

PRIVATE ATTORNEYS GENERAL ACT
SETTLEMENT AGREEMENT AND RELEASE

This Private Attorneys General Act Settlement Agreement and Release (“Agreement,” the terms of which are sometimes referred to as the “Settlement”) is made by and between Plaintiff Oscar Castro Lopez (“Plaintiff”), individually, and on behalf of all other allegedly aggrieved employees (the “Aggrieved Employees,” as described below), and as a private attorney general on behalf of the State of California pursuant to California Labor Code section 2699, *et seq.*, the Private Attorneys General Act (“PAGA”) on the one hand, and Defendant Motorcar Parts of America, Inc. (“MPA”), and Defendant Fairway Staffing Services (collectively “Defendants”), on the other hand. Plaintiff and Defendants are collectively referred to herein as “the Parties.”

This Agreement, and the Settlement embodied herein, shall be binding on Plaintiff, the Aggrieved Employees he represents, and Defendants, subject to the approval of the Court.

WHEREAS, on July 20, 2021, Plaintiff filed a class action complaint (“Complaint”) in the Superior Court of California, Los Angeles County entitled *Lopez v. Motorcar Parts of America, Inc., et al.*, Case No. 21STCV26640 (the “Lawsuit”). On September 24, 2021, Plaintiff filed his First Amended Complaint adding a case of action for civil penalties under PAGA. On October 7, 2021, Plaintiff filed an application to dismiss Plaintiff’s causes of action one through eight against Defendants without prejudice, since Plaintiff signed an arbitration agreement. Plaintiff then proceeded with a single cause of action for civil penalties under PAGA. The Lawsuit asserts representative claims for civil penalties payable to Plaintiff, other allegedly Aggrieved Employees, and the State of California pursuant to PAGA, based on Defendants’ alleged: (1) failure to pay minimum wages, (2) failure to pay overtime compensation, (3) failure to pay for all hours worked, (4) failure to provide meal periods, (5) failure to authorize and provide rest breaks, (6) failure to maintain accurate records, (7) failure to indemnify necessary business expenses, (8) failure to timely pay final wages at termination, (9) failure to pay wages twice per month, and (10) failure to provide accurate itemized wage statements. As used herein, the “Representative PAGA Claims” are those PAGA claims asserted, and all other claims and allegations which could have been asserted in the Lawsuit as a predicate for PAGA claims and/or in the PAGA Notice filed with the California Labor and Workforce Development Agency (“LWDA”) on or about July 16, 2021, based on the facts and allegations included in the Lawsuit and/or PAGA Notice. The applicable PAGA Notice related to the Lawsuit is attached hereto as **Exhibit A**.

WHEREAS, Plaintiff timely sent notice to the LWDA of his intent to pursue representative actions pursuant to PAGA, on behalf of himself and the State of California as well as on behalf of a group of allegedly Aggrieved Employees (the notice by Plaintiff to the LWDA is referred to as the “PAGA Notice” herein).

WHEREAS, on April 21, 2022, the Parties attended an all-day mediation with experienced wage-and-hour mediator Steven Rottman, Esq. As a result, the Parties agreed to settle Plaintiff’s Representative PAGA and individual claims, taking into account all known facts and circumstances including the difficulty of proving some of Plaintiff’s claims, potential defenses asserted by Defendants, the uncertainty and costs associated with litigation, the risks of significant delay, and numerous potential appellate issues.

WHEREAS, for purposes of this Settlement, the “Aggrieved Employees” are defined as: “All

individuals in California who worked for MPA as hourly-paid or non-exempt employees employed in Operations, and all individuals in California who Fairway deployed to work for MPA as hourly-paid or non-exempt employees in Operations at any time between July 16, 2020 through June 20, 2022.”

WHEREAS, for purposes of this Settlement, the “PAGA Period” is defined as the period between July 16, 2020 through June 20, 2022.

WHEREAS, the Parties understand, acknowledge, and agree that this PAGA Settlement constitutes a compromise of Plaintiff’s Representative PAGA Claims, and individual claims, and that it is the desire and intention of the Parties to effect a final and complete resolution of the Representative PAGA Claims that Plaintiff and the Aggrieved Employees have against Defendants and Defendants’ joint employers, staffing companies, respective past, present and future officers, directors, shareholders, agents, assigns, attorneys, financial advisors and accountants, insurers, independent contractors, employees, predecessors, successors, parents, subsidiaries, affiliated entities, related entities or other representatives of any kind, and related parties that have been asserted in the operative Complaint (collectively, the “Released Parties”). The Parties further acknowledge that this Agreement is a compromise of disputed claims and that nothing in this Agreement shall be construed as an admission by Defendants or the Released Parties of any wrongdoing or liability. Specifically, Defendants and the Released Parties deny any liability or wrongdoing of any kind associated with the claims alleged in the Lawsuit and the PAGA Notice. Defendants and the Released Parties, among other things, contend that they have complied at all times with the California Labor Code, Wage Orders issued by the Industrial Welfare Commission and all applicable California laws.

WHEREAS, the Parties believe and agree that this Agreement provides for a fair, adequate, and reasonable resolution of the Representative PAGA Claims, and have arrived at this Settlement after extensive, arms-length negotiations, taking into account all relevant factors, present and potential.

WHEREAS, California Labor Code § 2699(k)(2) requires Court review and approval of any settlement of a civil action filed pursuant to PAGA.

WHEREAS, based on their own independent investigations and evaluations, Plaintiff and his counsel are of the opinion that the amount and terms of the Settlement are fair, reasonable, and adequate and are in the best interests of the Plaintiff, the Aggrieved Employees, in light of all known facts and circumstances and the risks inherent in litigation, including the potential appellate issues. Further, counsel for Plaintiff and the Aggrieved Employees, Moon & Yang, APC believe that the settlement amount entered into is in the best interests of the Aggrieved Employees and that the settlement for each Aggrieved Employee is fair, reasonable, and adequate, given the inherent risk of litigation.

WHEREAS, the Parties: (1) have investigated the facts relevant to this Settlement and this Agreement, and all matters pertaining thereto, and (2) have arrived at the Settlement through extensive, arms-length negotiations, taking into account all relevant factors, present and potential.

WHEREAS, the Parties recognize that in accordance with Labor Code section 2699(l), Court approval is required in the event of a settlement of a PAGA action on a representative basis. However, as explained in *Arias v. Superior Court*, 46 Cal. 4th 969 (2009), the Parties are not obligated to follow the class action procedural rules in PAGA cases and therefore need not obtain

approval of the PAGA Settlement through a motion for preliminary or final approval. *See also Mendoza v. Nordstrom, Inc.*, 2 Cal. 5th 1074 (2017) (“PAGA authorizes a representative action without the need for class certification”); *Baumann v. Chase Inv. Servs. Corp.*, 747 F.3d 1117, 1123 (9th Cir. 2014) (“a PAGA suit is fundamentally different than a class action” in that PAGA has no notice requirements for unnamed aggrieved employees, nor may such employees opt out of a PAGA action); *Williams v. Sup. Ct.*, 3 Cal. 5th 531, 546-47 (2017) (“PAGA does not make other potentially aggrieved employees parties or clients of plaintiff’s counsel, does not impose on a plaintiff or counsel any express fiduciary obligations, and does not subject a plaintiff or counsel to scrutiny with respect to the ability to represent a large class”).

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

1. Effective Date. The effective date (“Effective Date”) of this Agreement shall mean the date of entry of the order of the court granting approval of this Agreement and the PAGA Settlement.

2. PAGA Released Claims/Effect of Judgment on Aggrieved Employees and LWDA. The Parties agree and acknowledge that, to the maximum extent permitted by law, the final judgment entered pursuant to this Settlement will bind all those who would be bound by a judgment if the action had been brought by the LWDA, including Plaintiff, the LWDA, and the Aggrieved Employees, with respect to the recovery of civil penalties under the California Private Attorneys General Act, California Labor Code § 2698, *et. seq.* as against the “Released Parties”. It is expressly understood and agreed that this Settlement only includes a full release of the PAGA claims asserted, or which could have been asserted in the Lawsuit and/or PAGA Notice filed with the LWDA, attached as **Exhibit A** (*i.e.*, the “Representative PAGA Claims” described herein). With the exception of Plaintiff, this Settlement shall not impact Aggrieved Employees’ ability to assert claims other than PAGA claims arising from the foregoing alleged violations of the Labor Code.

3. General Release. Subject to the court approval, and in exchange for a general release and services provided by Plaintiff as PAGA representative, Defendants will not object to Plaintiff’s counsel’s application for a payment of up to Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00) to Plaintiff for (1) the resolution of Plaintiff’s individual claims and a comprehensive release of all known and unknown claims by Plaintiff, including a Section 1542 waiver (as set forth below), and (2) service as a PAGA representative (“Service Payment”). This payment shall be paid from the Gross Settlement Amount. General release means Plaintiff’s irrevocable and unconditional release, acquittal, and discharge of the Released Parties and all persons and/or corporate entities acting through, under, on behalf of, or in concert with any of them, or any of them, from any and all Representative PAGA Claims defined herein and any and all existing claims, demands, suits, actions, causes of action, obligations, agreements, contracts, promises, liabilities, debts, compensation, damages, losses, costs, expenses, and attorneys’ fees, of any and every kind, nature or character, known or unknown, suspected or unsuspected, actual or potential, absolute or contingent, pending or anticipated, including but not limited to those arising under any federal, state, or local law, regulation or ordinance, contract, quasi-contract, the common law, public policy, or any constitution, such as, without limitation, the California Constitution; the California Labor Code, including Labor Code section 132a; Family and Medical Leave Act; California Family Rights Act;

Title VII of the Civil Rights Act of 1964; Section 1981 through 1988 of Title 42 of the United States Code, as amended; the Civil Rights Act of 1991; the California Fair Employment and Housing Act; the Private Attorneys General Act of 2004; Americans with Disabilities Act; Older Workers Benefit Protection Act; Age Discrimination in Employment Act; Consolidated Omnibus Budget Reconciliation Act of 1985; Employee Retirement Income Security Act of 1974; Immigration Reform and Control Act; the Workers Adjustment and Retraining Notification Act; the U.S. and California Occupational Safety and Health Acts; The Sarbanes-Oxley Act of 2002; The Fair Credit Reporting Act; the Equal Pay Act; The Genetic Information Nondiscrimination Act of 2008; Statutory Provision Regarding the Confidentiality of AIDS Information – Cal. Health & Safety Code § 120775; California Confidentiality of Medical Information Act; California Parental Leave Law; California Apprenticeship Program Bias Law; California Equal Pay Law; California Whistleblower Protection Law; Statutory Provisions Regarding California Electronic Monitoring of Employees; California Political Activities of Employees Law; California Domestic Violence Victim Employment Leave Law; California Court Leave Law; California Military Personnel Bias Law; The California Occupational Safety and Health Act; The California Consumer Credit Reporting Agencies Act; and California Investigative Consumer Reporting Agencies Act; those provisions of the California Labor Code that lawfully may be released; California Civil Code section 51 et seq.; Wage Orders of the California Industrial Welfare Commission; the California Code of Regulations; the California Business and Professions Code; Fair Labor Standards Act; and any and all claims for violation of public policy or sounding in tort, contract or common law, including but not limited to, claims for intentional infliction of emotional distress; defamation and/or libel, or any other damage to reputation claims; breach of implied contract; breach of the covenant of good faith and fair dealing, as well as any other express or implied covenant; or any other statute or common law principle of similar effect, known or unknown, which Plaintiff now has, owns, or holds, or claims to have, own or hold, or which Plaintiff at any time heretofore had, owned, or held, or claimed to have, own, or hold or which Plaintiff at any time hereinafter may have, own, or hold, or claim to have, own, or hold, against each or any of the Released Parties, arising from acts, events, or circumstances occurring on or before the effective date of this Agreement. This Release is a general release of all claims, demands, causes of action, obligations, damages, and liabilities of any nature whatsoever that are described in the Release. This shall not affect Plaintiff's workers' compensation claims and unemployment benefits, if any. Plaintiff's worker's compensation claims and any other claims which cannot be released by law are not released by this Agreement. With respect to claims released in this Section, Plaintiff expressly waives the benefits of California Civil Code section 1542. Civil Code section 1542 provides:

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

Notwithstanding the provisions of section 1542, and for the purpose of implementing a complete release and discharge of the claims in the General Release, Plaintiff expressly acknowledges that this Agreement is intended to include in its effect all claims he does not know of or suspect to exist in his favor at the time of execution hereof and that this Agreement contemplates the extinguishment of all such claims.

4. **Notice to LWDA.** Pursuant to California Labor Code § 2699(k)(2), Plaintiff shall submit to the LWDA a copy of this Agreement at the same time that the Parties submit it to the Court for approval.

5. **Gross Settlement Amount.** Defendants agree to pay, in accordance with the terms set forth herein, the total amount not to exceed Two Hundred Thousand Dollars and Zero Cents (\$200,000.00) (the “Gross Settlement Amount”) in full settlement of the PAGA Claims, the above referenced lawsuit, and Plaintiff’s individual claims. The Gross Settlement Amount will be allocated as follows:

- a. PAGA Counsel’s attorneys’ fees and costs request of up to 35% of the Gross Settlement Amount or Seventy Thousand Dollars and Zero Cents (\$70,000.00) (“PAGA Counsel’s Fees”) and PAGA Counsel’s separate request for reasonable litigation costs incurred in this matter (“PAGA Counsel’s Costs”) not to exceed Fifteen Thousand Dollars and Zero Cents (\$15,000.00). Defendants will not oppose these requests. To the extent that the Court approves less than the amount of attorney’s fees and costs that PAGA Counsel requests, any reduced amount shall revert to the PAGA Fund;
- b. Administration costs estimated not to exceed Twenty Thousand Dollars and Zero Cents (\$20,000.00) to be paid to the Settlement Administrator (“Administration Costs”);
- c. In exchange for Plaintiff’s release of all claims defined in Paragraph 3 of this Agreement (General Release), and in addition to his individual PAGA settlement allocation as an Aggrieved Employee, Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00) will be paid to Plaintiff as consideration for the General Release and as a Service Payment (“Service Payment”) for his efforts in bringing and prosecuting these Lawsuits and for general release of all potential claims against Defendants as defined in Paragraph 3.
- d. The remainder of the Gross Settlement Amount (the “PAGA Fund”) after deducting items (a), (b) and (c) shall be designated as PAGA Penalties to be allocated between the LWDA and the Aggrieved Employees pursuant to Labor Code section 2699(i), with 75% paid to the LWDA (the “LWDA PAGA Portion”) and 25% paid to the Aggrieved Employees (the “Aggrieved Employees’ PAGA Portion”) on a pro-rata basis as set forth in Paragraph 6 below.

6. **Allocation and Calculation of the PAGA Penalties.** Each Aggrieved Employee shall receive a portion of the Aggrieved Employees’ PAGA Portion on a pro-rata basis. Defendants will calculate: (i) the total number of pay periods worked by each Aggrieved Employee during the PAGA Period, and (ii) the total number of pay periods worked by all Aggrieved Employees during the PAGA Period. Within 14 calendar days of the Effective Date, Defendants will then provide this data to the Settlement Administrator who shall determine each individual payment to the Aggrieved Employees as set forth in Paragraph 10. Defendants’ records shall be determinative for purposes of

calculating the number of pay periods worked and any payments to Aggrieved Employees.

7. **Escalator Clause:** Defendants estimate that the Aggrieved Employees represent approximately 9,186 pay periods wherein the alleged Aggrieved Employees performed work and this estimate serves as the basis for Plaintiff accepting the Settlement. If the number of actual pay periods during the PAGA Period exceeds 10% of the estimated pay periods (i.e., exceeds 10,104 pay periods), Defendants will increase the Gross Settlement Amount by a pro-rata dollar value equal to the number of pay periods in excess of 10,104 pay periods and on a pro-rata basis between the Defendant responsible for such increase.

8. **Tax Treatment of Settlement Amounts.** With regard to settlement payments to Aggrieved Employees, IRS Form 1099s will be issued by the Settlement Administrator. IRS Form 1099s are used for payments of miscellaneous income that is not considered wages, such as the penalty payments at issue in this Settlement. Nothing in this Settlement is intended to constitute legal advice regarding federal, state, and/or local tax obligations. Defendants, their counsel and Plaintiff's and the Aggrieved Employees' counsel are not responsible for any employee tax obligations regarding the allocation of the settlement payments. Payment of the portion allocated to PAGA Counsel's fees and costs will be reflected in a Form 1099 to PAGA Counsel, who shall assume full responsibility and liability for the payment of taxes due on such payments. Neither Plaintiff nor Defendants, nor counsel for any of the Parties, makes any representations or warranties with respect to tax consequences of any payment under this Settlement Agreement.

9. **Circular 230 Disclaimer.** EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR SHALL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS OR ITS OWN, INDEPENDENT LEGAL AND TAX ADVISERS FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISER'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT.

10. PAGA Settlement Payment Procedures.

- a. Within 14 calendar days of the Effective Date, Defendants shall deposit the Gross Settlement Amount of \$200,000.00 with the Settlement Administrator. Within 14 calendar days of the Effective Date, Defendants will in good faith compile from its records a list of Aggrieved Employees that will be in a computer-readable format, such as a Microsoft Excel spreadsheet, and shall include each Aggrieved Employee's full name, last known mailing address, Social Security number, the actual number of pay periods worked by him or her during the PAGA Period to the extent available from Defendants' records. This list will be provided confidentially by Defendants to the Settlement Administrator only. The Settlement Administrator shall run all the addresses of Aggrieved Employees through the United States Postal Service NCOA database to obtain current address information. Because Social Security numbers are included in the list, the Settlement Administrator will maintain the list in confidence, and access shall be limited to those with a need to use the list as part of the administration of the Settlement.
- b. Within 10 calendar days of receiving the Aggrieved Employees' information from Defendants, the Settlement Administrator will circulate to counsel for all Parties an anonymized spreadsheet containing the Individual PAGA Payments to each Aggrieved Employee and the start date and end dates worked by each Aggrieved Employee within the PAGA Period used to calculate said payments. This anonymized spreadsheet will also be used by Plaintiff's Counsel to determine whether the Escalator Clause has been triggered although the Parties agree to work in good faith to determine if the Escalator Clause has been triggered. Any dispute as to whether the Escalator Clause has been triggered that cannot be resolved by the Parties shall be presented to the Court. The Settlement Administrator shall obtain approval from all counsel of the calculations before mailing Individual PAGA Payments.
- c. Prior to disbursement of any funds, the Settlement Administrator will provide a disbursement summary of the calculations for the Service Payment to Plaintiff, PAGA Counsel's Fees, PAGA Counsel's Costs, the Administration Costs, the LWDA PAGA Portion and Aggrieved Employees' PAGA Portion for review and approval by Plaintiff's Counsel and Defense Counsel.
- d. Within 14 calendar days from the date the Gross Settlement Amount has been deposited with the Settlement Administrator, the Settlement Administrator shall:
 - i. Distribute a total of Twenty-Five percent (25%) of the PAGA Fund to the Aggrieved Employees, along with the Notice of PAGA Representative Action Settlement (attached hereto as **Exhibit B**). Aggrieved Employees shall not be required to make claims to receive their share of the PAGA settlement. The payment checks shall be sent to each Aggrieved Employee by U.S. First Class mail to the Aggrieved Employee's last known mailing address with directions to the Postmaster to forward the payment checks and return all undeliverable payment checks to the Settlement Administrator. It will be conclusively presumed that an Aggrieved Employee's individual settlement payment check

was received if the payment check has not been returned within thirty (30) days of the original mailing. All uncashed settlement checks shall be sent to the California State Controller's Unclaimed Property division.

- ii. Distribute a total of Seventy-Five percent (75%) of the PAGA Fund to the LWDA.
 - iii. Distribute PAGA Counsel's fees and costs, as approved by the Court.
 - iv. Distribute Service Payment to Plaintiff, as approved by the Court.
 - v. Distribute payment to itself for services as Settlement Administrator, as approved by the Court.
- e. Settlement Checks issued to Aggrieved Employees pursuant to this Agreement will expire one hundred and eighty (180) days from the date they are mailed by the Settlement Administrator. All money represented by uncashed settlement checks shall be sent to the California State Controller's Unclaimed Property division in the name of the individual(s) who did not negotiate a settlement check during the negotiation period.
- f. The Parties and their counsel shall not bear any liability for lost or stolen checks, forged signatures on checks, or unauthorized negotiation of checks. Unless responsible by its own acts of omission or commission, the same is true for the Settlement Administrator.

11. Settlement Administrator. The Settlement Administrator shall be responsible for sending notices, calculating settlement payments, preparing all checks and mailings, establishing a Qualified Settlement Fund for purposes of administering the Settlement, and complying with all requirements set forth herein. As noted above, the entirety of the costs of the Settlement Administrator shall be paid out of the Gross Settlement Amount, and the Parties agree to use Phoenix Settlement Administrators as the Settlement Administrator.

12. Duties of the Parties Related to Approval. Promptly upon execution of this Agreement, Plaintiff shall file his motion for approval of the proposed Settlement and for the entry of an order approving this Settlement as required by Labor Code section 2699(1). Counsel for Plaintiff agrees to send counsel for Defendants a copy of the motion at least three business days before filing the motion. Counsel for Plaintiff further agrees to coordinate the motion date to ensure there are no conflicts for all counsel. The approval motion will request Court approval of the following: (1) the terms of this Agreement, (2) PAGA Counsel's Fees and PAGA Counsel's Costs, (3) payments to Aggrieved Employees and the LWDA, (4) payment to the Settlement Administrator, and (5) Final Judgment. In conjunction with the approval motion, Plaintiff shall submit a proposed Final Judgment to the Court.

13. Interim Stay of Proceedings. The Parties agree to refrain from further litigation of this matter, except such proceedings necessary to implement and obtain Final Judgment.

14. Invalid without Court Approval. In the event this Agreement is not approved by the Court, it shall be deemed null and void, of no force and effect, and of no probative or evidentiary value, and the Parties hereto represent, warrant, and covenant that it will not be used or referred to for any purpose whatsoever. In the event that the Agreement does not become final for any reason, this Agreement shall be null and void and any order entered by the Court in furtherance thereof shall be treated as void ab initio. In such a case, the Parties shall return to the status quo as if they had not entered into this Agreement. The Settlement Administrator will be paid by in equal shares by the Parties for its costs through the date it is notified that the Settlement will not proceed.

15. Non-Admission of Wrongdoing. The Parties agree that this Agreement does not constitute an admission by Defendants or any Released Party, of any of the matters alleged in the Lawsuit or of any violation by any of them of any federal, state or local law, ordinance or regulation, or of any violation of any policy or procedure, or of any liability or wrongdoing whatsoever. Defendants specifically deny that they have engaged in any unlawful or wrongful conduct against Plaintiff or the Aggrieved Employees. Neither this Agreement nor anything in this Agreement shall be construed to be or shall be admissible in any proceeding as evidence of liability or wrongdoing by Plaintiff, Defendants or the Released Parties.

16. Waiver and Amendment. The Parties may not waive, amend, or modify any provision of this Agreement except by a written agreement signed by all of the Parties, and subject to any necessary Court approval. A waiver or amendment of any provision of this Agreement will not constitute a waiver of any other provision.

17. Enforcement. The Parties agree that following entry of the Final Judgment, this Agreement shall be enforceable by the Court and the Court shall retain exclusive and continuing jurisdiction of the Lawsuit over all parties and the Aggrieved Employees to interpret and enforce the terms, conditions, and obligations of the Agreement pursuant to California Code of Civil Procedure section 664.6. In the event that one or more of the Parties to this Settlement institutes any legal action or other proceeding against any other party or parties to enforce the provisions of this Settlement or to declare rights and/or obligations under this Settlement, the successful party or parties shall be entitled to recover from the unsuccessful party or parties reasonable attorney's fees and costs, including expert witness fees incurred in connection with any enforcement actions.

18. Entire Agreement. This Agreement contains the entire agreement between the Parties with respect to the transactions contemplated hereby, and supersedes all negotiations, presentations, warranties, commitments, offers, contracts and writings prior to the date hereof relating to the subject matters hereof. Any representation, promise or agreement not specifically included in this Agreement shall not be binding upon or enforceable against either Party. This is a fully integrated agreement. No other promises or agreements shall be binding or shall modify this Agreement unless in writing and signed by the Parties.

19. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement that can be given effect without the invalid provisions or application, and to this end, the provisions of this Agreement are declared to be severable. Notwithstanding the foregoing, no portion of any release contained herein may be deemed severed or deleted from this Agreement, except upon waiver in writing by the applicable Released Party.

20. **No Construction Against the Drafter.** Each Party has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any Party on the basis that the Party was the drafter.

21. **Choice of Law.** This Agreement shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of California without regard to principles of conflict of laws.

22. **Counterparts.** This Agreement may be executed by one or more of the Parties on any number of separate counterparts and delivered electronically, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

23. **Cooperation.** Each Party, on behalf of themselves, and their respective business entities, heirs, executors, and assigns, agrees that they will abide by this Agreement and will do all such acts, and prepare, execute, and deliver all such documents, as may be reasonably required to carry out the stated objectives of this Agreement.

24. **Costs and Fees.** The Parties shall each bear their own costs and attorneys' fees incurred in connection with this Settlement Agreement, the Action and Plaintiff's claims, except as otherwise set forth specifically herein.

25. **Confidentiality.** The Parties agree that no Party will issue any press release nor other public or non-public representation regarding the Settlement other than as necessary to obtain Court approval for this Settlement and Agreement.

Date: 06/27/2022

By: Ramon Danyaly

Title: RISK manager
On behalf of Defendant Fairway Staffing Services

Date: _____

By: _____

Title: _____
On behalf of Defendant Motorcar Parts of America,
Inc.

Date: _____

Plaintiff Oscar Castro Lopez

20. **No Construction Against the Drafter.** Each Party has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any Party on the basis that the Party was the drafter.

21. **Choice of Law.** This Agreement shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of California without regard to principles of conflict of laws.

22. **Counterparts.** This Agreement may be executed by one or more of the Parties on any number of separate counterparts and delivered electronically, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

23. **Cooperation.** Each Party, on behalf of themselves, and their respective business entities, heirs, executors, and assigns, agrees that they will abide by this Agreement and will do all such acts, and prepare, execute, and deliver all such documents, as may be reasonably required to carry out the stated objectives of this Agreement.

24. **Costs and Fees.** The Parties shall each bear their own costs and attorneys' fees incurred in connection with this Settlement Agreement, the Action and Plaintiff's claims, except as otherwise set forth specifically herein.

25. **Confidentiality.** The Parties agree that no Party will issue any press release nor other public or non-public representation regarding the Settlement other than as necessary to obtain Court approval for this Settlement and Agreement.

Date: _____

By: _____

Title: _____
On behalf of Defendant Fairway Staffing Services

Date: 6/22/22

By: 

Title: VP, General Counsel
On behalf of Defendant Motorcar Parts of America,
Inc.

Date: _____

Plaintiff Oscar Castro Lopez

20. No Construction Against the Drafter. Each Party has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any Party on the basis that the Party was the drafter.

21. Choice of Law. This Agreement shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of California without regard to principles of conflict of laws.

22. Counterparts. This Agreement may be executed by one or more of the Parties on any number of separate counterparts and delivered electronically, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

23. Cooperation. Each Party, on behalf of themselves, and their respective business entities, heirs, executors, and assigns, agrees that they will abide by this Agreement and will do all such acts, and prepare, execute, and deliver all such documents, as may be reasonably required to carry out the stated objectives of this Agreement.

24. Costs and Fees. The Parties shall each bear their own costs and attorneys' fees incurred in connection with this Settlement Agreement, the Action and Plaintiff's claims, except as otherwise set forth specifically herein.

25. Confidentiality. The Parties agree that no Party will issue any press release nor other public or non-public representation regarding the Settlement other than as necessary to obtain Court approval for this Settlement and Agreement.

Date: _____

By: _____

Title: _____

On behalf of Defendant Fairway Staffing Services

Date: _____

By: _____

Title: _____

On behalf of Defendant Motorcar Parts of America,

Inc.

DocuSigned by:



531AC9AA37D44C7...

Date: 6/22/2022

Plaintiff Oscar Casiro Lopez

APPROVED AS TO FORM AND CONTENT:

MOON & YANG, APC

Date: June 22, 2022

By: 
Kane Moon
H. Scott Leviant
Mariam Ghazaryan

Attorney for Plaintiff

SMITH LC

Date: _____

By: _____
Stephanie P. Alexander
Attorneys for Defendant Motorcar Parts
of America, Inc.

LIGHTGABLER

Date: June 27, 2022

By: 
Jonathan Fraser Light
Chandra A. Beaton
Jaclyn M. Joyce
Attorneys for Defendant Fairway Staffing
Services

APPROVED AS TO FORM AND CONTENT:

MOON & YANG, APC

Date: _____

By: _____

Kane Moon
H. Scott Leviant
Mariam Ghazaryan

Attorney for Plaintiff

SMITH LC

Date: _____

6/22/22

By: _____



Stephanie P. Alexander
Attorneys for Defendant Motorcar Parts
of America, Inc.

LIGHTGABLER

Date: _____

By: _____

Jonathan Fraser Light
Chandra A. Beaton
Jaclyn M. Joyce
Attorneys for Defendant Fairway Staffing
Services

Exhibit “A”

MOON & YANG, APC

ATTORNEYS AT LAW
WWW.MOONYANGLAW.COM

1055 W. SEVENTH ST., SUITE 1880
LOS ANGELES, CALIFORNIA 90017
TELEPHONE: (213) 232-3128
FACSIMILE: (213) 232-3125

Kane Moon, Esq.
Kane.Moon@moonyanglaw.com

July 16, 2021

VIA ONLINE SUBMISSION

Labor & Workforce Development Agency
Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612

VIA CERTIFIED MAIL

Motorcar Parts of America, Inc.
2929 California Street
Torrance, CA 90503

VIA CERTIFIED MAIL

Fairway Staffing Services
17777 Center Court Drive North
Cerritos, CA 90703

Notice of Labor Code Violations and PAGA Penalties

Re: ***Oscar Castro Lopez v. Motorcar Parts of America, Inc., and Fairway Staffing Services***

To Whom It May Concern:

Please be advised that my office has been retained by Oscar Castro Lopez (“Plaintiff”) to pursue a Labor Code Private Attorney General Act (PAGA) representative action (Cal. Lab. Code §§ 2699, *et seq.*) against his former employer, Motorcar Parts of America, Inc., and Fairway Staffing Services (collectively referred herein as “Defendant”). The purpose of this letter is to comply with PAGA and set forth the facts and theories of California Labor Code violations which we allege Defendant engaged in with respect to Plaintiff and all of Defendant’s aggrieved employees.

Plaintiff wishes to pursue a PAGA representative action on behalf of Plaintiff individually as an aggrieved employee, on behalf of the State of California, and on behalf of all other current and former aggrieved employees who worked for Defendant in California as an hourly paid, non-exempt employee at any time within the applicable statutory period (hereafter, the “Aggrieved Employees”).

Plaintiff and the Aggrieved Employees of Defendant suffered the Labor Code violations described below.

Factual Background Regarding Plaintiff's Employment with Defendant

Defendant owns and operates an industry, business, and establishment within the State of California, including Los Angeles County. As such, Defendant is subject to the California Labor Code and the Wage Orders issued by the Industrial Welfare Commission ("IWC").

Plaintiff worked for Defendant as a general laborer from approximately June 2019 to June 2021, primarily in Los Angeles County. Defendant classified Plaintiff as non-exempt from overtime. During the time period that Plaintiff was employed by Defendant, Plaintiff typically worked 5 days per week, and in excess of 8 hours each workday.

Throughout Plaintiff's employment, Defendant committed numerous labor code violations under state law. As discussed below, Plaintiff's experience working for Defendant was typical and illustrative.

Failure to Pay for All Hours Worked, Including Overtime

Under California law, an employer must pay for all hours worked by an employee. "Hours worked" is the time during which an employee is subject to the control of an employer, and includes all the time the employee is suffered or permitted to work, whether or not required to do so.

In addition, Labor Code § 510 provides that employees in California shall not be employed more than eight (8) hours in any workday or forty (40) hours in a workweek unless they receive additional compensation beyond their regular wages in amounts specified by law.

Labor Code §§ 1194 and 1198 also provide that employees in California shall not be employed more than eight hours in any workday unless they receive additional compensation beyond their regular wages in amounts specified by law. Additionally, Labor Code § 1198 states that the employment of an employee for longer hours than those fixed by the Industrial Welfare Commission is unlawful.

Throughout the statutory period, Defendants maintained a policy and practice of not paying Plaintiff and the Aggrieved Employees for all hours worked, including all overtime wages. Defendants regularly use a system of time rounding in a manner that resulted, over a period of time, in failing to compensate Plaintiff and the Aggrieved Employees properly for all the time they have actually worked, even though the realities of Defendants' operations are such that it is possible, practical, and feasible to count and pay for work time to the minute. Also throughout the statutory period, Defendants maintained a policy and practice of not paying Plaintiff and the Aggrieved Employees for all hours worked, including all overtime wages. Plaintiff and the Aggrieved Employees were required to work off-the-clock. For example, Plaintiff and the Aggrieved Employees were required to undergo COVID temperature screening prior to clocking

into work each workday, which included a COVID temperature check and questionnaire, and which included a line that formed in order to go through the test, followed by a walk to the clock-in station, which also included a line, all uncompensated. Plaintiff and the Aggrieved Employees were also required to wait in line in order to clock into work at the beginning of the shift and when returning from meal periods, uncompensated. Finally, Plaintiff and the Aggrieved Employees were paid non-discretionary bonuses. However, Defendants failed to include all remuneration when determining the correct overtime rate of pay, leading to underpayment of overtime compensation. In maintaining a practice of not paying all wages owed, Defendants failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210, 558, 1197.1, and 2699(f)(2) for failing to pay for all hours worked, including overtime.

Failure to Provide Meal Periods

Under California law, employers have an affirmative obligation to relieve employees of all duty in order to take their first 30-minute, duty-free meal periods no later than the start of sixth hour of work in a workday, and to allow employees to take their second 30-minute, duty-free meal period no later than the start of the eleventh hour of work in the workday. Further, employees are entitled to be paid one hour of additional wages for each workday they were not provided with all required meal period(s).

Despite these legal requirements, Defendant wrongfully failed to provide Plaintiff and the Aggrieved Employees with legally compliant meal periods. Defendant regularly required Plaintiff and the Aggrieved Employees to work in excess of five consecutive hours a day without providing a 30-minute, continuous and uninterrupted, duty-free meal period for every five hours of work, or without compensating Plaintiff and the Aggrieved Employees for meal periods that were not provided by the end of the fifth hour of work or tenth hour of work. Defendant did not adequately inform Plaintiff and the Aggrieved Employees of their right to take a meal period by the end of the fifth hour of work, or, for shifts greater than 10 hours, by the end of the tenth hour of work. Moreover, Defendant did not have adequate written policies or practices providing meal periods for Plaintiff and the Aggrieved Employees, nor did Defendant have adequate policies or practices regarding the timing of meal periods. Defendant also did not have adequate policies or practices to verify whether Plaintiff and the Aggrieved Employees were taking their required meal periods. Accordingly, Defendant's policy and practice was to not provide meal periods to Plaintiff and the Aggrieved Employees in compliance with California law.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not provided with all required meal period(s). Defendant,

however, regularly failed to pay Plaintiff and the Aggrieved Employees the additional wages to which they were entitled for meal periods and that were not provided.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210, 558, and 2699(f)(2) for failing to provide meal periods and pay meal period premium wages.

Failure to Authorize and Permit Rest Periods

Employers are required by California law to authorize and permit breaks of 10 uninterrupted minutes for each four hours of work or major fraction of four hours (i.e. more than two hours). Thus, for example, if an employee's work time is 6 hours and ten minutes, the employee is entitled to two rest breaks. Each failure to authorize rest breaks as so required is itself a violation of California's rest break laws.

Defendant, however, wrongfully failed to authorize and permit Plaintiff and the Aggrieved Employees to take timely and duty-free rest periods. Defendant regularly required Plaintiff and the Aggrieved Employees to work in excess of four consecutive hours a day without Defendant authorizing and permitting them to take a 10 minute, continuous and uninterrupted, rest period for every four hours of work (or major fraction of four hours), or without compensating Plaintiff and the Aggrieved Employees for rest periods that were not authorized or permitted. Defendant did not adequately inform Plaintiff and the Aggrieved Employees of their right to take a rest period. Moreover, Defendant did not have adequate policies or practices permitting or authorizing rest periods for Plaintiff and the Aggrieved Employees, nor did Defendant have adequate policies or practices regarding the timing of rest periods. Defendant also did not have adequate policies or practices to verify whether Plaintiff and the Aggrieved Employees were taking their required rest periods. Further, Defendant did not maintain accurate records of employee work periods, and therefore Defendant cannot demonstrate that Plaintiff and the Aggrieved Employees took rest periods during the middle of each work period. Accordingly, Defendant's policy and practice was for Plaintiff and the Aggrieved Employees to work through rest periods and to not authorize or permit them to take any rest periods.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not authorized and permitted to take all required rest period(s). Defendant, however, regularly failed to pay Plaintiff and the Aggrieved Employees the additional wages to which they were entitled for rest periods and that they were not authorized and permitted to take.

As a result, Defendant are liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210, 558, and 2699(f)(2) for failing to authorize and permit rest periods and pay rest period premium wages.

Failure to Maintain Accurate Records of Hours Worked and Meal Periods

Plaintiff seeks penalties under Labor Code § 1174(d). Pursuant to Labor Code § 1174.5, any person, including any entity, employing labor who willfully fails to maintain accurate and complete records required by Labor Code § 1174 is subject to a penalty under § 1174.5. Pursuant to the applicable IWC Order § 7(A)(3), every employer shall keep time records showing when the employee begins and ends each work period. Meal periods and total hours worked daily shall also be recorded.

Defendant, however, failed to maintain accurate records of hours worked and all meal periods taken or missed by Plaintiff and the Aggrieved Employees.

Defendant's failure to provide and maintain records required by the Labor Code IWC Wage Orders deprived Plaintiff and the Aggrieved Employees the ability to know, understand and question the accuracy and frequency of meal periods, and the accuracy of their hours worked stated in Defendant's records. Therefore, Plaintiff and the Aggrieved Employees had no way to dispute the resulting failure to pay wages, all of which resulted in an unjustified economic enrichment to Defendant. As a direct result, Plaintiff and the Aggrieved Employees have suffered and continue to suffer, substantial losses related to the use and enjoyment of such wages, lost interest on such wages and expenses and attorney's fees in seeking to compel Defendant to fully perform its obligation under state law, all to their respective damage in amounts according to proof at trial. As a result of Defendant's knowing failure to comply with the Labor Code and applicable IWC Wage Orders, Plaintiff and the Aggrieved Employees have also suffered an injury in that they were prevented from knowing, understanding, and disputing the wage payments paid to them.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 1174.5 for failing to maintain accurate records of hours worked and meal periods.

Failure to Reimburse and Indemnify Expenses

California Labor Code § 2802 requires employers to reimburse employees for their necessary expenditures and losses incurred in direct consequence of the discharge of their duties or of their obedience to directions of the employer.

Throughout the statutory period, Defendant wrongfully required Plaintiff and the Aggrieved Employees to pay expenses that they incurred in direct discharge of their duties for Defendant without reimbursement, which included the purchase of safety boots. Plaintiff and the Aggrieved Employees incurred these substantial expenses as a direct result of performing their job duties for

Defendant, and Defendant has failed to indemnify Plaintiff and the Aggrieved Employees for these employment-related expenses.

Failure to Timely Pay All Wages at Termination

Labor Code §§ 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an employee voluntarily leaves his or her employment, his or her wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting.

Within the applicable statute of limitations, the employment of Plaintiff and many other Aggrieved Employees ended, i.e. was terminated by quitting or discharge, and the employment of others will be. However, during the relevant time period, Defendant failed, and continues to fail to pay Plaintiff and terminated Aggrieved Employees, without abatement, all wages required to be paid by Labor Code sections 201 and 202 either at the time of discharge, or within seventy-two (72) hours of their leaving Defendant's employ. These unpaid wages include wages for unpaid work time (including minimum and straight time wages), missed meal periods, and missed rest periods.

Defendant's conduct violates Labor Code §§ 201 and 202. Labor Code § 203 provides that if an employer willfully fails to pay wages owed, in accordance with sections 201 and 202, then the wages of the employee shall continue as a penalty wage from the due date, and at the same rate until paid or until an action is commenced; but the wages shall not continue for more than thirty (30) days.

Accordingly, Plaintiff and the Aggrieved Employees are entitled to recover from Defendant their additionally accruing wages for each day they were not paid, at their regular hourly rate of pay, up to 30 days maximum pursuant to Labor Code § 203.

Moreover, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 2699(f)(2) for failing to timely pay all wages at termination.

Failure to Furnish Accurate Itemized Wage Statements

Labor Code § 226(a) provides that every employer shall furnish each of his or her employees an accurate itemized wage statement in writing showing nine pieces of information, including: (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for

which the employee is paid, (7) the name of the employee and the last four digits of his or her social security number or an employee identification number other than a social security number, (8) the name and address of the legal entity that is the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee. An employee is presumed to suffer an injury if this information is missing. (Lab. Code § 226(e)(2)(B)(iii).)

The statute further provides: “An employee suffering injury as a result of a knowing and intentional failure by an employer to comply with subdivision (a) is entitled to recover the greater of all actual damages or fifty dollars (\$50) for the initial pay period in which a violation occurs and one hundred dollars (\$100) per employee for each violation in a subsequent pay period, not to exceed an aggregate penalty of four thousand dollars (\$4,000), and is entitled to an award of costs and reasonable attorney’s fees.” (Lab. Code § 226(e)(1).)

Defendant intentionally and willfully failed to provide employees with complete and accurate wage statements. The deficiencies include, among other things, the failure to correctly identify hourly rates, the failure to correctly list gross wages earned, and the failure to list the true net wages earned, including wages for meal periods that were not provided in accordance with California law, wages for rest periods that were not authorized and permitted to take in accordance with California law, and correct wages earned for all hours worked.

As a result of Defendant violating Labor Code § 226, Plaintiff and similarly Aggrieved Employees suffered injury and damage to their statutorily protected rights.

Accordingly, Plaintiff and similarly Aggrieved Employees are entitled to recover from Defendant the greater of their actual damages caused by Defendant’s failure to comply with Labor Code § 226(a), or an aggregate penalty not exceeding \$4,000 dollars per employee.

Moreover, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 226.3 for failing to furnish accurate itemized wage statements.

Failure to Pay All Earned Wages Twice Per Month

Based on its failure to pay Plaintiff and the Aggrieved Employees for all wages as discussed above, Defendant also violated Labor Code § 204.

Labor Code § 204 requires employers to pay employees all earned wages two times per month. Throughout the statute of limitations period applicable to this cause of action, employees were entitled to be paid twice a month at their regular rates, including all meal period premium wages owed, rest period premium wages owed, and wages owed for hours worked. However, during all such times, Defendant systematically failed and refused to pay the employees all wages due, and failed to pay those wages twice a month, in that employees were not paid all wages for all meal

periods not provided by Defendant, all wages for all rest periods not authorized and permitted by Defendant, and all wages for all hours worked. As a result, Defendant owes employees the legally required wages for unpaid wages, and Plaintiff and the Aggrieved Employees suffered damages in those amounts.

Moreover, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 210 for failing to pay all earned wages twice per month.

Action for Civil Penalties Under PAGA

In light of the above, Plaintiff alleges that Defendant violated the following provisions of the Labor Code with respect to the Aggrieved Employees:

1. Labor Code § 204, 510, 1194, 1197, and 1198 by failing to pay for all hours worked, including minimum wages, straight time wages and overtime wages;
2. Labor Code § 226.7, 512 and applicable Wage Orders by failing to provide meal periods;
3. Labor Code § 226.7 and applicable Wage Orders by failing to authorize and permit rest periods;
4. Labor Code § 1174.5 and applicable Wage Orders by failing to maintain accurate records of hours worked and meal periods taken or missed;
5. Labor Code § 2802 by failing to reimburse and indemnify employees for expenses and losses in the direct consequence and discharge of their duties;
6. Labor Code §§ 201 to 203 by willfully failing to pay all wages owed at termination;
7. Labor Code § 226 by failing to provide accurate itemized wage statements; and
8. Labor Code § 204 by failing to pay all earned wages two times per month.

Therefore, on behalf of all Aggrieved Employees, Plaintiff seeks applicable penalties related to the violations alleged above pursuant to the PAGA. These include, but are not limited to, penalties under Labor Code §§ 210, 226.3, 558, 1174.5, 1197.1, 2802, and 2699(f)(2).

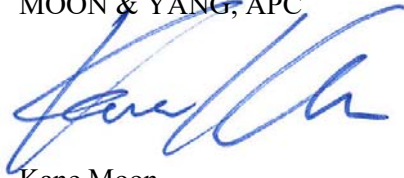
Plaintiff has placed Defendant on notice by mailing a certified copy of this correspondence to its corporate address, as indicated on the first page.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

LWDA
Notice of Labor Code Violations and PAGA
July 16, 2021
Page 9 of 9

Sincerely,

MOON & YANG, APC

A handwritten signature in blue ink, appearing to read 'Kane Moon', is written over the text 'MOON & YANG, APC'.

Kane Moon
Attorney at Law

Exhibit “B”

NOTICE OF PRIVATE ATTORNEYS GENERAL ACT (PAGA) REPRESENTATIVE ACTION SETTLEMENT

Lopez v. Motorcar Parts of America, Inc., et al., Los Angeles County Superior Court Case No. 21STCV26640

This is not a solicitation by a lawyer. You are not being sued.

Please find enclosed a check in the amount of <<_____>>. This check is your payment from the settlement (the “Settlement”) of the lawsuit entitled *Lopez v. Motorcar Parts of America, Inc., et al.*, Los Angeles County Superior Court Case No. 21STCV26640 (the “Action”), asserting claims under the Labor Code Private Attorneys General Act of 2004, Labor Code § 2698, *et seq.* The purpose of this Notice is to advise you as to why you have received the enclosed payment.

**THE ENCLOSED CHECK IS YOUR SHARE OF THE SETTLEMENT.
IT IS VALID FOR 180 DAYS OF ITS ISSUANCE.
NO FURTHER ACTION IS REQUIRED FROM YOU.**

What was this case about?

In the Action, plaintiff Oscar Castro Lopez (“Plaintiff”) asserted claims that defendants Motor Parts of America, Inc. (“MPA”) and Fairway Staffing Services (“Fairway”) (MPA and Fairway are “Defendants”) violated provisions of the Labor Code giving rise to civil penalty liability under the Labor Code Private Attorneys General Act of 2004 (“PAGA”) [Lab. Code § 2699, *et seq.*].

Defendants denied all liability and were confident that they had strong legal and factual defenses to these claims. The Parties recognized the risks, distractions, and costs associated with continued litigation. 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. The Court has not ruled on the merits of Plaintiff’s claims or Defendants’ defenses. The Court approved the Settlement and the Settlement resolves the Action.

Who is affected by this Settlement?

The Court has designated, for settlement purposes only, the following persons as “Aggrieved Employees”: “All individuals in California who worked for MPA as hourly-paid or non-exempt employees employed in Operations, and all individuals in California who Fairway deployed to work for MPA as hourly-paid or non-exempt employees at any time during the PAGA Period (the “PAGA Period” is July 16, 2020 through June 20, 2022).”

According to Defendants’ records, you are one of the Aggrieved Employees.

What is the effect of the Settlement?

By operation of the Settlement’s terms, all Aggrieved Employees and the State of California release Defendants and Defendants’ joint employers, staffing companies, respective past, present and future officers, directors, shareholders, agents, assigns, attorneys, financial advisors and accountants, insurers, independent contractors, employees, predecessors, successors, parents, subsidiaries, affiliated entities, related entities or other representatives of any kind, and related parties from claims for civil penalties pursuant to PAGA, based on Defendants’ alleged: (1) failure to pay minimum wages, (2) failure to pay overtime compensation, (3) failure to pay for all hours worked, (4) failure to provide meal periods, (5) failure to authorize and provide rest breaks, (6) failure to maintain accurate records, (7) failure to indemnify necessary business expenses, (8) failure to timely pay final wages at termination, (9) failure to pay wages twice per month, and (10) failure to provide accurate itemized wage statements, in addition to those PAGA claims which could have been asserted in the Lawsuit and/or PAGA Notice filed with the LWDA on or about July 16, 2021 (the “Representative PAGA Claims”).

The settlement payments to Aggrieved Employees are classified as other miscellaneous income and will be reported on IRS Form 1099-MISC, if required. Your share was calculated based on the number of pay periods you worked during the PAGA Period. Neither Defendants nor their counsel or Plaintiff’s counsel are responsible for any employee tax obligations regarding the allocation of the settlement payments.

All 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 within that time. Uncashed checks will be sent to the California State Controller’s Unclaimed Property division, in the name of the Aggrieved Employee. Settlement administration is handled by Phoenix Settlement Administrators, which can be reached at (xxx) xxx-xxxx.

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