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

ALBERTO VARGAS RIOS, individually, and
on behalf of other members of the general public
similarly situated,

Plaintiff,

vs.

MCH ELECTRIC, INC., a California
corporation; and DOES 1 through 10, inclusive,

Defendants.

Case No.: RG21103287

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

JOINT STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT AND RELEASE

This Joint Stipulation of Class Action and PAGA Settlement and Release (“Settlement” or “Settlement Agreement”) is made and entered into by and between Plaintiff Alberto Vargas Rios (“Plaintiff” or “Class Representative”), as an individual and on behalf of all others similarly situated, and Defendant MCH Electric, Inc. (“Defendant”) (collectively with Plaintiff, the “Parties”).

RECITAL

WHEREAS, Plaintiff and Class Counsel recognize the expense and length of continued proceedings necessary to litigate Plaintiff’s claims in the Action through trial and through any possible appeals. Plaintiff also has taken into account the uncertainty and risks of the outcome of further litigation, and the difficulties and delays inherent in such litigation. Plaintiff and Class Counsel are also aware of the burdens of proof necessary to establish liability for the claims asserted in the Action, both generally and in response to Defendants’ defenses thereto, and the difficulties in establishing damages, penalties, restitution and other relief sought in the Action. Plaintiff and Class Counsel also have taken into account Defendant’s agreement to enter into a settlement that confers substantial benefits upon the Class Members and PAGA Members. Based on the foregoing, Plaintiff and Class Counsel have determined that the Settlement set forth in this Settlement Agreement is fair, adequate, and reasonable and is in the best interests of all Class Members and PAGA Members.

WHEREAS, Defendant has concluded that any further defense of the Action would be protracted and expensive for all Parties. Substantial amounts of Defendant’s time, energy, and resources have been, and unless this Settlement is completed, will continue to be, devoted to the defense of this Action and appeal, if any. Defendant has also taken into account the risks of further litigation in reaching its decision to enter into this Settlement. Even though Defendant contends that it is not liable for any of the claims alleged by Plaintiff in the Action, that Plaintiff is not an adequate class representative, among other things, and agrees with the Court’s ruling denying certification of eight of the nine subclasses requested by Plaintiff, Defendant has agreed, nonetheless, to settle in the manner and upon the terms set forth in this Stipulation and to put to rest all claims alleged in this Action. Defendant has asserted and continues to assert that the claims alleged by Plaintiff have no merit and do not give rise to any liability, damages, restitution, penalties or other payments. This Settlement is a compromise of disputed claims.

Nothing contained in this Settlement, no documents referred to herein, and no action taken to carry out this Settlement, shall be construed or used as an admission by or against Defendant as to the merits or lack thereof of the claims asserted in the Action. Defendant contends that it has complied with all applicable state, federal and local laws.

DEFINITIONS

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

1. “Action” means *Rios v. MCH Electric, Inc.*, No. RG21103287 (Alameda County Superior Court).
2. “Attorneys’ Fees and Costs” means attorneys’ fees agreed upon by the Parties and approved by the Court for Class Counsel’s litigation and resolution of the Action, and all out-of-pocket costs incurred and to be incurred by Class Counsel in the Action, including but not limited to expert/consultant fees, investigation costs, and costs associated with documenting the Settlement, providing any notices required as part of the Settlement or Court order, securing the Court’s approval of the Settlement, administering the Settlement, and obtaining entry of a Judgment terminating the Action. Class Counsel will request attorneys’ fees not to exceed one-third (1/3) of the Gross Settlement Amount, or Three Hundred Thirty Thousand Dollars (\$330,000). The Attorneys’ Fees and Costs will also mean and include the additional reimbursement of any costs and expenses associated with Class Counsel’s litigation and settlement of the Action, up to One Hundred Thousand Dollars (\$100,000), subject to the Court’s approval. Defendant has agreed not to oppose Class Counsel’s request for fees and reimbursement of costs as set forth above.
3. “Class Counsel” means Capstone Law APC.
4. “Class List” means a complete list of all Class Members that Defendant will diligently and in good faith compile from its records and provide to the Settlement Administrator within twenty (20) calendar days after Preliminary Approval of this Settlement. The Class List will be formatted in Microsoft Office Excel and will include each Class Member’s full name to the extent available to Defendant, last known mailing address and telephone number, Social Security Number, dates of employment, the respective number of Workweeks that each Class Member worked during the Class

Period and PAGA Period.

5. “Class Member(s)” or “Settlement Class” means all non-exempt or hourly employees of Defendant who worked for Defendant in California at any time during the Class Period.

6. “Class Notice” means the Notice of Class Action Settlement, substantially in the form attached as Exhibit A.

7. “Class Period” means the period from June 30, 2020 through July 8, 2026.

8. “Class Representative Enhancement Payment” means the amount to be paid to Plaintiff in recognition of his effort and work in prosecuting the Action on behalf of Class Members. Subject to the Court granting final approval of this Settlement Agreement and subject to the exhaustion of any and all appeals, Plaintiff will request Court approval of a Class Representative Enhancement Payment of up to Ten Thousand Dollars (\$10,000).

9. “Court” means the Alameda County Superior Court.

10. “Defendant” means Defendant MCH Electric, Inc.

11. “Effective Date” means the later of: (a) if no timely objections are filed, or if objections are withdrawn prior to Final Approval, then the date of Final Approval; or (b) if a Class Member files a timely objection to the Settlement, the Effective Date shall be the sixty-first (61st) calendar day after the date of Final Approval, provided no appeal is initiated by an objector; or (c) if a timely appeal is initiated by an objector, then the Effective Date will be the date of final resolution of that appeal (including any requests for rehearing and/or petitions for certiorari), resulting in final judicial approval of the Settlement.

12. “Final Approval” means the date on which the Court enters an order granting final approval of the Settlement Agreement.

13. “Gross Settlement Amount” means the Gross Settlement Amount of Nine Hundred Ninety Thousand Dollars (\$990,000), to be paid by Defendant in full satisfaction of all Released Class Claims and Released PAGA Claims, which includes all Individual Settlement Payments, Attorneys’ Fees and Costs, the Class Representative Enhancement Payment, the PAGA Settlement Amount, and Settlement Administration Costs. This Gross Settlement Amount has been agreed to by Plaintiff and Defendant based on the aggregation of the agreed-upon settlement value of individual claims of Class Members. In no event will Defendant be liable for more than the Gross Settlement Amount except as

otherwise explicitly set forth in the Escalator Clause. There will be no reversion of the Gross Settlement Amount to Defendant. Defendant will be separately responsible for any employer payroll taxes required by law, including the employer FICA, FUTA, and SDI contributions, which shall not be paid from the Gross Settlement Amount.

14. “Individual Settlement Payment” means each Participating Class Member’s and PAGA Member’s respective shares of the Net Settlement Fund and PAGA Fund.

15. “Net Settlement Fund” means the portion of the Gross Settlement Amount remaining after deducting the Attorneys’ Fees and Costs, the Class Representative Enhancement Payment, the PAGA Settlement Amount, and Settlement Administration Costs. The Net Settlement Fund will be distributed to Participating Class Members. There will be no reversion of the Net Settlement Fund to Defendant.

16. “Notice of Objection” means a Class Member’s valid and timely written objection to the Settlement Agreement. For the Notice of Objection to be valid, it must include: (a) the objector’s full name, signature, address, and telephone number, (b) a written statement of all grounds for the objection accompanied by any legal support for such objection; (c) copies of any papers, briefs, or other documents upon which the objection is based; and (d) a statement whether the objector intends to appear at the final fairness hearing.

17. “PAGA Members” means all non-exempt or hourly employees of Defendant who worked for Defendant in California at any time during the PAGA Period.

18. “PAGA Notice” means Plaintiff’s written notice of alleged Labor Code violations submitted to the LWDA and Defendant pursuant to California Labor Code section 2699.3(a) on July 8, 2021.

19. “PAGA Period” means the period from July 8, 2020 through July 8, 2026.

20. “PAGA Settlement Amount” means the amount that the Parties have agreed to pay to the Labor and Workforce Development Agency (“LWDA”) and PAGA Members in connection with Plaintiff’s claim under the Labor Code Private Attorneys General Act of 2004 (Cal. Lab. Code §§ 2698, *et seq.*, “PAGA”) (“PAGA Settlement”). The Parties have agreed that Fifty Thousand Dollars (\$50,000) of the Gross Settlement Amount will be allocated to the PAGA Settlement. Pursuant to PAGA, Seventy-

Five Percent (75%), or Thirty-Seven Thousand Five Hundred Dollars (\$37,500), of the PAGA Settlement Amount will be paid to the California Labor and Workforce Development Agency (“Labor and Workforce Development Agency Payment”), and Twenty-Five Percent (25%), or Twelve Thousand Five Hundred Dollars (\$12,500) (“PAGA Fund”), of the PAGA Settlement will be disbursed to PAGA Members, and regardless whether they request to be excluded from the Settlement Class.

21. “Parties” means Plaintiff and Defendant collectively.

22. “Participating Class Members” means all Class Members who do not submit timely and valid Requests for Exclusion.

23. “Plaintiff” means Plaintiff Alberto Vargas Rios.

24. “Preliminary Approval” means the date on which the Court enters an order granting preliminary approval of the Settlement Agreement.

25. “Released Class Claims” means all claims, rights, demands, liabilities, and causes of action that are alleged in the operative First Amended Complaint, or which could have been alleged by reason of, arising from, or in connection with, any matter or fact set forth or referred to in the operative First Amended Complaint, including claims for violation of: (1) Cal. Lab. Code §§ 510 and 1198 (unpaid overtime); (2) Cal. Lab. Code §§ 1182.12, 1194, 1197, 1197.1, and 1198 (unpaid minimum wages); (3) Cal. Lab. Code §§ 226.7, 512(a), 516, and 1198 (failure to provide meal periods); (4) Cal. Lab. Code §§ 226.7, 516, and 1198 (failure to authorize and permit rest periods); (5) Cal. Lab. Code §§ 226(a), 1174(d), and 1198 (non-compliant wage statements and failure to maintain payroll records); (6) Cal. Lab. Code §§ 201 and 202 (wages not timely paid upon termination); (7) Cal. Lab. Code § 204 (failure to timely pay wages during employment); (8) Cal. Lab. Code § 2802 (unreimbursed business expenses); (9) Cal. Bus. & Prof. Code §§ 17200, *et seq.* (unlawful business practices); and (10) Cal. Bus. & Prof. Code §§ 17200, *et seq.* (unfair business practices).

26. “Released PAGA Claims” means all claims for civil penalties under California Labor Code §§ 2698, *et seq.*, that were alleged or could reasonably have been alleged based on the same facts alleged in Plaintiff’s PAGA Notice during the PAGA Period.

27. “Released Parties” means Defendant and Defendants’ past or present officers, directors, shareholders, agents, principals, representatives, accountants, auditors, consultants, insurers and

1 reinsurers, successors and predecessors in interest, assigns, subsidiaries, affiliates, parents and attorneys,
2 if any.

3 28. "Request for Exclusion" means a timely letter submitted by a Class Member indicating a
4 request to be excluded from the Settlement Class. The Request for Exclusion must: (a) set forth the
5 name, address, telephone number and last four digits of the Social Security Number of the Class
6 Member requesting exclusion; (b) be signed by the Class Member; (c) be returned to the Settlement
7 Administrator; (d) clearly state that the Class Member does not wish to be included in the Settlement;
8 and (e) be faxed or postmarked on or before the Response Deadline.

9 29. "Response Deadline" means the deadline by which Class Members must postmark or
10 fax to the Settlement Administrator Requests for Exclusion, postmark or fax disputes concerning the
11 calculation of Individual Settlement Payments, or postmark Notices of Objection to the Settlement
12 Administrator. The Response Deadline will be forty-five (45) calendar days from the initial mailing of
13 the Class Notice by the Settlement Administrator, unless the forty-fifth (45th) calendar day falls on a
14 Sunday or State holiday, in which case the Response Deadline will be extended to the next day on which
15 the U.S. Postal Service is open.

16 30. "Settlement Administration Costs" means the costs payable from the Gross Settlement
17 Amount to the Settlement Administrator for administering this Settlement, including, but not limited to,
18 printing, distributing, and tracking documents for this Settlement, tax reporting, distributing the Gross
19 Settlement Amount, and providing necessary reports and declarations, as requested by the Parties. The
20 Settlement Administration Costs will be paid from the Gross Settlement Amount, including, if necessary,
21 any such costs exceeding the amount represented by the Settlement Administrator as being the
22 maximum costs necessary to administer the Settlement. Based on an estimated Settlement Class of
23 approximately Five Hundred Fifty (550) Class Members, the Settlement Administration Costs are
24 currently estimated to be Ten Thousand Dollars (\$10,000).

25 31. "Settlement Administrator" means CPT Group, Inc., or any other third-party class action
26 settlement administrator agreed to by the Parties and approved by the Court for the purposes of
27 administering this Settlement. The Parties each represent that they do not have any financial interest in
28 the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that

could create a conflict of interest.

32. “Workweeks” means the total number of days of employment for each Class Member during the Class Period, subtracting days on leave of absence (if any), dividing by seven (7), and rounding up to the nearest whole number. All Class Members will be credited with at least one Workweek during the Class Period, and all PAGA Members will be credited with at least one Workweek during the PAGA Period.

TERMS OF AGREEMENT

Subject to Court approval, the Plaintiff, on behalf of himself and the Settlement Class, and Defendant agree as follows:

33. Funding of the Gross Settlement Amount. Within thirty (30) calendar days of the Effective Date (“Funding Date”), Defendant will make a one-time deposit of the Gross Settlement Amount of Nine Hundred Ninety Thousand Dollars (\$990,000) into a Qualified Settlement Account to be established by the Settlement Administrator. Defendant will deposit the employer’s share of payroll taxes into the Qualified Settlement Account separately. After the Effective Date, the Gross Settlement Amount will be used for: (a) Individual Settlement Payments; (b) the Labor and Workforce Development Agency Payment; (c) the Class Representative Enhancement Payment; (d) Attorneys’ Fees and Costs; and (e) Settlement Administration Costs. Defendant will also deposit the Gross Settlement Amount the employer’s share of payroll taxes on or by the Funding Date. If the Settlement is not finally approved by the Court in full, or is terminated, rescinded, canceled or fails to become effective for any reason, or if the Effective Date does not occur, then no portion of the Gross Settlement Amount or the \$10,000 General Release Payment shall be paid.

34. Attorneys’ Fees and Costs. Defendant agrees not to oppose or impede any application or motion for attorneys’ fees and costs by Class Counsel for Attorneys’ Fees and Costs of not more than Three Hundred Thirty Thousand Dollars (\$330,000), plus the reimbursement of all out-of-pocket costs and expenses associated with Class Counsel’s litigation and settlement of the Action (including expert/consultant fees, mediation fees, investigations costs, etc.), not to exceed One Hundred Thousand Dollars (\$100,000), both of which will be paid from the Gross Settlement Amount.

35. Class Representative Enhancement Payment. In recognition of his effort and work in

1 prosecuting the Action on behalf of Class Members, Defendant agrees not to oppose or impede any
2 application or motion for a Class Representative Enhancement Payment of up to Ten Thousand Dollars
3 (\$10,000). The Class Representative Enhancement Payment will be paid from the Gross Settlement
4 Amount and will be in addition to Plaintiff's Individual Settlement Payment as a Class Member paid
5 pursuant to the Settlement. Plaintiff will be solely and legally responsible to pay any and all applicable
6 taxes on the Class Representative Enhancement Payment. Plaintiff understands and agrees that this
7 Settlement Agreement shall remain in full force and effect even if the full amount of Class
8 Representative Enhancement Payment sought by Plaintiff is not ultimately awarded by the Court.

9 36. Settlement Administration Costs. The Settlement Administrator will be paid for the
10 reasonable costs of administration of the Settlement and distribution of payments from the Gross
11 Settlement Amount, which is currently estimated to be Ten Thousand Dollars (\$10,000). These costs,
12 which will be paid from the Gross Settlement Amount, will include, *inter alia*, the required tax reporting
13 on the Individual Settlement Payments, the issuing of 1099 and W-2 IRS Forms, distributing Class
14 Notices, calculating and distributing the Gross Settlement Amount, and providing necessary reports and
15 declarations.

16 37. PAGA Settlement Amount. Subject to Court approval, the Parties agree that the amount
17 of Fifty Thousand Dollars (\$50,000) from the Gross Settlement Amount will be designated for
18 satisfaction of Plaintiff's PAGA claim. Pursuant to PAGA, Seventy-Five Percent (75%), or Thirty-Seven
19 Thousand Five Hundred Dollars (\$37,500), of this sum will be paid to the LWDA and Twenty-Five
20 Percent (25%), or Twelve Thousand Five Hundred Dollars (\$12,500), will be paid to PAGA Members
21 in proportion to the number of Workweeks worked during the PAGA Period.

22 38. No Right to Exclusion or Objections to the PAGA Settlement. Because this settlement
23 resolves claims and actions brought pursuant to PAGA by Plaintiff acting as a proxy and as a Private
24 Attorney General of, and for, the State of California and the LWDA, the Parties agree that no PAGA
25 Member has the right to exclude himself or herself from the release of the Released PAGA Claims, and
26 all PAGA Members will receive their share of the PAGA Fund. The Parties also agree that no PAGA
27 Member has the right to object to the PAGA Settlement Amount.

28 39. Net Settlement Fund. The entire Net Settlement Fund will be distributed to Participating

Class Members. No portion of the Net Settlement Fund will revert to or be retained by Defendant.

40. PAGA Fund. The entire PAGA Fund will be distributed to all PAGA Members. No portion of the PAGA Fund will revert to or be retained by Defendant.

41. Individual Settlement Payment Calculations. Individual Settlement Payments will be calculated and apportioned from the Net Settlement Fund and PAGA Fund based on the number of Workweeks a Participating Class Member worked during the Class Period and PAGA Period. Specific calculations of Individual Settlement Payments will be made as follows:

41(a) Payments from the Net Settlement Fund. Defendant will calculate the total number of Workweeks worked by each Class Member during the Class Period and the aggregate total number of Workweeks worked by all Class Members during the Class Period. To determine each Class Member's estimated "Individual Settlement Payment" from the Net Settlement Fund, the Settlement Administrator will use the following formula: The Net Settlement Fund will be divided by the aggregate total number of Workweeks during the Class Period, resulting in the "Workweek Value." Each Class Member's "Individual Settlement Payment" will be calculated by multiplying each individual Class Member's total number of Workweeks by the Workweek Value. The Individual Settlement Payment will be reduced by any required deductions for each Participating Class Member as specifically set forth herein, including employee-side tax withholdings or deductions. The entire Net Settlement Fund will be disbursed to all Class Members who do not submit timely and valid Requests for Exclusion. If there are any valid and timely Requests for Exclusion, the Settlement Administrator shall proportionately increase the Individual Settlement Payment for each Participating Class Member according to the number of Workweeks worked, so that the amount actually distributed to the Settlement Class equals 100% of the Net Settlement Fund.

41(b) Payments from the PAGA Fund. Defendant will calculate the total number

1 of Workweeks worked by each PAGA Member during the PAGA Period
2 and the aggregate total number of Workweeks worked by all PAGA
3 Members during the PAGA Period. To determine each PAGA Member's
4 estimated "Individual Settlement Payment," the Settlement Administrator
5 will use the following formula: The PAGA Fund will be divided by the
6 aggregate total number of Workweeks during the PAGA Period, resulting in
7 the "PAGA Workweek Value." Each PAGA Member's "Individual
8 Settlement Payment" will be calculated by multiplying each individual
9 PAGA Member's total number of Workweeks by the PAGA Workweek
10 Value. The entire PAGA Fund will be disbursed to all PAGA Members.

11 42. No Credit Toward Benefit Plans. The Individual Settlement Payments made to
12 Participating Class Members under this Settlement, as well as any other payments made pursuant to this
13 Settlement, will not be utilized to calculate any additional benefits under any benefit plans to which any
14 Class Members may be eligible, including, but not limited to profit-sharing plans, bonus plans, 401(k)
15 plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan.
16 Rather, it is the Parties' intention that this Settlement Agreement will not affect or enhance any rights,
17 contributions, or amounts to which any Class Members may be entitled under any benefit plans in any
18 way.

19 43. Administration Process. The Parties agree to cooperate in the administration of the
20 settlement and to make all reasonable efforts to control and minimize the costs and expenses incurred in
21 administration of the Settlement.

22 44. Delivery of the Class List. Within twenty (20) calendar days of Preliminary Approval,
23 Defendant will provide the Class List to the Settlement Administrator.

24 45. Notice by First-Class U.S. Mail. Within ten (10) calendar days after receiving the Class
25 List from Defendant, the Settlement Administrator will mail a Class Notice to all Class Members via
26 regular First-Class U.S. Mail, using the most current, known mailing addresses identified in the Class
27 List.

28 46. Confirmation of Updated Contact Information in the Class Lists. Prior to mailing, the

1 Settlement Administrator will perform a search based on the National Change of Address Database for
2 information to update and correct for any known or identifiable address changes. Any Class Notices
3 returned to the Settlement Administrator as non-deliverable on or before the Response Deadline will,
4 within five (5) business days of receipt, be sent promptly via regular First-Class U.S. Mail to the
5 forwarding address affixed thereto and the Settlement Administrator will indicate the date of such re-
6 mailing on the Class Notice. If no forwarding address is provided, the Settlement Administrator will
7 promptly attempt to determine the correct address using a skip-trace, or other search using the name,
8 address and/or Social Security Number of the Class Member involved, and will then perform a single re-
9 mailing. Those Class Members who receive a re-mailed Class Notice, whether by skip-trace or by
10 request, will have either (a) an additional fifteen (15) calendar days or (b) until the Response Deadline,
11 whichever is later, to submit a Request for Exclusion or an objection to the Settlement.

12 47. Class Notices. All Class Members will be mailed a Class Notice. Each Class Notice will
13 provide: (a) information regarding the nature of the Action; (b) a summary of the Settlement's principal
14 terms; (c) the Settlement Class and PAGA Member definitions; (d) the total number of Workweeks each
15 respective Class Member and PAGA Member worked for Defendant during the Class Period and PAGA
16 Period; (e) each Class Member's and PAGA Member's estimated Individual Settlement Payment and
17 the formula for calculating Individual Settlement Payments; (f) the dates which comprise the Class
18 Period and PAGA Period; (g) instructions on how to submit Requests for Exclusion or Notices of
19 Objection; (h) the deadlines by which the Class Member must postmark or fax Request for Exclusions,
20 or postmark Notices of Objection to the Settlement; and (i) the claims to be released.

21 48. Disputed Information on Class Notices. Class Members will have an opportunity to
22 dispute the information provided in their Class Notices. To the extent Class Members dispute their
23 employment dates or the number of Workweeks on record, Class Members may produce evidence to the
24 Settlement Administrator showing that such information is inaccurate. Defendant's records will be
25 presumed correct, but the Settlement Administrator shall contact the Parties regarding the dispute and the
26 Parties will work in good faith to resolve it. All disputes must be submitted by the Response Deadline,
27 and will be decided within ten (10) business days after the Response Deadline.

28 49. Defective Submissions. If a Class Member's Request for Exclusion is defective as to the

requirements listed herein, that Class Member will be given an opportunity to cure the defect(s). The Settlement Administrator will mail the Class Member a cure letter within three (3) business days of receiving the defective submission to advise the Class Member that his/her/their submission is defective and that the defect must be cured to render the Request for Exclusion valid. The Class Member will have until (a) the Response Deadline or (b) fifteen (15) calendar days from the date of the cure letter, whichever date is later, to postmark or fax a revised Request for Exclusion. If the revised Request for Exclusion is not postmarked or received by fax within that period, it will be deemed untimely.

50. Request for Exclusion Procedures. Any Class Member wishing to opt-out from the Settlement Agreement must sign and fax or postmark a written Request for Exclusion to the Settlement Administrator within the Response Deadline. In the case of Requests for Exclusion that are mailed to the Settlement Administrator, the postmark date will be the exclusive means to determine whether a Request for Exclusion has been timely submitted.

51. Escalator Clause. The Gross Settlement Amount was calculated with, and is premised on, the understanding that Class Members worked approximately Fifty-Four Thousand Six Hundred (54,600) Workweeks as of July 8, 2026. If the actual total number of Workweeks during the entire Class Period is greater than Ten Percent (10%) of this estimate (i.e., greater than 60,606 Workweeks), then Defendant will have the option to either: (a) proportionally increase the Gross Settlement Amount according to the following formula: $\text{Proportionally Increased Gross Settlement Amount} = \text{total number of Workweeks during the Class Period} \div 60,606 \times \$1,000,000$; or (b) advance the end date of the Class Period and PAGA Period to correspond to the last date on which the total number of Workweeks during the Class Period was not in excess of 60,606 Workweeks.

52. Settlement Terms Bind All Class Members Who Do Not Opt-Out. Any Class Member who does not affirmatively opt-out of the Settlement Agreement by submitting a timely and valid Request for Exclusion will be bound by all of its terms, including those pertaining to the Released Class Claims, as well as any Judgment that may be entered by the Court if it grants final approval to the Settlement.

53. Releases by Participating Class Members. Upon the Funding Date, and except as to such rights or claims as may be created by this Settlement Agreement, each Participating Class Member,

1 together and individually, on their behalf and on behalf of their respective heirs, executors,
2 administrators, agents, and attorneys, shall be deemed to have fully and forever released and discharged
3 all of the Released Parties, or any of them, from each of the Released Class Claims arising during the
4 Class Period. Plaintiff and Class Counsel acknowledge that facts or law different from, or in addition to,
5 the facts or law that they now know or believe to be true may be discovered, nonetheless, that these
6 Releases shall be and remain effective in all respects, notwithstanding such different or additional facts or
7 Plaintiff's and/or any Participating Class Member's discovery of them.

8 54. Releases by Plaintiff as a Private Attorney General and the LWDA. Upon the Funding
9 Date, and except for any rights or obligations created by this Settlement Agreement, Plaintiff, acting in
10 his representative capacity under PAGA, and the LWDA shall be deemed to have fully, finally, and
11 forever released and discharged the Released Parties, and each of them, from all Released PAGA Claims
12 arising during the PAGA Period. As a result of such release, and pursuant to the preclusive effect
13 afforded to approved PAGA settlements under applicable law, all PAGA Members shall be barred from
14 seeking, recovering, or obtaining any additional civil penalties against any of the Released Parties based
15 upon the Released PAGA Claims arising during the PAGA Period.

16 55. Objection Procedures. To object to the Settlement Agreement, a Class Member may
17 either postmark a valid Notice of Objection to the Settlement Administrator on or before the Response
18 Deadline, or appear in person at the Final Approval Hearing. Class Members who fail to object either by
19 submitting a valid Notice of Objection or appearing in person at the Final Approval Hearing will be
20 deemed to have waived all objections to the Settlement and will be foreclosed from making any
21 objections, whether by appeal or otherwise, to the Settlement Agreement. At no time will any of the
22 Parties or their counsel seek to solicit or otherwise encourage Class Members to submit written
23 objections to the Settlement Agreement or appeal from the final approval order and judgment. Class
24 Counsel will not represent any Class Members with respect to any such objections to this Settlement. If a
25 Class Member timely submits both a Notice of Objection and a Request for Exclusion, the Request for
26 Exclusion will be given effect and considered valid, the Notice of Objection shall be rejected, and the
27 Class Member shall not participate in or be bound by the Settlement.

28 56. Certification Reports Regarding Individual Settlement Payment Calculations. The

1 Settlement Administrator will provide Defendant's counsel and Class Counsel a weekly report that
2 certifies the number of Class Members who have submitted valid Requests for Exclusion or objections to
3 the Settlement, and promptly report whether any Class Member has submitted a challenge to any
4 information contained in their Class Notice, including those received after the Response Deadline.
5 Additionally, the Settlement Administrator will promptly provide to counsel for both Parties any updated
6 reports regarding the administration of the Settlement Agreement as needed or requested.

7 57. Distribution Timing of Individual Settlement Payments. Within fourteen (14) calendar
8 days of the Funding Date, the Settlement Administrator will issue payments to: (a) Participating Class
9 Members and PAGA Members; (b) the Labor and Workforce Development Agency; (c) Plaintiff; and
10 (d) Class Counsel. The Settlement Administrator will also issue a payment to itself for Court-approved
11 services performed in connection with the Settlement.

12 58. Un-cashed Settlement Checks. Proceeds represented by Individual Settlement Payment
13 checks returned as undeliverable and Individual Settlement Payment checks remaining un-cashed for
14 more than one hundred and eighty (180) calendar days after issuance will be tendered pursuant to Code
15 of Civil Procedure section 384 to The Justice Gap Fund ("JGF") maintained by The State Bar of
16 California. The Parties do not have a connection to or a relationship with JGF that could reasonably
17 create the appearance of impropriety as between the selection of JGF as the recipient of the unclaimed
18 residuals and the interests of the class.

19 59. Certification of Completion. Upon completion of administration of the Settlement, the
20 Settlement Administrator will provide a written declaration under oath to certify such completion to the
21 Court and counsel for all Parties.

22 60. Treatment of Individual Settlement Payments. All payments to Participating Class
23 Members from the Net Settlement Fund will be allocated as follows: (a) Twenty Percent (20%) of each
24 payment will be allocated as wages for which IRS Forms W-2 will be issued; and (b) Eighty Percent
25 (80%) will be allocated as non-wages for which IRS Forms 1099-MISC will be issued. Payments issued
26 to PAGA Members from the PAGA Fund will be treated as non-wages for which IRS Forms 1099-
27 MISC will be issued.

28 61. Administration of Taxes by the Settlement Administrator. The Settlement Administrator

1 will be responsible for issuing to Plaintiff, Participating Class Members, PAGA Members, and Class
2 Counsel any W-2, 1099, or other tax forms as may be required by law for all amounts paid pursuant to
3 this Settlement. The Settlement Administrator will also be responsible for forwarding all payroll taxes
4 and penalties to the appropriate government authorities.

5 62. Tax Liability. The Parties make no representation as to the tax treatment or legal effect
6 of the payments called for hereunder, and Plaintiff, Participating Class Members, and PAGA Members
7 are not relying on any statement, representation, or calculation by Plaintiff, Class Counsel, Defendant or
8 by the Settlement Administrator in this regard.

9 63. Circular 230 Disclaimer. EACH PARTY TO THIS AGREEMENT (FOR PURPOSES
10 OF THIS SECTION, THE “ACKNOWLEDGING PARTY” AND EACH PARTY TO THIS
11 AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN “OTHER PARTY”)
12 ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND
13 NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES
14 OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR
15 WILL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED
16 OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES
17 TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE
18 ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER, OR ITS
19 OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX
20 ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS
21 AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY
22 ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY
23 UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO
24 ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE
25 ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER
26 PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF
27 ANY SUCH ATTORNEY’S OR ADVISER’S TAX STRATEGIES (REGARDLESS OF WHETHER
28 SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE

1 ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY
2 TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS
3 AGREEMENT.

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

8 65. Nullification of Settlement Agreement. In the event that: (a) the Court does not finally
9 approve the Settlement as provided herein; or (b) the Settlement does not become final for any other
10 reason, then this Settlement Agreement, and any documents generated to bring it into effect, will be null
11 and void. Any order or judgment entered by the Court in furtherance of this Settlement Agreement will
12 likewise be treated as void from the beginning.

13 66. Preliminary Approval Hearing. Plaintiff will obtain a hearing before the Court to request
14 the Preliminary Approval of the Settlement Agreement, and the entry of a Preliminary Approval Order
15 for: (a) conditional certification of the Settlement Class for settlement purposes only, (b) preliminary
16 approval of the proposed Settlement Agreement, (c) setting a date for a final fairness hearing. The
17 Preliminary Approval Order will provide for the Class Notice to be sent to all Class Members as
18 specified herein. In conjunction with the Preliminary Approval hearing, Plaintiff will submit to the Court
19 this Settlement Agreement, which sets forth the terms of this Settlement, and will include the proposed
20 Notice of Class Action Settlement, attached as Exhibit A. Class Counsel will be responsible for drafting
21 all documents necessary to obtain preliminary approval.

22 67. Final Settlement Approval Hearing and Entry of Judgment. Upon expiration of the
23 deadlines to postmark Requests for Exclusion or objections to the Settlement Agreement, and with the
24 Court's permission, a final fairness hearing will be conducted to determine the Final Approval of the
25 Settlement Agreement along with the amounts properly payable for: (a) Attorneys' Fees and Costs; (b)
26 the Class Representative Enhancement Payment; (c) Individual Settlement Payments; (d) the Labor and
27 Workforce Development Agency Payment; (e) all Settlement Administration Costs. Class Counsel will
28 be responsible for drafting all documents necessary to obtain final approval. Class Counsel will also be

1 responsible for drafting the attorneys' fees and costs application to be heard at the final approval hearing.

2 68. Judgment and Continued Jurisdiction. Upon final approval of the Settlement by the
3 Court or after the final fairness hearing, the Parties will present the Judgment to the Court for its
4 approval. After entry of the Judgment, the Court will have continuing jurisdiction under California Code
5 of Civil Procedure section 664.6 solely for purposes of addressing: (a) the interpretation and enforcement
6 of the terms of the Settlement, (b) Settlement administration matters, and (c) such post-Judgment matters
7 as may be appropriate under court rules or as set forth in this Settlement Agreement. A copy of the
8 Judgment will be posted to the Settlement Administrator's website.

9 69. Release by Plaintiff. In exchange for the general release set forth herein, Defendant shall
10 pay Plaintiff Ten Thousand Dollars (\$10,000) ("General Release Payment"). The General Release
11 Payment shall be separate from and in addition to the Gross Settlement Amount, shall be paid at the
12 same time the Gross Settlement Amount is funded, and shall be treated as miscellaneous income and
13 reported on an IRS Form 1099. Upon the Funding Date, and in addition to the claims being released by
14 all Participating Class Members, Plaintiff shall be deemed to have released and forever discharged the
15 Released Parties, to the fullest extent permitted by law, from any and all claims, known and unknown,
16 asserted and not asserted, which Plaintiff has or may have against the Released Parties as of the date of
17 execution of this Settlement Agreement. To the extent the foregoing release is a release to which Section
18 1542 of the California Civil Code or similar provisions of other applicable law may apply, Plaintiff
19 expressly waives any and all rights and benefits conferred upon him by Section 1542 of the California
20 Civil Code or similar provisions of applicable law, which are as follows:

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

27 70. Exhibits Incorporated by Reference. The terms of this Settlement Agreement include the
28 terms set forth in any attached Exhibits, which are incorporated by this reference as though fully set forth

herein. Any Exhibits to this Settlement Agreement are an integral part of the Settlement.

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

72. Amendment or Modification. No amendment, change, or modification to this Settlement Agreement will be valid unless in writing and signed, either by the Parties or their counsel, and approved by the Court.

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

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

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

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

1 77. Acknowledgment that the Settlement is Fair and Reasonable. The Parties believe this
2 Settlement Agreement is a fair, adequate and reasonable settlement of the Action and have arrived at this
3 Settlement after arm's-length negotiations and in the context of adversarial litigation, taking into account
4 all relevant factors, present and potential. The Parties further acknowledge that they are each represented
5 by competent counsel and that they have had an opportunity to consult with their counsel regarding the
6 fairness and reasonableness of this Settlement.

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

11 79. Waiver of Certain Appeals. The Parties agree to waive appeals and to stipulate to class
12 certification for purposes of this Settlement only; except, however, that Plaintiff or Class Counsel may
13 appeal any reduction to the Attorneys' Fees and Costs below the amount they request from the Court,
14 and either party may appeal any court order that materially alters the Settlement Agreement's terms.

15 80. Class Action Certification for Settlement Purposes Only. The Parties agree to stipulate to
16 class action certification for purposes of the Settlement only. If, for any reason, the Settlement is not
17 approved, the stipulation to certification will be void. The Parties further agree that certification for
18 purposes of the Settlement is not an admission that class action certification is proper under the standards
19 applied to contested certification motions and that this Settlement Agreement will not be admissible in
20 this or any other proceeding as evidence that either (a) a class action should be certified or (b) Defendant
21 is liable to Plaintiff or any Class Member, other than according to the Settlement's terms.

22 81. Non-Admission of Liability. The Parties enter into this Settlement to resolve the dispute
23 that has arisen between them and to avoid the burden, expense and risk of continued litigation. In
24 entering into this Settlement, Defendant does not admit, and specifically denies, that it violated any
25 federal, state, or local law, violated any regulations or guidelines promulgated pursuant to any statute or
26 any other applicable laws, regulations or legal requirements; breached any contract, violated or breached
27 any duty, engaged in any misrepresentation or deception, or engaged in any other unlawful conduct with
28 respect to its employees. Neither this Settlement Agreement, nor any of its terms or provisions, nor any

1 of the negotiations connected with it, may be construed as an admission or concession by Defendant of
2 any such violations or failures to comply with any applicable law. Except as necessary in a proceeding to
3 enforce the terms of this Settlement, this Settlement Agreement and its terms and provisions will not be
4 offered or received as evidence in any action or proceeding to establish any liability or admission on the
5 part of Defendant or to establish the existence of any condition constituting a violation of, or a non-
6 compliance with, federal, state, local or other applicable law.

7 82. No Public Comment: The Parties agree not to communicate, or cause to be
8 communicated, any information that publicizes or characterizes the monetary amount of this Settlement
9 (“Settlement Information”), except as required by law or court order, or as necessary in filings with the
10 court, communications with Class Members or the LWDA, or when communicating with advisors to
11 satisfy tax obligations. This agreement extends to all parties, their agents and their representatives and,
12 specifically bars, without limitation, publication in any form to any media outlet, whether in print,
13 internet, radio, or television source, or reports such as Jury Verdicts Weekly. In any action arising out of
14 a breach of this Settlement Agreement, the prevailing party shall be entitled to all resulting damages,
15 attorneys’ fees and costs. Notwithstanding the foregoing, Class Counsel may disclose in court filings
16 details about the Action and Settlement available in the public record for the limited purpose of allowing
17 Class Counsel to prove adequacy as class counsel in other actions or for purposes of seeking approval of
18 an unrelated settlement.

19 83. Waiver. No waiver of any condition or covenant contained in this Settlement Agreement
20 or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or
21 constitute a further waiver by such party of the same or any other condition, covenant, right or remedy.

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

27 85. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms and
28 conditions of this Settlement Agreement. Accordingly, this Settlement Agreement will not be construed

more strictly against one party than another merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being recognized that, because of the arms'-length negotiations between the Parties, all Parties have contributed to the preparation of this Settlement Agreement.

86. Representation By Counsel. The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Settlement Agreement, and that this Settlement Agreement has been executed with the consent and advice of counsel. Further, Plaintiff and Class Counsel warrant and represent that there are no liens on the Settlement Agreement.

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

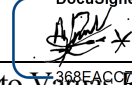
88. Cooperation and Execution of Necessary Documents. All Parties will cooperate in good faith and execute all documents to the extent reasonably necessary to effectuate the terms of this Settlement Agreement.

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

READ CAREFULLY BEFORE SIGNING

PLAINTIFF

Dated: 8/28/2026

DocuSigned by:

Alberto Vargas Rios

DEFENDANT MCH ELECTRIC, INC.

Dated:

James Humphrey, its CEO

1 more strictly against one party than another merely by virtue of the fact that it may have been prepared
2 by counsel for one of the Parties, it being recognized that, because of the arms'-length negotiations
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9 this Settlement Agreement herein will be subject to final Court approval.

10 88. Cooperation and Execution of Necessary Documents. All Parties will cooperate in good
11 faith and execute all documents to the extent reasonably necessary to effectuate the terms of this
12 Settlement Agreement.

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14 enter into this Settlement Agreement, and further intend that this Settlement Agreement will be fully
15 enforceable and binding on all parties, and agree that it will be admissible and subject to disclosure in
16 any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that
17 otherwise might apply under federal or state law.

18 **READ CAREFULLY BEFORE SIGNING**

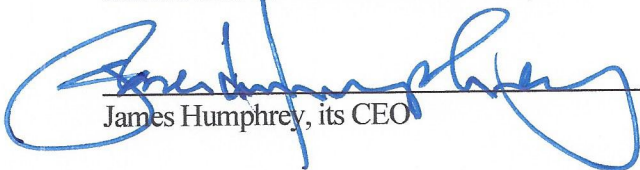
19 **PLAINTIFF**

20
21 Dated: _____

Alberto Vargas Rios

23 **DEFENDANT MCH ELECTRIC, INC.**

24
25 Dated: 8/24/26

26 
James Humphrey, its CEO

APPROVED AS TO FORM

CAPSTONE LAW APC

Dated: 8/28/26

By: 
Raul Perez
Attorneys for Plaintiff Alberto Vargas Rios

TATP LAW, INC.

Dated: _____

By: _____
Daphne Lin
Attorneys for Defendant MCH Electric, Inc.

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APPROVED AS TO FORM

CAPSTONE LAW APC

Dated: _____

By: _____

Raul Perez
Attorneys for Plaintiff Alberto Vargas Rios

TATP LAW, INC.

Dated: August 25, 2026

By: 

Daphne Lin
Attorneys for Defendant MCH Electric, Inc.

Exhibit A

Rios v. MCH Electric, Inc., No. RG21103287
SUPERIOR COURT OF THE STATE OF CALIFORNIA, FOR THE COUNTY OF ALAMEDA
NOTICE OF CLASS ACTION SETTLEMENT

You are not being sued. This notice affects your rights. Please read it carefully

Si desea una traducción al Español de este Aviso, por favor llame al administrador al ***--*******

To: All California non-exempt or hourly employees of Defendant MCH Electric, Inc. (“Defendant”) who worked for Defendant at any time during the period from June 30, 2020 through July 8, 2026 (“Class Members”).

All California non-exempt or hourly employees of Defendant who worked at any time during the period from July 8, 2020 through July 8, 2026 (“PAGA Members”).

On _____, the Honorable Patrick McKinney of the Alameda County Superior Court granted preliminary approval of this class action settlement and ordered the litigants to notify all Class Members of the settlement. **You have received this notice because Defendant’s records indicate that you are a Class Member, and therefore entitled to a payment from the settlement.**

Unless you choose to opt out of the settlement by following the procedures described below, you will be deemed a Participating Class Member and, if the Court grants final approval of the settlement, you will be mailed a check for your share of the settlement fund and be bound by the release of claims described in this notice and the settlement agreement filed with the Court. The Final Approval Hearing on the adequacy, reasonableness, and fairness of the Settlement will be held at _:00 _m. on _____, 2026 in Department 18 of the Alameda County Superior Court located at 1225 Fallon Street Oakland, California 94612.

Please also note that the Final Approval Hearing may be rescheduled by the Court to another date and/or time. Please visit [settlement website] for any scheduling changes.

If you move, you must send the Settlement Administrator your new address; otherwise, you may never receive your settlement payment. It is your responsibility to keep a current address on file with the Settlement Administrator.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don’t Have to Do Anything to Participate in the Settlement	If you do nothing, you will be deemed a “Participating Class Member,” and will be eligible for a payment from the Net Settlement Fund and, if you are also a PAGA Member, the PAGA Fund. In exchange, you will be bound by the terms of the proposed Settlement and give up your right to assert wage and hour claims against Defendant based on the same facts alleged in the Action during the Class Period.
You Can Opt-out of the Class Settlement but not the PAGA Settlement	If you don’t want to participate in the proposed class settlement, you can opt-out of the class settlement by sending the Settlement Administrator a written Request for Exclusion. Once excluded, you will no longer be eligible for a payment from the Net Settlement Fund and will not be bound by the terms of the proposed class settlement.
The Opt-out Deadline is [DATE]	You cannot opt-out of the PAGA portion of the proposed Settlement. PAGA Members remain eligible to receive a payment from the PAGA Fund and must give up their rights to pursue PAGA penalty claims against Defendants based on the facts alleged in the Action during the PAGA Period.

Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement Written Objections Must be Submitted by [DATE]	All Class Members who do not opt-out (“Participating Class Members”) can object to any aspect of the proposed class settlement, but not the PAGA settlement. This option is available only if you do not exclude yourself from the Settlement.
You Can Participate in the [DATE] Final Approval Hearing	The Court’s Final Approval Hearing is scheduled to take place on [DATE] in Department 18 of the Alameda County Superior Court located at 1225 Fallon Street Oakland, California 94612. You don’t have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court’s virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. If the Court grants final approval of the Settlement despite your objection, you will receive a payment from the Net Settlement Fund and you will be bound by the terms of the Settlement and Release.

Summary of the Litigation

Plaintiff Alberto Vargas Rios, on his behalf and on behalf of other current and former non-exempt employees, alleges that Defendant violated California state labor laws as a result of its alleged failure to, among other things: (1) pay minimum and overtime wages to employees for all hours worked; (2) provide employees with meal and rest breaks; (3) timely pay all wages owed to employees during each pay period and upon termination of their employment; (4) provide employees with accurate, itemized wage statements; (5) indemnify employees for necessary expenditures incurred in discharge of duties; and (6) unfair and unlawful business practices. Plaintiff seeks unpaid wages, statutory penalties, restitution, interest, attorneys’ fees, and costs; Plaintiff also seeks penalties under the Labor Code Private Attorneys General Act (“PAGA”), as a representative action.

The Court certified a “Direct Wage Statement” class, consisting of all individuals who were employed as nonexempt, hourly-paid employees by Defendant in California who received at least one wage statement at any time from June 30, 2020 through the date of class certification.

After the exchange of relevant information and evidence, the parties agreed to enter into settlement negotiations in an attempt to informally resolve all of the claims in the case, including claims not certified by the Court. The parties participated in a mediation with Louis Marlin, Esq., an experienced and well-respected class action mediator. With Mr. Marlin’s guidance, the parties were able to negotiate a complete settlement of Plaintiff’s claims.

Counsel for Plaintiff, also the attorneys appointed by the Court to represent the class, Capstone Law APC (“Class Counsel”), have investigated and researched the facts and circumstances underlying the issues raised in the case and the applicable law. While Class Counsel believe that the claims alleged in this lawsuit have merit, Class Counsel also recognize that the risk and expense of continued litigation justify settlement. Based on the foregoing, Class Counsel believe the proposed settlement is fair, adequate, reasonable, and in the best interests of Class Members.

Defendant has denied, and continues to deny the factual and legal allegations in the case and believes that it has strong and valid defenses to Plaintiff’s claims. By agreeing to settle, Defendant is not admitting liability on any of the factual allegations or claims in the case and continues to maintain that the case cannot or should not proceed as a class action. Defendant has agreed to settle the case as part of a compromise with Plaintiff in light of the risks and expenses associated with continued litigation.

Questions? Contact the Settlement Administrator toll free at 1-*-***-******

Other than the ruling on Plaintiff's Motion for Class Certification discussed above, the Court has not ruled on the merits of Plaintiff's claims or Defendant's defenses.

Summary of The Proposed Settlement Terms

Plaintiff and Defendant have agreed to settle the underlying class claims in exchange for a Gross Settlement Amount of \$990,000. This amount is inclusive of: (1) individual settlement payments to all Participating Class Members; (2) a Class Representative Enhancement Payment of \$10,000 to Alberto Vargas Rios for his services on behalf of the class; (3) \$330,000 in attorneys' fees and up to \$100,000 in litigation costs and expenses; (4) a \$50,000 settlement of claims under the Labor Code Private Attorneys General Act of 2004 ("PAGA"), inclusive of a \$37,500 payment to the California Labor and Workforce Development Agency ("LWDA") in connection with the PAGA, and a \$12,500 payment ("PAGA Fund") to all PAGA Members; and (5) reasonable Settlement Administrator's fees and expenses currently estimated at \$10,000. After deducting the above payments, a total of approximately \$490,000 will be allocated to Class Members who do not opt out of the Settlement Class ("Net Settlement Fund"). Additionally, all PAGA Members will receive a proportional share of the \$12,500 PAGA Fund, regardless whether they opt out of the Settlement Class.

Payments from Net Settlement Fund. Defendant will calculate the total number of Workweeks worked by each Class Member from June 30, 2020 through July 8, 2026 ("Class Period") and the aggregate total number of Workweeks worked by all Class Members during the Class Period. To determine each Class Member's estimated share of the Net Settlement Fund, the Settlement Administrator will use the following formula: The Net Settlement Fund will be divided by the aggregate total number of Workweeks during the Class Period, resulting in the "Workweek Value." Each Class Member's share of the Net Settlement Fund will be calculated by multiplying each individual Class Member's total number of Workweeks by the Workweek Value. The Individual Settlement Payment will be reduced by any required deductions for each Class Members as specifically set forth herein, including employee-side tax withholdings or deductions. If there are any valid and timely Requests for Exclusion, the Settlement Administrator shall proportionately increase each Participating Class Member's share of the Net Settlement Fund according to the number of Workweeks worked, so that the amount actually distributed to the Settlement Class equals 100% of the Net Settlement Fund.

According to Defendant's records, you worked during the Class Period in a non-exempt position for a total of ____ Workweeks. Accordingly, your estimated payment from the Net Settlement Fund is approximately \$ ____.

Payments from PAGA Fund. Defendant will calculate the total number of Workweeks worked by each PAGA Member from July 8, 2020 through July 8, 2026 ("PAGA Period") and the aggregate total number of Workweeks worked by all PAGA Members during the PAGA Period. To determine each PAGA Member's estimated share of the PAGA Fund, the Settlement Administrator will use the following formula: The PAGA Fund will be divided by the aggregate total number of Workweeks during the PAGA Period, resulting in the "PAGA Workweek Value." Each PAGA Member's share of the PAGA Fund will be calculated by multiplying each individual PAGA Member's total number of Workweeks by the PAGA Workweek Value. A Request for Exclusion does not exclude a PAGA Member from the release of claims under California Labor Code §§ 2698, *et seq.* and the PAGA Member will receive their portion of the PAGA fund even if he/she/they submits a valid Request for Exclusion.

According to Defendant's records, you worked during the PAGA Period in a non-exempt position for a total of ____ Workweeks. Accordingly, your estimated payment from the PAGA Fund is approximately \$ ____.

Your Estimated Payment: Based on the above, your estimated payment from the settlement is approximately \$ _____. If you believe the Workweek information provided above is incorrect, please contact the Settlement Administrator to dispute the calculation. You must attach all documentation in support of your dispute (such as check stubs, W2s, or letters from HR). All disputes must be postmarked or faxed on or before [insert date of Response Deadline] and must be sent to:

Settlement Administrator

Questions? Contact the Settlement Administrator toll free at 1-*-***-******

c/o _____
Fax No. _____

If you dispute the information stated above, Defendant's records will control unless you are able to provide documentation that establishes otherwise.

Taxes on Settlement Payments. IRS Forms W-2 and 1099 will be distributed to participating Class Members and the appropriate taxing authorities reflecting the payments they receive under the settlement. Class Members should consult their tax advisors concerning the tax consequences of the payments they receive under the Settlement. For purposes of this settlement, 20% of each settlement payment from the Net Settlement Fund will be allocated as wages for which IRS Forms W-2 will be issued, and 80% will be allocated as non-wages for which IRS Forms 1099-MISC will be issued. Payments issued to PAGA Members from the PAGA Fund will be treated as non-wages for which IRS Forms 1099-MISC will be issued.

The Parties and their attorneys do not make any representations concerning the tax consequences of this Settlement or your participation in it and are unable to offer tax advice. Class Members should consult with their own tax advisors concerning the tax consequences of the Settlement.

Your Options Under the Settlement

Option 1 – Automatically Receive a Payment from the Settlement

If you want to receive your payment from the settlement, then no further action is required on your part. You will automatically receive your settlement payment from the Settlement Administrator if and when the Settlement receives final approval by the Court.

If you choose **Option 1**, and if the Court grants final approval of the settlement, you will be mailed a check for your share of the settlement funds. In addition, on the date on which Defendant fully funds the Gross Settlement Amount, you will be deemed to have released or waived the Released Class Claims:

Released Class Claims: All claims, rights, demands, liabilities, and causes of action that are alleged in the operative First Amended Complaint, or which could have been alleged by reason of, arising from, or in connection with, any matter or fact set forth or referred to in the operative First Amended Complaint, including claims for violation of: (1) Cal. Lab. Code §§ 510 and 1198 (unpaid overtime); (2) Cal. Lab. Code §§ 1182.12, 1194, 1197, 1197.1, and 1198 (unpaid minimum wages); (3) Cal. Lab. Code §§ 226.7, 512(a), 516, and 1198 (failure to provide meal periods); (4) Cal. Lab. Code §§ 226.7, 516, and 1198 (failure to authorize and permit rest periods); (5) Cal. Lab. Code §§ 226(a), 1174(d), and 1198 (non-compliant wage statements and failure to maintain payroll records); (6) Cal. Lab. Code §§ 201 and 202 (wages not timely paid upon termination); (7) Cal. Lab. Code § 204 (failure to timely pay wages during employment); (8) Cal. Lab. Code § 2802 (unreimbursed business expenses); (9) Cal. Bus. & Prof. Code §§ 17200, *et seq.* (unlawful business practices); and (10) Cal. Bus. & Prof. Code §§ 17200, *et seq.* (unfair business practices).

Additionally, on the date on which Defendant fully funds the Gross Settlement Amount, Plaintiff, acting in his representative capacity under PAGA, and the LWDA shall be deemed to have fully, finally, and forever released and discharged the Released Parties from all Released PAGA Claims arising during the PAGA Period:

Released PAGA Claims: All claims for civil penalties under California Labor Code §§ 2698, *et seq.*, that were alleged or could reasonably have been alleged based on the same facts alleged in Plaintiff's PAGA Notice during the PAGA Period.

Questions? Contact the Settlement Administrator toll free at 1-*-***-******

The “**Released Parties**” are Defendant, and each of its past or present officers, directors, shareholders, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers and reinsurers, and its respective successors and predecessors in interest, assigns, subsidiaries, affiliates, parents and attorneys.

Option 2 – Opt Out of the Settlement

If you do not wish to participate in the settlement, you may exclude yourself from participating by submitting a written request to the Settlement Administrator expressly and clearly indicating that you have received this Notice of Class Action Settlement, decided not to participate in the settlement, and desire to be excluded from the settlement. The written request for exclusion must include your name, signature, address, telephone number, and last four digits of your Social Security Number. Sign, date, and mail the request for exclusion by First Class U.S. Mail or equivalent, to the address below.

Settlement Administrator

c/o _____

The Request for Exclusion must be postmarked or faxed not later than _____, 2026. If you submit a Request for Exclusion which is not postmarked or faxed by _____, 2026, your Request for Exclusion will be rejected, and you will be included in the settlement class.

If you choose **Option 2**, you will no longer be a Class Member, and you will:

- Not Receive a Payment from the Net Settlement Fund.
- Not release the Released Class Claims.
- If you are a PAGA Member, you will still release the Released PAGA Claims, and will receive a payment from the PAGA Fund.

Option 3 – Object to the Settlement

If you decide to object to the settlement because you find it unfair or unreasonable, you may submit a written objection stating why you object to the settlement, or you may instead appear at the Final Approval Hearing to object to the Settlement. Written objections must provide: (1) your full name, signature, address, and telephone number, (2) a written statement of all grounds for the objection accompanied by any legal support for such objection; (3) copies of any papers, briefs, or other documents upon which the objection is based; and (4) a statement about whether you intend to appear at the Fairness Hearing. The objection must be mailed to the administrator at [administrator’s address].

All written objections must be received by the administrator by not later than _____2026. By submitting an objection, you are not excluding yourself from the settlement. To exclude yourself from the settlement, you must follow the directions described above. Please note that you cannot both object to the settlement and exclude yourself. You must choose one option only.

You may also, if you wish, appear at the Final Approval Hearing set for _____ at _____ a.m./p.m. in the Superior Court of the State of California, for the County of Alameda and discuss your objection with the Court and the Parties at your own expense. You may also retain an attorney to represent you at the hearing.

Even if you choose **Option 3**, you will still be entitled to the money from the settlement and be bound by the terms of the settlement including the release of claims as set forth above if the Court overrules your objection, and you will be deemed to have released the Released Class Claims and Released PAGA Claims.

Next Step in Approval of Settlement

The Court will hold a hearing regarding the fairness, reasonableness and adequacy of the proposed Settlement, on _____, 2026 at _____ in Department 18 of the Alameda County Superior Court. The Settlement Hearing may be

Questions? Contact the Settlement Administrator toll free at 1-*-***-******

continued without further notice to Class Members.

You are not required to attend the Settlement Hearing to receive an individual settlement payment.

If the Court grants final approval of the Settlement, notice of final judgment will be posted on the Settlement Administrator's website (www._____) within seven (7) calendar days after entry of the Final Order and Judgment.

Additional Information

This Notice of Class Action Settlement is only a summary of the case and the settlement. For a more detailed statement of the matters involved in the case and the settlement, you may refer to the pleadings, the settlement agreement, and other papers filed in the case. All inquiries by Class Members regarding this Class Notice and/or the settlement should be directed to the Settlement Administrator or Class Counsel.

Raul Perez
Capstone Law APC
1875 Century Park E., Suite 1860
Los Angeles, CA 90067
Phone: Number

PLEASE DO NOT CONTACT THE CLERK OF THE COURT, THE JUDGE, DEFENDANT'S ATTORNEYS WITH INQUIRIES.

Questions? Contact the Settlement Administrator toll free at 1-*-***-******