release by Class Members Who Are Aggrieved Employees: All Class Members who are
14 Aggrieved Employees are deemed to release, on behalf of themselves and their respective
15 former and present spouses, family members, representatives, agents, attorneys, heirs,
16 administrators, successors, and assigns, the Released Parties from all claims for PAGA
17 penalties that were alleged, or reasonably could have been alleged, based on the PAGA
18 Period facts stated in the Operative Complaint and/or the Plaintiff's PAGA Notice,
19 including any claim for PAGA penalties based on alleged violations of California Labor
20 Code sections 201, 202, 203, 204, 218.5, 218.6, 226, 226.7, 510, 512, 1174(d), 1194,
21 1194.2, 1197, 1198, 2802 and the applicable Industrial Welfare Commission Wage Orders
22 based on any alleged failure to pay minimum wage; failure to pay overtime
23 compensation; failure to provide meal periods; failure to authorize and permit rest
24 periods; failure to indemnify necessary business expenses; failure to timely pay final
25 wages; failure to timely pay wages during employment; failure to provide accurate wage
26 statements; and/or failure to keep adequate records.

1 **6. MOTION FOR PRELIMINARY APPROVAL.**

2 The Parties agree to jointly prepare and file a motion for preliminary approval ("Motion for
3 Preliminary Approval") that complies with the Court's current checklist for Preliminary Approvals.

4 6.1. Responsibilities of Counsel. Class Counsel will be responsible for expeditiously finalizing
5 and filing the Motion for Preliminary Approval no later than thirty (30) days after the full
6 execution of this Agreement; obtaining a prompt hearing date for the Motion for
7 Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for
8 Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary
9 Approval Order to the Administrator.

10 6.2. Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for
11 Preliminary Approval and/or the supporting declarations and documents, Class Counsel
12 and Defense Counsel will expeditiously work together on behalf of the Parties by meeting
13 in person or by telephone, and in good faith, to resolve the disagreement. If the Court does
14 not grant Preliminary Approval or conditions Preliminary Approval on any material
15 change to this Agreement, Class Counsel and Defense Counsel will expeditiously work
16 together on behalf of the Parties by meeting in person or by telephone, and in good faith, to
17 modify the Agreement and otherwise satisfy the Court's concerns.

18
19 **7. SETTLEMENT ADMINISTRATION.**

20 7.1. Selection of Administrator. The Parties have jointly selected IYLM Group, Inc. to serve
21 as the Administrator and verified that, as a condition of appointment, IYLM Group, Inc.
22 agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in
23 this Agreement in exchange for payment of Administration Expenses. The Parties and
24 their Counsel represent that they have no interest or relationship, financial or otherwise,
25 with the Administrator other than a professional relationship arising out of prior
26 experiences administering settlements.

27 7.2. Employer Identification Number. The Administrator shall have and use its own Employer
28 Identification Number for purposes of calculating payroll tax withholdings and providing

reports state and federal tax authorities.

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

7.4. Notice to Class Members.

7.4.1. No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, Aggrieved Employees, Workweeks, and Pay Periods in the Class Data.

7.4.2. Using best efforts to perform as soon as possible, and in no event later than fourteen (14) days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service ("USPS") mail, the Class Notice with Spanish translation substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and Individual PAGA Payment (if applicable) payable to the Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.

7.4.3. Not later than three (3) business days after the Administrator's receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

7.4.4. The deadlines for Class Members' written objections, Challenges to Workweeks

1 and/or Pay Periods, and Requests for Exclusion will be extended an additional
2 seven (7) days beyond the forty-five (45) days otherwise provided in the Class
3 Notice for all Class Members whose notice is re-mailed. The Administrator will
4 inform the Class Member of the extended deadline with the re-mailed Class
5 Notice.

6 7.4.5. If the Administrator, CSS, or Class Counsel is contacted by or otherwise discovers
7 any persons who believe they should have been included in the Class Data and
8 should have received Class Notice, the Parties will expeditiously meet and confer
9 in person or by telephone, and in good faith, in an effort to agree on whether to
10 include them as Class Members. If the Parties agree, such persons will be Class
11 Members entitled to the same rights as other Class Members, and the
12 Administrator will send, via email or overnight delivery, a Class Notice requiring
13 them to exercise options under this Agreement not later than fourteen (14) days
14 after receipt of Class Notice, or the deadline dates in the Class Notice, which ever
15 are later.

16 7.5. Requests for Exclusion (Opt-Outs).

17 7.5.1. Class Members who wish to exclude themselves (opt-out of) the Class Settlement
18 must send the Administrator, by fax or mail, a signed written Request for
19 Exclusion not later than forty-five (45) days after the Administrator mails the Class
20 Notice (plus an additional seven (7) days for Class Members whose Class Notice is
21 re-mailed). A Request for Exclusion is written notice from a Class Member or
22 his/her representative that reasonably communicates the Class Member's election
23 to be excluded from the Settlement. A valid Request for Exclusion must include
24 the Class Member's name, address, signature, and email address or telephone
25 number. To be valid, a Request for Exclusion must be timely faxed or postmarked
26 by the Response Deadline.

27 7.5.2. If the Administrator has reason to question the authenticity of a Request for
28 Exclusion, the Administrator may demand additional proof of the Class Member's

identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.

7.5.3. Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Releases under Paragraphs 5.2 and 5.3 of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

7.5.4. Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment and shall not have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in Paragraph 5.3 of this Agreement and will still receive an Individual PAGA Payment, notwithstanding their Request for Exclusion from the Class portion of the Settlement.

7.6. Challenges to Calculation of Workweeks. Each Class Member shall have forty-five (45) days after the Administrator mails the Class Notice (plus an additional seven (7) days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator in writing via fax or mail. The Administrator must request that the challenging Class Member submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of

Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination as to the challenges.

7.7. Objections to Settlement.

7.7.1. Only Participating Class Members (i.e., Class Members who do not submit valid and timely Requests for Exclusion) may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payment. Aggrieved Employees have no right to object to the PAGA portion of the Settlement.

7.7.2. For any Participating Class Member to object, the Class Member must send written objections to the Administrator, signed by the Class Member, by fax or mail, no later than forty-five (45) days after the Administrator's mailing of the Class Notice (plus an additional seven (7) days for Class Members whose Class Notice was re-mailed). The Settlement Administrator shall send all objections it receives to Defense Counsel and Class Counsel within three (3) business days of receipt. Participating Class Members may also appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. The Court retains final authority with respect to the consideration and admissibility of any Class Member objections.

7.7.3. Non-Participating Class Members (i.e., Class Members who submit valid and timely Requests for Exclusion) have no right to object to any of the class action components of the Settlement.

7.7.4. Aggrieved Employees shall have no right to object to the PAGA portion of the Settlement and shall be bound by the Release of claims identified in Paragraph 5.3 of this Agreement.

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

- 1 7.8.1. Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will
2 promptly review on a rolling basis Requests for Exclusion to ascertain their
3 validity. Not later than 5 days after the expiration of the deadline for submitting
4 Requests for Exclusion, the Administrator shall email a list to Class Counsel and
5 Defense Counsel containing (a) the names and other identifying information of
6 Class Members who have timely submitted valid Requests for Exclusion
7 ("Exclusion List"); (b) the names and other identifying information of Class
8 Members who have submitted invalid Requests for Exclusion; (c) copies of all
9 Requests for Exclusion from Settlement submitted (whether valid or invalid).
- 10 7.8.2. Weekly Reports. The Administrator must, on a weekly basis, provide written
11 reports to Class Counsel and Defense Counsel that, among other things, tally the
12 number of: Class Notices mailed or re-mailed, Class Notices returned undelivered,
13 Requests for Exclusion (whether valid or invalid) received, objections received,
14 challenges to Workweeks and/or Pay Periods received and/or resolved, and checks
15 mailed for Individual Class Payments and Individual PAGA Payments ("Weekly
16 Report"). The Weekly Reports must include provide the Administrator's
17 assessment of the validity of Requests for Exclusion and attach copies of all
18 Requests for Exclusion and objections received.
- 19 7.8.3. Workweek and/or Pay Period Challenges. The Administrator has the authority to
20 address and make final decisions consistent with the terms of this Agreement on all
21 Class Member challenges over the calculation of Workweeks and/or Pay Periods.
22 The Administrator's decision shall be final and not appealable or otherwise
23 susceptible to challenge.
- 24 7.8.4. Administrator's Declaration. Not later than fourteen (14) days before the date by
25 which Plaintiff is required to file the Motion for Final Approval of the Settlement,
26 the Administrator will provide to Class Counsel and Defense Counsel, a signed
27 declaration suitable for filing in Court attesting to its due diligence and compliance
28 with all of its obligations under this Agreement, including, but not limited to, its

mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections, and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.

7.8.5. Final Report by Settlement Administrator. Within ten (10) days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least fifteen (15) days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court.

8. CLASS SIZE ESTIMATES and ESCALATOR CLAUSE

Based on its records at the time of mediation, CSS estimated that there were approximately 7,315 Total Workweeks from the start of the Class Period through April 3, 2022. In the event the actual count of Workweeks during the Class Period increases by more than 10% from original estimate of 7,315 Workweeks, the Gross Settlement Amount may be increased by the percentage that the actual number of Workweeks in the Class Period exceeds 8,047.

9. CSS'S RIGHT TO WITHDRAW.

If the number of valid Requests for Exclusion identified in the Exclusion List exceeds seven percent (7%) of the total of all Class Members, CSS may, but is not obligated, elect to withdraw from the Settlement. The Parties agree that, if CSS withdraws, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this

Agreement; provided, however, CSS will remain responsible for paying all Settlement Administration Expenses incurred to that point. CSS must notify Class Counsel and the Court of its election to withdraw not later than thirty (30) days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect.

10. MOTION FOR FINAL APPROVAL.

Not later than sixteen (16) court days before the calendared Final Approval Hearing, Plaintiff will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA Penalties under Labor Code § 2699(I), a Proposed Final Approval Order and a proposed Judgment (collectively “Motion for Final Approval”). Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

10.1. Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than five (5) court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

10.2. Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court’s concerns by revising the Agreement as necessary to obtain Final Approval. The Court’s decision to award less than the amounts requested for the Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and/or Administration Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

10.3. Continuing Jurisdiction of the Court. The Parties agree that, after entry of Final Approval Order and Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Final Approval Order and Judgment, (ii) addressing settlement administration matters, and (iii) addressing

such post-Judgment matters as are permitted by law.

10.4. Waiver of Right to Appeal. Provided the Final Approval Order and Judgment is consistent with the terms and conditions of this Agreement, the Parties, their respective counsel, and all Participating Class Members who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the Final Approval Order and Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If an objector appeals the Final Approval Order and Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Final Approval Order and Judgment becomes final.

10.5. Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Final Approval Order and Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of the Final Approval Order and Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payment or any payments to Class Counsel shall not constitute a material modification of the Final Approval Order and Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

11. AMENDED JUDGMENT.

If any amended judgment is required under Code of Civil Procedure § 384, the Parties will work together in good faith to jointly submit and a proposed amended judgment.

1 **12. ADDITIONAL PROVISIONS.**

2 12.1. No Admission of Liability, Class Certification, or Representative Manageability for Other
3 Purposes. This Agreement represents a compromise and settlement of highly disputed
4 claims. Nothing in this Agreement is intended or should be construed as an admission by
5 CSS that any of the allegations in the Operative Complaint have merit or that CSS has any
6 liability for any claims asserted; nor should it be intended or construed as an admission by
7 Plaintiff that CSS's defenses in the Action have merit. The Parties agree that class
8 certification and representative treatment is for purposes of this Settlement only. If, for any
9 reason the Court does not grant Preliminary Approval, Final Approval, or enter the Final
10 Approval Order and Judgment, CSS reserves the right to contest certification of any class
11 for any reasons, and CSS reserves all available defenses to the claims in the Action, and
12 Plaintiff reserves the right to move for class certification on any grounds available and to
13 contest CSS's defenses. The Settlement, this Agreement, and Parties' willingness to settle
14 the Action will have no bearing on, and will not be admissible in connection with, any
15 litigation (except for proceedings to enforce or effectuate the Settlement and this
16 Agreement).

17 12.2. Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, CSS, and Defense
18 Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is
19 filed, they and each of them will not disclose, disseminate, and/or publicize, or cause or
20 permit another person to disclose, disseminate, or publicize, any of the terms of the
21 Agreement directly or indirectly, specifically or generally, to any person, corporation,
22 association, government agency, or other entity except: (1) to the Parties' attorneys,
23 accountants, or spouses, all of whom will be instructed to keep this Agreement
24 confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to
25 appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in
26 response to an inquiry or subpoena issued by a state or federal government agency. Each
27 Party agrees to immediately notify each other Party of any judicial or agency order,
28 inquiry, or subpoena seeking such information. Plaintiff, Class Counsel, CSS, and Defense

Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, any with third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

12.3. No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Final Approval Order and Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

12.4. Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.

12.5. Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and CSS, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

12.6. Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

12.7. No Prior Assignments. The Parties separately represent and warrant that they have not

1 directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or
2 encumber to any person or entity and portion of any liability, claim, demand, action, cause
3 of action, or right released and discharged by the Party in this Settlement.

4 12.8. No Tax Advice. Neither Plaintiff, Class Counsel, CSS, nor Defense Counsel are providing
5 any advice regarding taxes or taxability, nor shall anything in this Settlement be relied
6 upon as such within the meaning of United States Treasury Department Circular 230 (31
7 CFR Part 10, as amended) or otherwise.

8 12.9. Modification of Agreement. This Agreement, and all parts of it, may be amended,
9 modified, changed, or waived only by an express written instrument signed by all Parties
10 or their representatives, and approved by the Court.

11 12.10. Agreement Binding on Successors. This Agreement will be binding upon, and inure to the
12 benefit of, the successors of each of the Parties.

13 12.11. Applicable Law. All terms and conditions of this Agreement and its exhibits will be
14 governed by and interpreted according to the internal laws of the state of California,
15 without regard to conflict of law principles.

16 12.12. Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of
17 this Agreement. This Agreement will not be construed against any Party on the basis that
18 the Party was the drafter or participated in the drafting.

19 12.13. Confidentiality. To the extent permitted by law, all agreements made, and orders entered
20 during Action and in this Agreement relating to the confidentiality of information shall
21 survive the execution of this Agreement.

22 12.14. Use and Return of Class Data. Information provided to Class Counsel pursuant to
23 Evidence Code § 1152, and all copies and summaries of the Class Data provided to Class
24 Counsel by CSS in connection with the mediation, other settlement negotiations, or in
25 connection with the Settlement, may be used only with respect to this Settlement, and no
26 other purpose, and may not be used in any way that violates any existing contractual
27 agreement, statute, or rule of court. Not later than ninety (90) days after the date when the
28 Court discharges the Administrator's obligation to provide a Declaration confirming the

1 final pay out of all Settlement funds, Plaintiff and Class Counsel shall destroy all paper and
2 electronic versions of Class Data received from CSS unless, prior to the Court's discharge
3 of the Administrator's obligation, CSS makes a written request to Class Counsel for the
4 return, rather than the destructions, of Class Data.

5 12.15. Headings. The descriptive heading of any section or paragraph of this Agreement is
6 inserted for convenience of reference only and does not constitute a part of this
7 Agreement.

8 12.16. Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be
9 to calendar days. In the event any date or deadline set forth in this Agreement falls on a
10 weekend or federal legal holiday, such date or deadline shall be on the first business day
11 thereafter.

12 12.17. Notice. All notices, demands or other communications between the Parties in connection
13 with this Agreement will be in writing and deemed to have been duly given as of the third
14 business day after mailing by United States mail, or the day sent by email or messenger,
15 addressed as follows:

16 To Plaintiff:

17 Kane Moon, Esq.
18 Allen Feghali, Esq.
19 Brett Gunther, Esq.
20 MOON & YANG, APC
1055 W. Seventh St., Suite 1880
Los Angeles, CA 90017

21 To CSS:

22 John Egley, Esq.
23 Ellen Cohen, Esq.
CALL & JENSEN, APC
24 610 Newport Center Drive, Suite 700
Newport Beach, CA 92660

25 12.18. Execution in Counterparts. This Agreement may be executed in one or more counterparts
26 by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement
27 shall be accepted as an original. All executed counterparts and each of them will be
28 deemed to be one and the same instrument if counsel for the Parties will exchange between

1 themselves signed counterparts. Any executed counterpart will be admissible in evidence
2 to prove the existence and contents of this Agreement.

3 12.19. Stay of Litigation. The Parties agree that upon the execution of this Agreement the
4 litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties
5 further agree that upon the signing of this Agreement that pursuant to CCP section 583.330
6 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of
7 this settlement process.

8
9 **Plaintiff & Class Representative:**

10 Dated: November 12/12/2022, 2022

DocuSigned by:
By: Thyree Steele
THYREE STEELE

11
12 **Defendant:**

13 Dated: November __, 2022

CALIFORNIA STEEL SERVICES, INC.

14
15 By: _____
Parvin Rezainia, General Counsel

1 themselves signed counterparts. Any executed counterpart will be admissible in evidence
2 to prove the existence and contents of this Agreement.

3 12.19. Stay of Litigation. The Parties agree that upon the execution of this Agreement the
4 litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties
5 further agree that upon the signing of this Agreement that pursuant to CCP section 583.330
6 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of
7 this settlement process.

8
9 **Plaintiff & Class Representative:**

10 Dated: November __, 2022

11 By: _____
12 THYREE STEELE

13 **Defendant:**

14 Dated: ~~November~~ ^{December 12} __, 2022

CALIFORNIA STEEL SERVICES, INC.

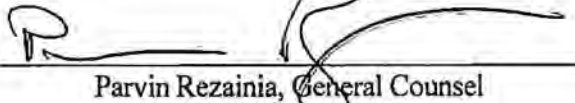
15 By:  _____
16 Parvin Rezainia, General Counsel

EXHIBIT A

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

Thyree Steele v. Pathway Staffing, Inc., et al.
San Bernardino Superior Court Case No. CIVSB2116557

A court authorized this Notice. This is not a solicitation by a lawyer. You are not being sued.

IF YOU WORKED AS A NON-EXEMPT EMPLOYEE OF CALIFORNIA STEEL SERVICES, INC. OR WERE PLACED TO WORK AT CALIFORNIA STEEL SERVICES, INC. BY PATHWAY STAFFING, INC. ("DEFENDANTS") IN CALIFORNIA AT ANY TIME BETWEEN JUNE 10, 2017 AND AUGUST 28, 2022, THIS PROPOSED CLASS ACTION SETTLEMENT MAY AFFECT YOUR RIGHTS.

Why should you read this Notice?

A proposed settlement (the "Settlement") has been reached in a class action lawsuit entitled *Thyree Steele v. Pathway Staffing, Inc., et al.*, San Bernardino Superior Court Case No. CIVSB2116557 (the "Action"). The purpose of this Notice of Proposed Class Action Settlement ("Notice") is to briefly describe the Action and to inform you of your rights and options in connection with the Action and the proposed Settlement.

The proposed Settlement will resolve all claims in the Action. A hearing concerning final approval of the proposed Settlement will be held before the Hon. David S. Cohn on <<**FA Date and Time**>> in Department Dept. S-26 of the San Bernardino Superior Court Civil Courthouse, 247 West Third Street San Bernardino CA 92415, to determine whether the Settlement is fair, adequate and reasonable. As a Class Member, you are eligible to receive an individual Settlement Payment under the Settlement and will be bound by the release of claims described in this Notice and the Settlement Agreement filed with the Court, unless you timely request to be excluded from the Settlement.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

DO NOTHING	If you do nothing, you will be considered part of the Class and will receive settlement benefits as explained more fully below. You will also give up rights to pursue a separate legal action against Defendants for the Released Claims asserted in the Action as explained more fully below.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS DEADLINE TO EXCLUDE YOURSELF: << RESPONSE DATE >>	You have the option to pursue separate legal action against Defendants about the claims in the Action. If you choose to do so, you must exclude yourself, in writing, from the Settlement by submitting a written Request to be Excluded. As a result, you will not receive any benefits under the Settlement. Except that, even if you request exclusion, you will receive payment for PAGA Penalties, and you will release PAGA claims as discussed below.
OBJECT TO THE SETTLEMENT DEADLINE TO SUBMIT WRITTEN OBJECTIONS: << RESPONSE DATE >>	To object to the Settlement, you may mail a written explanation of why you do not agree with the Settlement to the Settlement Administrator, appear at the final approval hearing, or hire an attorney at your expense to object for you. This option is available only if you do <u>not</u> exclude yourself from the Settlement. Do <u>not</u> submit a Request to be Excluded if you wish to object. Written objections must be submitted by << RESPONSE DATE >>. You may arrange to appear at the hearing remotely via CourtCall by dialing 1-888-882-6878 or by visiting the CourtCall website at www.courtcall.com to schedule a remote appearance.

Who is affected by this proposed Settlement?

The Court has certified, for settlement purposes only, the following class (the "Class"):

All persons who worked for Defendant California Steel Services, Inc. and/or who were placed to work with California Steel Services, Inc. by Defendant Pathway Staffing, Inc. in California as an hourly, non-exempt employee at any time between June 10, 2017 and August 28, 2022.

According to Defendants' records, you are a member of the Class ("Class Member").

What is this case about?

In the Action, Plaintiff Thyree Steele ("Plaintiff") alleges on behalf of himself and the Class allege that Defendants: (1) Failed to Pay Minimum Wages; (2) Failed to Pay Overtime Compensation; (3) Failed to Provide Meal Periods; (4) Failed to Authorize and Permit Rest Breaks; (5) Failed to Indemnify Necessary Business Expenses; (6) Failed to Timely Pay Final Wages at Termination; (7) Failed to Provide Accurate Itemized Wage Statements; (8) committed Unfair Business Practices; and (9) violated provisions of the Labor Code giving rise to civil penalty liability under the Labor Code Private Attorneys General Act of 2004 [Lab. Code § 2699, et seq.]. Plaintiff seeks unpaid wages, reimbursement for necessary business expenses, actual damages, declaratory relief, statutory penalties, civil penalties under PAGA, restitution, interest, attorneys' fees, and costs.

Defendants deny all liability and are confident that they have strong legal and factual defenses to these claims, but they recognize the risks, distractions, and costs associated with litigation. Defendants contend that their conduct is and has been lawful at all times relevant and that Plaintiff's claims do not have merit and do not meet the requirements for class certification.

This Settlement is a compromise reached after good faith, arm's length negotiations between Plaintiff and Defendants (the "Parties"), through their attorneys, and is not an admission of liability on the part of Defendants. Both sides agree that this Settlement is fair, adequate and reasonable. Plaintiff also believes this Settlement is in the best interests of all Class Members.

The Court has not ruled on the merits of Plaintiff's claims or Defendants' defenses.

Who are the attorneys representing the Parties?

The attorneys representing the Parties in the Action are:

Class Counsel

Kane Moon, Esq.
Allen Feghali, Esq.
Brett M. Gunther, Esq.
Julie Oh, Esq.
MOON & YANG, APC
1055 W. Seventh St., Suite 1880
Los Angeles, California 90017
Telephone: (213) 232-3128
Facsimile: (213) 232-3125
kane.moon@moonyanglaw.com
allen.feghali@moonyanglaw.com
brett.gunther@moonyanglaw.com
julie.oh@moonyanglaw.com

Defendant's Counsel

John Egley, Esq.
Ellen Cohen, Esq.
CALL & JENSEN, APC
610 Newport Center Drive, Ste. 700
Newport Beach, California 92660
Telephone: (949) 717-3000
Facsimile: (949) 717-3100
jegley@calljensen.com
ecohen@calljensen.com

What are the Settlement terms?

Subject to final Court approval, Defendant will pay \$150,000 (the "Gross Settlement Amount") for: (a) individual Settlement Payments to Settlement Class Members; (b) the Court-approved Class Representative Service Payment to Plaintiff (\$6,000); (c) the Court-approved attorneys' fees and costs to Class Counsel (\$50,000.00 in fees and up to \$20,000 in costs to be requested); (d) payment to the Labor and Workforce Development Agency ("LWDA") for alleged PAGA penalties (\$7,500 of a total of \$10,000 allocated to PAGA penalties); and (e) payment to the Settlement Administrator for settlement administration services (up to an estimated maximum of \$7,500).

Individual Settlement Payments. After deduction from the Gross Settlement Amount for attorneys' fees and costs, the Class Representative Service Payment to Plaintiff, the payment to the LWDA, and settlement administration costs, there will be a Net Settlement Amount. From this Net Settlement Amount, Defendant will

make an individual Settlement Payment to each Class Member who does not request to be excluded from the Settlement (“Settlement Class Members”).

Upon final approval of the Settlement by the Court, Defendant will make a one-time payment of \$150,000 into a qualified settlement account established by the Settlement Administrator. A pro-rated portion of your Individual Settlement Payment will be mailed to you within 14 days after the settlement payment is made.

The Net Settlement Amount shall be divided among all Settlement Class Members on a pro rata basis based upon the total number of workweeks worked by each respective Settlement Class Member as a non-exempt hourly employee in the State of California during the Class Period. Your estimated individual Settlement Payment is listed below.

Your estimated minimum settlement payment is <<Estimated Payment>> and your covered Work Weeks worked during the relevant period between June 10, 2017 and August 28, 2022 are <<Work Weeks>>. To the extent you dispute the number of Work Weeks, you must make your dispute (“Work Week Dispute”) in writing and send it to the Settlement Administrator via fax or mail. Your Work Week Dispute must be postmarked or faxed no later than <<+45 days from date of mailing>> (the “Response Deadline”):

ILYM Group, Inc., <<Mailing Address>>

Your Work Week Dispute must be in writing and contain: (a) your full name, signature, address, telephone number, and the last four digits of your Social Security number; (b) the number of Work Weeks you contend is correct; and (c) any evidence supporting your contention. Defendant’s records will be presumed correct unless you prove otherwise by credible evidence. The Settlement Administrator will resolve and decide all Work Week Disputes, and its’ decisions will be reviewable by the Court during the Final Approval Hearing. **REMINDER:** If you believe your estimated individual Settlement Amount is incorrect because your Work Weeks (the number of total weeks you worked within the Class Period only) are wrong, the deadline to dispute the workweeks reported for you is <<RESPONSE DATE>>.

For tax reporting purposes, the payments to Settlement Class Members will be allocated 20% as wages, 80% as penalties and interest, excluding the PAGA Settlement Payments, which will be allocated as 100% penalties. The wage portion of the individual Settlement Payments shall be subject to the withholding of applicable local, state, and federal taxes, and the Settlement Administrator shall deduct applicable employee-side payroll taxes from the wage portion of the individual Settlement Payments. The portion of the Settlement Payments allocated to penalties and interest shall be classified as other miscellaneous income and reported on IRS Form 1099-MISC. Any taxes owed on that other miscellaneous income will be the responsibility of Settlement Class Members receiving those payments. The Administrator will also calculate and deduct Employer Payroll Taxes from the Net Settlement Amount prior to distribution of Individual Class Payments. The Administrator shall provide an estimate of Employer Payroll Taxes to the Parties for purposes of Court approval and to disclose the amount to the Court.

All checks for individual Settlement Payments paid to Settlement Class Members shall advise that the checks will remain valid and negotiable for one hundred eighty (180) days from the date of the checks’ issuance and shall thereafter automatically be void if not cashed by a participating Class Member within that time. Any individual Settlement Payment that is not cashed by a Settlement Class Member within one hundred eighty (180) days of issuance shall be transmitted to the California State Controller’s Office for Unclaimed Property in the name of each Class Member who failed to cash their Settlement Payment check prior to the void date. The Settlement Administrator shall void any tax documents issued to Settlement Class Members who did not cash their checks within 180 days of issuance. In such event, the Settlement Class Member shall nevertheless remain bound by the Settlement.

None of the Parties or attorneys make any representations concerning the tax consequences of this Settlement or your participation in it. Settlement Class Members should consult with their own tax advisors concerning the tax consequences of the Settlement. Class Counsel is unable to offer advice concerning the state or federal tax consequences of payments to any Class Member.

Class Counsel Attorneys’ Fees and Costs, Class Representative Service Award, Settlement Administration Costs and Payment to the LWDA. Class Counsel will ask the Court to award attorneys’ fees up to \$50,000.00 (one-third) of the Gross Settlement Amount and reimbursement of reasonable costs incurred in the Action not to exceed \$20,000. In addition, Class Counsel will ask the Court to authorize a Class Representative Service Payment of up to \$6,000 for Plaintiff for his efforts in bringing the case on behalf of the Class. The Parties

estimate the cost of administering the Settlement will not exceed \$7,500.00. A payment in the amount of \$7,500.00 will also be made to the LWDA for PAGA penalties, which represents 75% of the \$10,000 set aside for payment under PAGA.

What claims are being released by the proposed Settlement?

Upon the final approval by the Court of this Settlement and payment of all funds due under this Settlement, and except as to such rights or claims as may be created by this Settlement, the Class Representative, the Class and each Class Member who has not submitted a valid and timely request for exclusion as to claims other than the PAGA claim, will release claims as follows:

- (a) **Identity of Released Parties.** The released parties are Defendants, and each of its former, present and future direct and/or indirect owners, dba's, parents, subsidiaries, affiliated and related companies, divisions, successors, predecessors, or assigns, and past, current and future employees, attorneys, officers, directors, shareholders, owners, agents, principals, representatives, accountants, auditors, consultants, insurers, reinsurers, trustees, heirs, executors, administrators, predecessors, successors or assigns of any of the foregoing (collectively "Releasees").
- (b) **Date Release Becomes Active.** The Released Claims will be released upon the Settlement's Effective Date and payment by Defendant of all funds due under the settlement. Class Members will not release the Released Claims or Released PAGA Claims until the Effective Date and payment by Defendant of all funds due under the settlement.
- (c) **Claims Released by Settlement Class Members.** Each and every Class Member, on behalf of himself or herself and his or her heirs and assigns, unless he or she has submitted a timely and valid Request for Exclusion (which will not effectuate an opt-out from the release of Released PAGA Claims), hereby releases Releasees from the following claims for the entire Class Period:
 - 1) All Participating Class Members, on behalf of themselves and their respective former and present spouses, family members, representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint, including, e.g., any and all claims arising under California Labor Code sections 201, 202, 203, 204, 218.5, 218.6, 226, 226.7, 510, 512, 1174(d), 1194, 1194.2, 1197, 1198, 2802 and the applicable Industrial Welfare Commission Wage Orders based on any alleged failure to pay minimum wage; failure to pay overtime compensation; failure to provide meal periods; failure to authorize and permit rest periods; failure to indemnify necessary business expenses; failure to timely pay final wages; failure to timely pay wages during employment; failure to provide accurate wage statements; failure to keep adequate records; and unfair business practices arising under California Business and Professions Code section 17200 et seq. Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period;
 - 2) as to any Class Member who cashes their Settlement Payment, the Settlement Administrator shall include language on the Settlement Payments that informs the Class Members that the signing and negotiation of that check shall serve as the Class Member's consent to join the Action for purposes of releasing all claims arising under the Fair Labor Standards Act that are alleged in the Action or related to the claims stated or that could have been stated in the Action, implicitly or explicitly; and

- 3) in addition, as to *all* Class Members who are Aggrieved Employees are deemed to release, whether requesting exclusion from the Settlement or not, on behalf of themselves and their respective former and present spouses, family members, representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and/or the Plaintiff's PAGA Notice, including any claim for PAGA penalties based on alleged violations of California Labor Code sections 201, 202, 203, 204, 218.5, 218.6, 226, 226.7, 510, 512, 1174(d), 1194, 1194.2, 1197, 1198, 2802 and the applicable Industrial Welfare Commission Wage Orders based on any alleged failure to pay minimum wage; failure to pay overtime compensation; failure to provide meal periods; failure to authorize and permit rest periods; failure to indemnify necessary business expenses; failure to timely pay final wages; failure to timely pay wages during employment; failure to provide accurate wage statements; and/or failure to keep adequate records.

What are my options in this matter?

You have two options under this Settlement, each of which is further discussed below. You may: (A) remain in the Class and receive an individual Settlement Payment; or (B) exclude yourself from the Settlement. If you choose option (A), you may also object to the Settlement, as explained below.

If you remain in the Class, you will receive a settlement payment and you will be subject to any Judgment that will be entered in the Action, including the release of the Released Claims as described above.

OPTION A. Remain in the Class. If you wish to remain in the Class and be eligible to receive an individual Settlement Payment under the Settlement, **you do not need to take any action.** By remaining in the Class and receiving settlement monies, you consent to the release of the Released Claims as described above.

Any amount paid to Settlement Class Members will not count or be counted for determination of eligibility for, or calculation of, any employee benefits (for example, vacations, holiday pay, retirement plans, non-qualified deferred compensation plans, etc.), or otherwise modify any eligibility criteria under any employee pension benefit plan or employee welfare plan sponsored by Defendant, unless otherwise required by law.

OPTION B. Objecting to the Settlement: If you believe the proposed Settlement is not fair, reasonable, or adequate in any way, you have several options that you may use to object to it or express any concerns. To object, you may appear in person at the Final Approval Hearing, have an attorney object for you, or submit a written brief or statement of objection ("written objection") to the Settlement Administrator at ILYM Group, Inc., <<Mailing Address>>. If you submit a written objection, it should contain sufficient information to confirm the your identity and the basis of the objection, including: (1) your full name; (2) the grounds for the objection; (3) your signature; and (4) be postmarked on or before <<Response Deadline>> and returned to the Settlement Administrator at the address listed above to ensure that it is received in time to be transmitted to and considered by the Court. You can also hire an attorney at your own expense to represent you in your objection. The Parties shall file responses to any written objections before the final approval hearing. Regardless of whether you object in writing, the Court may, in its sole discretion, permit you to state any objections you may have at the Settlement Hearing. **Even if you submit an objection, you will be bound by the terms of the Settlement, including the release of Released Claims as set forth above, unless the Settlement is not finally approved by the Court.**

Regardless of the form, an objection, alone will not satisfy the requirement that a Settlement Class Member must formally intervene and become a party of record in the action to appeal a Judgment entered following an Order finally approving this Settlement, as is required under the California Supreme Court decision of *Hernandez v. Restoration Hardware*, 4 Cal. 5th 260 (2018).

OPTION C. Request to Be Excluded from the Settlement and Receive No Money from the Settlement. If you do not want to be part of the Settlement, you must submit a written request to be excluded from the Settlement to the Settlement Administrator at ILYM Group, Inc., <<Mailing Address>>. In order to be valid, your written request to be excluded from the Settlement must be signed and include your name, address, and telephone number (to confirm your identity and make certain that only persons requesting exclusion are removed from the settlement).

Your written request to be excluded from the Settlement must then be signed and postmarked on or before <<**Response Deadline**>>. If you do not submit a written request to be excluded from the Settlement on time (as evidenced by the postmark), your written request to be excluded from the Settlement will be rejected, you will be deemed a participating Class Member, and you will be bound by the release of Released Claims as described above and all other terms of the Settlement. If you submit a written request to be excluded from the Settlement by the deadline to request exclusion, you will have no further role in the Action. **You will not be entitled to any benefit, including money**, as a result of the Action and Settlement – except that you will still receive payment for and release claims for Civil Penalties Under PAGA. You will not be able to complain to the Court about any aspect of the Settlement.

What is the next step in the approval of the Settlement?

The Court will hold a Final Approval Hearing regarding the fairness, reasonableness, and adequacy of the proposed Settlement, the plan of distribution, Class Counsel's request for attorneys' fees and costs, the Class Representative Service Payment to Plaintiff, the settlement administration costs, and the payment to the LWDA for PAGA penalties on <<**FA Date and Time**>> in Department S-26 of the San Bernardino Superior Court Civil Courthouse, 247 West Third Street San Bernardino CA 92415. If you wish to attend the Final Approval Hearing telephonically, you may arrange to appear at the hearing remotely via CourtCall by dialing 1-888-882-6878 or by visiting the CourtCall website at www.courtcall.com to schedule a remote appearance prior to the date of the Final Approval Hearing. The Final Approval Hearing may be continued without further notice to Class Members. You are not required to attend the Final Approval Hearing to receive an individual Settlement Payment.

How can I get additional information?

This Notice summarizes the Action and the basic terms of the Settlement. More details are in the Joint Stipulation of Class Action Settlement attached to the Declaration of Kane Moon in Support of Plaintiff's Motion for Preliminary Approval. The Joint Stipulation of Class Action Settlement and all other records relating to the lawsuit are available for inspection and/or copying at the Civil Records Office of the Santa Bernardino Superior Court. You may also request a copy of the Settlement Agreement from Class Counsel and/or Defendant's Counsel referenced above.

PLEASE DO NOT OTHERWISE CONTACT THE COURT FOR INFORMATION REGARDING THIS SETTLEMENT.