

Seung Yang (SBN: 249857)
E-mail: seung.yang@moonyanglaw.com
Brett Gunther (SBN 306448)
E-mail: brett.gunther@moonyanglaw.com
MOON & YANG, APC
1055 W. Seventh St., Suite 1880
Los Angeles, California 90017
Telephone: (213) 232-3128
Facsimile: (213) 232-3125

Attorneys for Plaintiff Roberto Cherazo

Jason E. Barsanti (SBN: 235807)
E-mail: jbarsanti@cozen.com
Brett Greving (SBN: 270883)
E-mail: bgreving@cozen.com
COZEN O'CONNOR
501 W. Broadway, Suite 1610
San Diego, California 92101
Telephone: 619-234-1700
Facsimile: 619-234-7831

Attorneys for Defendant Essendant Co.

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

ROBERTO F. CHERAZO, individually, and on
behalf of all others similarly situated,

Plaintiff,

vs.

ESSENDANT CO., an Illinois corporation; and
DOES 1 through 10, inclusive

Defendants.

Case No.: 21STCV25368

[Remanded for Settlement Purposes from
USDC Case Number 2:21-cv-06533-JAK-DFM]

**JOINT STIPULATION OF CLASS ACTION
SETTLEMENT**

Complaint filed: July 12, 2021
Trial date: Not set

1 **JOINT STIPULATION OF CLASS ACTION SETTLEMENT**

2 This Joint Stipulation of Class Action Settlement (“Joint Stipulation of Settlement” or
3 “Settlement” or “Agreement”) is made and entered into by and between Plaintiff Roberto Cherazo,
4 individually, and on behalf of all others similarly situated, (“Plaintiff” or “Class Representative”), and
5 Defendant Essendant Co. (“Defendant”). Plaintiff and Defendant are collectively referred to herein as “the
6 Parties.”

7 THE PARTIES STIPULATE AND AGREE as follows:

8 **DEFINITIONS**

9 1. For purposes of this Settlement, “Complaint” refers to the operative complaint at the time
10 the Court grants Preliminary Approval of this Settlement.

11 2. For purposes of this Settlement, this matter, entitled *Roberto Cherazo v. Essendant Co., et*
12 *al.*, Los Angeles Superior Court Case No. 21STCV25368, which was removed to United States District
13 Court, Central District of California, Case No. 2:21-cv-06533-JAK-DFM, is referred to herein as the
14 “Action.”

15 3. For purposes of this Settlement, the “Class Period” is July 12, 2017 through the date the
16 Court preliminarily approves of the settlement, or April 8, 2022, whichever is sooner.

17 4. For purposes of this Settlement, the “Class” or “Class Members” consist of: All persons
18 employed by Defendant Essendant Co. in California as an hourly, non-exempt employee from July 12,
19 2017 to the date the Court preliminarily approves of the settlement, or April 8, 2022, whichever is sooner.
20 “Settlement Class Members” are Plaintiff and all those Class Members who do not submit timely
21 exclusion requests to the Settlement Administrator.

22 5. For purposes of this Settlement, “Covered Workweeks” means the number of weeks a
23 Class Member was employed by Defendant in California during the Class Period.

24 6. For purposes of this Settlement, “Class Counsel” means Seung Yang, Esq. and Brett M.
25 Gunther, Esq. of MOON & YANG, APC.

26 7. “Class Representative Service Award” means the amount that the Court authorizes to be
27 paid to Plaintiff in recognition of Plaintiff’s efforts and risks in assisting with the prosecution of the
28 Action.

1 8. For purposes of this Settlement, “Response Deadline” means the date thirty (30) days after
2 the Settlement Administrator initially mails the Notice to Settlement Class Members and the last date on
3 which Settlement Class Members may submit a request for exclusion or written objection to the
4 Settlement. In the case of a re-mailed Notice, the Response Deadline will be the later of 30 calendar days
5 after initial mailing or 14 calendar days from re-mailing. The Response Deadline may be extended only as
6 expressly described herein.

7 9. For purposes of the Settlement, “Defendant’s Counsel” means Jason Barsanti, Esq. and
8 Brett Greving, Esq. of Cozen O’Connor, P.C., 501 West Broadway, Ste. 1610, San Diego, California
9 92101, for Defendant Essendant Co.

10 10. “Individual Settlement Payment” means the amount payable from the Net Settlement
11 Amount to each Class Member.

12 11. “Net Settlement Amount” means the Maximum Settlement Amount, less Attorneys’ Fees
13 and Costs, the Class Representative Service Award, Settlement Administration Costs, and the PAGA
14 Penalty Payment.

15 12. For purposes of this Settlement, “PAGA Allocation” means the amount that the Parties
16 have agreed to pay to the Labor and Workforce Development Agency (“LWDA”) in connection with the
17 Labor Code Private Attorneys General Act of 2004 (Cal. Lab. Code §§ 2698, *et seq.*, “PAGA”). The
18 Parties have agreed that the PAGA Allocation will be \$45,000.00 from the Gross Settlement Amount.
19 Pursuant to PAGA, Seventy Five Percent (75%), or \$33,750.00, of the PAGA Penalty Payment will be
20 paid to the LWDA (“PAGA Penalty Payment”), and Twenty Five Percent (25%), or \$11,250.00 of the
21 LWDA Payment will be included in the Net Settlement Amount for PAGA Employees (“PAGA
22 Settlement Payment”).

23 13. For purposes of this Settlement, “PAGA Period” means the period between July 2, 2020
24 through the date the Court preliminarily approves of the settlement, or April 8, 2022, whichever is sooner.

25 14. For purposes of this Settlement, “PAGA Employee” means all Class Members that were
26 employed by Defendant in California during the PAGA Period.

27 15. For purposes of this Settlement, “PAGA Pay Periods” means the number of pay periods
28 each PAGA Employee worked during the PAGA Period.

16. For purposes of this Settlement, “PAGA Representative” means Plaintiff.

17. For purposes of this Settlement, “Released PAGA Claims” means all claims asserted through California Labor Code §§ 2698, *et seq.*, that arise out of or are related to the Released Claims set forth below, and are subject to assertion through PAGA.

18. For purposes of this Settlement, “Released PAGA Claims Period” means the period between July 2, 2020 through the date the Court preliminarily approves of the settlement, or April 8, 2022, whichever is sooner.

19. “Request for Exclusion” means a written request by a Class Member to opt out of, or exclude oneself, from the Settlement.

20. “Settlement” means the final and complete disposition of the Action pursuant to this Stipulation.

21. For purposes of this Settlement, “Settlement Payments” means all of the payments to Settlement Class Members (the “Settlement Class Payments”) and all of the payments to PAGA Employees (the “PAGA Settlement Payment”).

22. “Settlement Administrator” means a third-party class action settlement administrator agreed to by the Parties and approved by the Court for purposes of administering this Settlement.

23. “Settlement Administration Costs” means the reasonable costs and fees of administration of this Settlement, including, but not limited to: (i) printing, mailing and re-mailing (if necessary) Notice of Settlement to the Class Members; (ii) preparing and submitting to Class Members and government entities all appropriate tax filings and forms; (iii) computing the amount of and distributing Individual Settlement Payments, the Class Representative Service Award, Attorneys’ Fees and Costs, and the LWDA Payment; (iv) processing and validating Requests for Exclusion and Notices of Objection; (v) establishing a Qualified Settlement Fund (“QSF”), as defined by the Internal Revenue Code; and (vi) calculating and remitting to the appropriate government agencies all employer and employee payroll tax obligations arising from the Settlement and preparing and submitting filings required by law in connection with the payments required by the Settlement.

STIPULATED BACKGROUND

24. On July 2, 2021, Plaintiff submitted a “Notice of Labor Code Violations and PAGA

Penalties” online to the Labor & Workforce Development Agency to satisfy the administrative exhaustion requirement that is a prerequisite to filing a claim for Civil Penalties under the Labor Code Private Attorneys General Act of 2004 [Lab. Code § 2699, et seq.] (“PAGA”). More than 65 days have passed since the Plaintiff’s submission of the notice letter and Plaintiff has not received any notice from the LWDA of its intent to investigate the claims set forth in the July 2, 2021 PAGA letter.

25. On July 12, 2021, Plaintiff Roberto Cherazo filed a putative Class Action (the “Complaint”) alleging the following labelled causes of action: (1) Failure to Pay Minimum and Regular Rate Wages [Cal. Lab. Code §§ 204, 1194, 1194.2, and 1197]; (2) Failure to Pay Overtime Compensation [Cal. Lab. Code §§ 1194 and 1198]; (3) Failure to Provide Meal Periods [Cal. Lab. Code §§ 226.7, 512]; (4) Failure to Authorize and Permit Rest Breaks [Cal. Lab. Code §§ 226.7]; (5) Failure to Timely Pay Final Wages at Termination [Cal. Lab. Code §§ 201-203]; (6) Failure to Provide Accurate Itemized Wage Statements [Cal. Lab. Code § 226]; and (7) Unfair Business Practices [Cal. Bus. & Prof. Code §§ 17200, et seq.].

26. On August 12, 2021, Defendant Essendant Co. removed this case to the United States District Court for the Central District of California under the Class Action Fairness Act of 2005, 28 U.S.C. §§ 1332, et seq. Defendant answered the Complaint on August 12, 2021.

27. On November 30, 2021, the Parties participated in a mediation in the Action with Hon. Carl J. West (Ret.). Though the Parties did not reach a settlement at the conclusion of a full day of mediation, following the mediation and with the assistance of Judge West, the Parties were able to reach an agreement on the essential terms of a proposed class action settlement and PAGA settlement. On February 2, 2022, the Parties executed a memorandum of understanding reflecting their agreement.

28. As part of the proposed settlement, the Parties agreed to remand the Action to the Superior Court for the State of California, County of Los Angeles, for purposes of settlement approval and administration. The Parties also agreed that Defendant’s consent to remand the Action to the Superior Court did not constitute a waiver of their right to a federal forum.

29. On February 5, 2022, the United States District Court, Central District of California entered an order to remand the matter to state court pursuant to the Parties’ stipulation.

30. Prior to submitting the instant Settlement to the Court for preliminary and final approval,

1 Plaintiff will file a First Amended Complaint to add a cause of action for Civil Penalties under the Labor
2 Code Private Attorneys General Act of 2004 [Lab. Code § 2699, et seq.]. Defendant will file an Answer to
3 Plaintiff's First Amended Complaint.

4 31. In the Complaint, Plaintiff sought to represent all non-exempt employees who were
5 employed by Defendant in California, and who were allegedly denied minimum and overtime wages on
6 account of Defendant's temperature and security checks, who allegedly did not receive all meal and rest
7 periods legally entitled, who allegedly did not receive minimum, overtime, meal period premium and rest
8 period premium wages at the correct rate of pay, who allegedly did not timely receive all wages upon their
9 resignation or termination of employment, and who allegedly did not received accurate itemized wage
10 statements at any time during the period beginning four years before the filing of the initial complaint and
11 ending the date the Court preliminarily approves of the settlement, or April 8, 2022, whichever is sooner.

12 32. The Parties stipulate and agree to the certification of the proposed class for settlement
13 purposes only. The Parties further agree that this Stipulation will not be admissible in this or any other
14 proceeding as evidence that (i) a class action should be certified, (ii) a representative action is appropriate
15 or manageable, or (iii) Defendant is liable to Plaintiff or any Class Member, other than according to the
16 terms of this Stipulation. Solely for purposes of settling this case, the Parties stipulate and agree that:

17 (a) The Class is ascertainable and so numerous as to make it impracticable to join all
18 Class Members.

19 (b) There are common questions of law and fact including, but not limited to, the
20 following:

- 21 1) Whether or not Plaintiff and the Class Members were properly
22 compensated for all hours worked, including minimum and overtime
23 wages;
- 24 2) Whether or not Plaintiff and the Class Members were provided and/or
25 authorized and permitted all meal and rest periods, and/or were paid
26 premium pay at the proper rate of pay for failure to provide meal and rest
27 breaks ;
- 28 3) Whether or not Plaintiff and the Class Members timely received all wages

owed upon the termination and/or resignation of their employment;

4) Whether or not Defendant maintained accurate records of all hours Plaintiff and the Class Members worked; and,

5) Whether or not Defendant engaged in unlawful or unfair business practices affecting the Class in violation of California Business and Professions Code §§ 17200-17208.

(c) Plaintiff's claims are typical of the claims of the Class Members.

(d) Plaintiff and Class Counsel will fairly and adequately protect the interests of the Class.

(e) The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications, which would establish incompatible standards of conduct.

(f) With respect to the Class, questions of law and fact common to the members of the Class predominate over any questions affecting any individual member in such Class, and that a class action is superior to other available means for the fair and efficient adjudication of the controversy.

33. Should, for whatever reason, the Settlement not become effective, the fact that the Parties were willing to stipulate to certification as part of the Settlement shall have no bearing on, and shall not be admissible in connection with, the issue of whether the Class Members and/or the Class Claims should be certified in a non-Settlement context in this Action or in any other lawsuit. Defendant expressly reserves its right to oppose claim or class certification in this or any other action should this Settlement not become effective.

34. Defendant expressly denies any liability or wrongdoing of any kind whatsoever associated with the claims alleged in the Complaint, and Defendant further denies that, for any purpose other than settling this lawsuit, the action is appropriate for class or representative treatment. With respect to Plaintiff's claims, Defendant contends, among other things, that Plaintiff and the Class Members have been paid proper wages, have been provided meal periods or they have been made available as required, have been provided rest periods or they have been authorized and permitted as required, have been paid

1 timely wages upon separation of employment, and have been provided with accurate itemized wage
2 statements. Defendant further contends, among other things, that it has complied at all times with the
3 California Labor Code and the applicable Wage Orders of the Industrial Welfare Commission.

4 Furthermore, with respect to all claims, Defendant contends that it has complied at all times with the
5 California Business and Professions Code and, specifically, that it did not violate California Business &
6 Professions Code §§ 17200, et seq.

7 35. It is the desire of the Parties to fully, finally, and forever settle, compromise, and discharge
8 all disputes and claims arising from or related to the Complaint.

9 36. Class Counsel has conducted a thorough investigation into the facts of this Action,
10 including an extensive review of relevant documents, and has diligently pursued an investigation of the
11 claims of the Class against Defendant. Based on its own independent investigation and evaluation, Class
12 Counsel is of the opinion that the Settlement with Defendant for the consideration and on the terms set
13 forth in this Joint Stipulation of Settlement is fair, reasonable, and adequate and is in the best interest of the
14 Class in light of all known facts and circumstances, including the risk of significant delay, the risk the
15 Class will not be certified by the Court, defenses asserted by Defendant, and numerous potential appellate
16 issues. Defendant and Defendant's Counsel also agree that the Settlement is fair and in the best interest of
17 the Class.

18 37. The Parties agree to cooperate and take all steps necessary and appropriate to obtain
19 preliminary and final approval of this Settlement.

20 38. The Parties agree to stay all proceedings in the Action, except such proceedings necessary
21 to implement and complete the Settlement, pending the Final Approval hearing to be conducted by the
22 Court.

23 **PRIMARY TERMS OF SETTLEMENT**

24 39. NOW THEREFORE, in consideration of the mutual covenants, promises and agreements
25 set forth herein, the Parties agree, subject to the Court's approval, as follows:

- 26 (a) It is agreed by and among the Class and Defendant that this case and any claims,
27 damages, or causes of action arising out of the disputes which are the subject of
28 this case, be settled and compromised as between the Class and Defendant, subject

1 to the terms and conditions set forth in this Settlement and the approval of the
2 Court.

3 (b) Effective Date: The terms of settlement embodied in this Settlement shall become
4 effective when all of the following events have occurred: (i) this Joint Stipulation
5 of Settlement has been executed by all Parties and their respective counsel; (ii) the
6 Court has given preliminary approval to the Settlement; (iii) the Notice has been
7 given to the class, providing them with an opportunity to dispute information
8 contained in the Notice, to opt out of the Settlement, or to object to the Settlement;
9 (iv) the Court has held a final approval hearing and entered a final order and
10 judgment certifying the Class and approving this Settlement; and (v) the later of the
11 following events: (a) the date final approval is granted if there are no objections to
12 the settlement; (b) sixty-five (65) days following notice of entry of the Court's final
13 order approving the Settlement if there are any objections by any Class Member; or
14 (c) if any appeal, writ or other appellate proceeding opposing this Settlement has
15 been filed within sixty-five (65) days following notice of entry of the Court's final
16 order approving the Settlement, then twenty (20) days after when any appeal, writ
17 or other appellate proceeding opposing the Settlement has been resolved finally
18 and conclusively with no right to pursue further remedies or relief. In this regard, it
19 is the intention of the Parties that the Settlement shall not become effective until the
20 Court's order approving the Settlement is completely final, and there is no further
21 recourse by an appellant or objector who seeks to contest the Settlement.

22 (c) Gross Settlement Amount: Defendant's maximum total payment under the
23 Settlement, including all attorney's fees and costs, the Class Representative Service
24 Award Payment to the named Plaintiff, the costs of settlement administration, the
25 PAGA Allocation, and any other payments provided by this Settlement, is
26 \$455,000.00 ("Gross Settlement Amount"), subject to the Escalator Clause and
27 except that, to the extent that any portions of the Class Members' Settlement
28 Payments constitute wages, Defendant will be separately responsible for any

1 employer payroll taxes required by law, including the employer FICA, FUTA, and
2 SDI contributions.

3 (d) Escalator Clause: If it is later determined that the number of Class Members is
4 more than 10% greater than the original estimates of 1,184 (i.e., 1,302 or more
5 Class Members), the Gross Settlement Amount shall be increased by the
6 percentage that the actual number of class members exceeds the original estimates
7 beyond 10% (the “Escalator Clause”). The Gross Settlement Amount will not be
8 reduced for any reason.

9 (e) Non-reversionary Settlement: No portion of the Gross Settlement Amount will
10 revert to Defendant.

11 (f) No Claims Required: Class Members will not be required to submit a claim to
12 receive their Settlement payment.

13 (g) Net Settlement Amount: The Net Settlement Amount shall be calculated by
14 deducting from the Gross Settlement Amount (\$455,000.00) the following sums,
15 subject to approval by the Court: (1) attorney’s fees (not to exceed 33 1/3% of the
16 Gross Settlement Amount, or \$151,666.67); (2) reasonable litigation costs (not to
17 exceed \$20,000.00); (3) the Class Representative Service Award Payment (not to
18 exceed \$5,000.00); (4) the PAGA Penalty Payment in the amount of \$33,750.00
19 (which is 75% of the \$45,000.00 PAGA Allocation); and (5) costs of settlement
20 administration (estimated not to exceed \$20,000). Settlement Payments to the
21 Class Members will be calculated by the Settlement Administrator and paid out of
22 the Net Settlement Amount as set forth below.

23 (h) Payroll Taxes and Required Withholdings: To the extent that any portions of the
24 Settlement Class Members’ Settlement Payments constitute wages, Defendant will
25 be separately responsible for any **employer** payroll taxes required by law,
26 including the employer FICA, FUTA, and SDI contributions. Except for any
27 employer payroll taxes, it is understood and agreed that Defendant’s maximum
28 total liability under this Settlement shall not exceed the Gross Settlement Amount.

The Settlement Administrator will calculate and submit the Defendant's employer share of payroll taxes after advising Defendant of the total amount owed, in aggregate, as employer-side payroll taxes and receiving a lump sum payment from Defendant in that amount when the Gross Settlement Amount is delivered to the Settlement Administrator.

(i) Settlement Class Payments (Excludes PAGA Payments): Settlement Class Payments will be paid out of the Net Settlement Amount. Each Settlement Class Member will be paid a pro-rata share of the Net Settlement Amount (less the PAGA Settlement Payments), as calculated by the Settlement Administrator. The pro-rata share will be determined by comparing the individual Settlement Class Member's Covered Workweeks worked during the Class Period in California to the total Covered Workweeks of all the Settlement Class Members during the Class Period as follows:
$$\frac{[\text{Workweeks worked by a Settlement Class Member}]}{[\text{Sum of all Covered Workweeks worked by all Settlement Class Members}]} \times [\text{Net Settlement Amount} - \text{all PAGA Settlement Payments}] = \text{Individual Settlement Payment for a Settlement Class Member.}$$
 Settlement Class Payments in the appropriate amounts will be distributed by the Settlement Administrator by mail to the Settlement Class Members. Un-cashed, unclaimed or abandoned checks, shall be transmitted to the California Controller's Office, as set forth below.

(j) PAGA Payments: PAGA Settlement Payments will be paid out of the Net Settlement Amount. Each PAGA Employee will be paid a pro-rata share of the PAGA Employees' PAGA Settlement Payment, as calculated by the Settlement Administrator. Class Members will not be permitted to exclude themselves from this portion of the Settlement. The pro-rata share will be determined by comparing the individual PAGA Employees' PAGA Pay Periods during the PAGA Period to the total PAGA Pay Periods of all the PAGA Employees during the PAGA Period as follows:
$$\frac{[\text{PAGA Pay Periods worked by a PAGA Employee}]}{[\text{Sum of all PAGA Pay Periods worked by all PAGA Employees}]} \times [\text{PAGA Settlement}$$

1 Payment] = individual PAGA Employee's portion of the PAGA Settlement
2 Payment. PAGA Settlement Payments to PAGA Employees in the appropriate
3 amounts will be distributed by the Settlement Administrator by mail to the PAGA
4 Employees at the same time Settlement Class Payments issue to the Settlement
5 Class. Un-cashed, unclaimed or abandoned checks, shall be transmitted to the
6 California Controller's Office, as set forth below. The LWDA's PAGA Penalty
7 Payment will issue to the LWDA at the same time Settlement Payments issue to
8 the Settlement Class.

9 (k) Allocation of Settlement Payments: The Parties have agreed that Settlement Class
10 Payments will be allocated as follows: 20% to wages and 80% to penalties and
11 interest. The PAGA Settlement Payment shares to PAGA Employees will be
12 entirely allocated to penalties. Appropriate federal, state and local withholding
13 taxes will be taken out of the wage allocations, and each Class Member will
14 receive an IRS Form W-2 with respect to this portion of the Settlement Payment.
15 The employer's share of payroll taxes and other required withholdings will be paid
16 as set forth above, including but not limited to the Defendant's FICA and FUTA
17 contributions, based on the payment of claims to the Class Members. IRS Forms
18 1099 will be issued to each Class Member reflecting the payments for penalties and
19 interest. Class Members are responsible to pay appropriate taxes due on the
20 Settlement Payments they receive. To the extent required by law, IRS Forms 1099
21 and W-2 will be issued to each Class Member with respect to such payments.

22 (l) Settlement Payments Do Not Give Rise to Additional Benefits: All Settlement
23 Payments to individual Class Members shall be deemed to be paid to such Class
24 Member solely in the year in which such payments actually are received by the
25 Class Member. It is expressly understood and agreed that the receipt of such
26 Settlement Payments will not entitle any Class Member to additional compensation
27 or benefits under any company bonus, contest or other compensation or benefit
28 plan or agreement in place during the period covered by the Settlement, nor will it

entitle any Class Member to any increased retirement, 401(k) benefits or matching benefits or deferred compensation benefits. It is the intent that the Settlement Payments provided for in this Settlement are the sole payments to be made by Defendant to the Class Members, and that the Class Members are not entitled to any new or additional compensation or benefits as a result of having received the Settlement Payments (notwithstanding any contrary language or agreement in any benefit or compensation plan document that might have been in effect during the period covered by this Settlement).

(m) Attorney's Fees and Costs: Subject to approval by the Court, Defendant will not object to Class Counsel's application for attorney's fees not to exceed 33 1/3% of the Gross Settlement Amount (\$151,666.67) and reimbursement of litigation costs and expenses not to exceed \$20,000.00. The difference between the amounts requested as attorneys' fees and costs and the actual amounts awarded will be distributed to the class as Settlement Payments.

(n) Class Representative Service Award Payment: Subject to Court approval, and in exchange for his service and assistance in prosecuting the action as well as a general release, Defendant will not object to Class Counsel's application for an additional payment of up to \$5,000.00 to Plaintiff for service as a Class Representative ("Class Representative Service Award Payment"). It is understood that the Class Representative Service Award Payment is in addition to the individual Settlement Payment to which Plaintiff is entitled to along with the other Class Members. The Class Representative Service Award Payment will issue at the same time all Settlement Payments are mailed to the Settlement Class. The difference between the amount requested as a Class Representative Service Award Payment and the actual amount awarded will be distributed to the class as Settlement Payments.

(o) Defendant or the Settlement Administrator will issue an IRS Form 1099 for the Service Payment to the Plaintiff. The Plaintiff will be individually responsible for

1 correctly characterizing this compensation on personal income tax returns for tax
2 purposes and for paying any taxes on the amounts received. Should the Court
3 approve a Service Payment in an amount less than that set forth above, the
4 difference between the lesser amount(s) approved by the Court and the Class
5 Representative Service Award Payment amount(s) set forth above shall be added to
6 the Net Settlement Amount. Plaintiff agrees not to opt out or object to the Service
7 Payment as the Class Representative.

8 (p) Settlement Administrator: The Settlement Administrator will be ILYM Group,
9 Inc., or such Settlement Administrator as may be mutually agreeable to the Parties
10 and approved by the Court. Settlement Administration Costs are estimated not to
11 exceed \$20,000. The costs of the Settlement Administrator for work done shall be
12 paid regardless of the outcome of this Settlement but that in the event that this
13 Settlement is not completely finalized, the Parties agree to split the Settlement
14 Administration Costs.

15 (q) Funding of Settlement Account: Defendant agrees to make payments required
16 under this settlement within 14 calendar days of the Effective Date.

17 (r) Mailing of Settlement Payments: The Settlement Administrator shall cause the
18 Settlement Payments to be mailed to the Class Members within 14 calendar days
19 after the final funds are deposited with the administrator.

20 (s) Notice of Settlement: Each Class Member will be mailed a notice setting forth the
21 material terms of the proposed Settlement, along with instructions about how to
22 object or request exclusion from the proposed class action Settlement (“Notice”).
23 For each Class Member, there will be pre-printed information on the mailed
24 Notice, based on Defendant’s records, stating the Class Member’s Covered
25 Workweeks during the Class Period and the estimated total Settlement Payment
26 under the Settlement, including the Settlement Class Payment and the PAGA
27 Settlement Payment that will be distributed irrespective of any exclusion request.
28 The pre-printed information based on Defendant’s records shall be presumed to be

1 correct. A Class Member may dispute the pre-printed information on the Notice as
2 to his or her Covered Workweeks during the Class Period. Class Members must
3 submit any dispute regarding the information on the Notice as to his or her
4 Covered Workweeks by the Response Deadline. Unless a disputing Class Member
5 submits documentary evidence in support of his or her dispute, the records of the
6 Defendant will be determinative, subject to review by the Court.

7 (t) Settlement Notice Language: The Notice will issue in English and Spanish.

8 (u) Class Members Cannot Exclude Themselves from the Released PAGA Claims:

9 Class Members submitting a Request for Exclusion will nevertheless receive their
10 pro-rata share of the PAGA Settlement Payment. If the Court approves the
11 compromise of the PAGA Claim, all Class Members are bound by the Court's
12 resolution of that Claim. Plaintiff shall serve a notice of settlement on the
13 California Labor and Workforce Development Agency at or before the time
14 Plaintiff files the motion for preliminary approval.

15 (v) Resolution of Workweek Disputes: If a Class Member disputes the accuracy of
16 Defendant's records used to calculate Covered Workweeks, and the Parties'
17 counsel cannot resolve the dispute informally, the matter will be referred to the
18 Settlement Administrator. The Settlement Administrator will review Defendant's
19 records and any information or documents submitted by the Class Member and
20 issue a decision regarding the dispute. The Court reviewing this Settlement shall
21 have the authority to review and make a final decision regarding any Class
22 Member dispute. The Class Member must submit information or documents
23 supporting his or her position to the Settlement Administrator prior to the
24 expiration of the Response Deadline. Information or documents submitted after
25 the expiration of the Response Deadline will not be considered by the Settlement
26 Administrator, unless otherwise agreed to by the Parties.

27 (w) Right of Class Member to Request Exclusion from the Settlement: Any Class
28 Member may request to be excluded from the Class by mailing a "Request for

Exclusion” from the Settlement within the Response Deadline, stating, as follows
or in substantially similar terms:

“I WISH TO BE EXCLUDED FROM THE CLASS IN THE
CHERAZO v. ESSENDANT CO., ET AL, CLASS ACTION
LAWSUIT, LOS ANGELES COUNTY SUPERIOR COURT
CASE NO. 21STCV25368. I UNDERSTAND THAT IF I ASK
TO BE EXCLUDED FROM THE CLASS, I WILL NOT
RECEIVE ANY MONEY FROM THE SETTLEMENT
OTHER THAN MY SHARE OF THE PAGA PAYMENT.”

Any Request for Exclusion must include the name, address, telephone number, last
four digits of the Class Member’s Social Security Number, and the signature of the
Class Member requesting exclusion. Any such request must be made in
accordance with the terms of the Notice, and the Notice will advise Class Members
of these requirements. Any Class Member who timely requests exclusion in
compliance with these requirements (i) shall not have any rights under this
Settlement other than a right to receive a pro-rata share of the portion of the PAGA
payment allocated to the Class Members if the Class Member is also PAGA
Employee; (ii) shall not be entitled to receive any Settlement Payments under this
Settlement other than as stated in (i) in this paragraph; and (iii) shall not be bound
by this Settlement or the Court’s Order and Final Judgment other than as it applies
to the PAGA Claim. Exclusion requests may also be made by fax or email.

- (x) Right of Settlement Class Member to Object to The Settlement: Any Class
Member may object to the Settlement. To object, the Class Member may (1)
appear in person at the Final Approval Hearing to explain any objection, (2) have
an attorney object for the Class Member, or (3) submit a simple written brief or
statement of objection to the Settlement Administrator. If any Class Member
chooses to submit a written objection, the written objection could be submitted via
fax or email to counsel for the Parties no later than fourteen (14) calendar days
before the Final Approval Hearing, and should contain sufficient information to
confirm the identity of the objector and the basis of the objection, including (1) the
full name of the Settlement Class Member; (2) the signature of the Settlement

1 Class Member; (3) the grounds for the objection; and (4) be postmarked within the
2 Response Deadline to permit adequate time for processing and review by the
3 Parties of the written statement or objection. Class Counsel shall ensure that any
4 written objections are transmitted to the Court for the Court's review (either by
5 Class Counsel or as an attachment to declaration from the Settlement
6 Administrator). A Class Member who does not object prior to or at the Final
7 Approval Hearing, will be deemed to have waived any objections and will be
8 foreclosed from making any objections (whether at the Final Approval Hearing, by
9 appeal, or otherwise) to the Settlement and/or seeking any adjudication or review
10 of the Settlement, by appeal or otherwise.

11 **THE SETTLEMENT ADMINISTRATOR'S PRIMARY DUTIES**

12 40. Subject to the Court's approval, and subject to reconsideration by the Parties after a
13 competitive bidding process, the Parties have agreed to the appointment of ILYM Group, Inc. to perform
14 the customary duties of Settlement Administrator. The Settlement Administrator will mail the Notice,
15 both in English and Spanish, to the Class Members.

16 41. The Settlement Administrator will independently review the Covered Workweeks
17 attributed to each Class Member and will calculate the estimated amounts due to each Class Member and
18 the actual amounts due to each Settlement Class Member in accordance with this Settlement. The
19 Settlement Administrator shall report, in summary or narrative form, the substance of its findings to the
20 Parties without providing any personally identifying information of any Class Members. The Settlement
21 Administrator shall be reasonably provided with Defendant's records in order to perform its duties.

22 42. In accordance with the terms of this Settlement, and upon receipt of Gross Settlement
23 Amount from Defendant, the Settlement Administrator will issue and send out the Settlement Payment
24 checks to the Class Members. Tax treatment of the Settlement Payments will be as set forth herein, and in
25 accordance with state and federal tax laws. All disputes relating to the Settlement Administrator's
26 performance of its duties shall be referred to the Court, if necessary, which will have continuing
27 jurisdiction over the terms and conditions of this Settlement until all payments and obligations
28 contemplated by this Settlement have been fully carried out.

43. The Settlement Administrator will mail the final judgment approving the Settlement along with the settlement payments.

ATTORNEY'S FEES AND COSTS

44. In consideration for resolving this matter and in exchange for the release of all claims by the Class Members, including Plaintiff, and subject to approval by the Court, Defendant will not object and will not oppose Class Counsel's application for reasonable attorney's fees not to exceed 33 1/3% of the Gross Settlement Amount (\$151,666.67 of \$455,000.00) and reasonable litigation costs not to exceed \$20,000.00. The amounts set forth above will cover all work performed and all fees and costs incurred to date, and all work to be performed and all fees and costs to be incurred in connection with the approval by the Court of this Settlement and administration of the Settlement. Should Class Counsel request a lesser amount and/or the Court approve a lesser amount(s) of attorney's fees and/or attorneys' costs, the difference between the lesser amount(s) and the maximum amount set forth above shall be added to the Net Settlement Amount. Attorneys' fees and costs approved by the Court shall be paid to Class Counsel within 14 calendar days after the funds are deposited with the Settlement Administrator. In the event that the Court awards less than 25% of the Gross Settlement Amount for attorney's fees, Class Counsel shall retain the right to appeal that portion of any Final Approval Order and Judgment.

THE NOTICE PROCESS

45. A Notice in approximately the form attached hereto as Exhibit "A," and as approved by the Court, shall be sent by the Settlement Administrator to the Class Members by first class mail. The Notice shall be translated into Spanish by the Settlement Administrator so that Spanish and English language versions of the Notice are included in the mailing. Any returned envelopes from this mailing with forwarding addresses will be utilized by the Settlement Administrator to forward the Notices to the Class.

- (a) Within fourteen (14) calendar days from the date of entry of the preliminary approval order of this Settlement by the Court, Defendant shall provide to the Settlement Administrator a class database containing the following information for each Class Member: (1) name; (2) last known address; (3) social security number; and (4) dates of employment during the Class Period with Defendant in California. This database shall be based on Defendant's payroll and other business records and

1 shall be provided in a format acceptable to the Settlement Administrator.
2 Defendant agrees to consult with the Settlement Administrator prior to the
3 production date to ensure that the format will be acceptable to the Settlement
4 Administrator. The Settlement Administrator will run a check of the Class
5 Members' addresses against those on file with the U.S. Postal Service's National
6 Change of Address List. Absent mutual written agreement of counsel for the
7 Parties or Court order, the Settlement Administrator will keep this database
8 confidential and secure and use it only for the purposes described herein, will not
9 share the database or any of the information contained therein with any third party
10 except as necessary for tax filing purposes, and will return this database to
11 Defendant upon final approval of the settlement or destroy electronic records
12 containing the database after the Settlement is final and all payments are distributed
13 as required under this Agreement. The information provided to the Settlement
14 Administrator shall be kept confidential and shall not be disclosed, either in writing
15 or orally, by the Settlement Administrator at any time. The Settlement
16 Administrator shall use due care with respect to the storage, custody, use, and/or
17 dissemination of the confidential information. Such information must be stored in a
18 secure fashion and all persons who access the data must agree to keep it
19 confidential.

20 (b) Within fourteen (14) calendar days after the Class database is provided to the
21 Settlement Administrator, the Settlement Administrator will mail the Notices to the
22 Class Members by First Class United States mail.

23 (c) Notices returned to the Settlement Administrator as non-deliverable on or before
24 the initial Response Deadline shall be resent to the forwarding address, if any, on
25 the returned envelope. A returned Notice will be forwarded by the Settlement
26 Administrator any time that a forwarding address is provided with the returned
27 mail. If there is no forwarding address, the Settlement Administrator will do a
28 computer search for a new address using the Class Member's social security

1 number or other information. In any instance where a Notice is re-mailed, the
2 Settlement Administrator must complete re-mailing within three business days, that
3 Class Member will have to respond by the original response deadline or 14
4 calendar days after re-mailing, whichever is later. A letter prepared by the
5 Settlement Administrator will be included in the re-mailed Notice in that instance,
6 stating the extended response deadline. Upon completion of these steps by the
7 Settlement Administrator, Defendant and the Settlement Administrator shall be
8 deemed to have satisfied their obligations to provide the Notice to the affected
9 Class Member. The affected Class Member shall remain a member of the
10 Settlement Class and shall be bound by all the terms of the Settlement and the
11 Court's Order and Final Judgment.

- 12 (d) Class Counsel shall provide to the Court, at least five calendar days prior to the
13 final approval hearing, or such other date as set by the Court, a declaration by the
14 Settlement Administrator of due diligence and confirming mailing of the Notices.

15 **DISPOSITION OF SETTLEMENT PAYMENTS AND UNCASHED CHECKS**

16 46. As set forth above, each Class Member will have until the expiration of the applicable
17 Response Deadline to submit to the Settlement Administrator any challenge or dispute to the Class
18 Member's Covered Workweek information on the Notice. No disputes will be honored if they are
19 submitted after the Response Deadline, unless the Parties mutually agree to accept the untimely dispute.
20 Disputes can be communicated via fax or email. Each Class Member is responsible to maintain a copy of
21 any documents sent to the Settlement Administrator and a record of proof of mailing.

22 47. The Settlement Administrator shall cause the Settlement Payments to be mailed to the
23 Settlement Class Members and PAGA Employees as provided herein. Prior to mailing the Settlement
24 Payment checks, the Settlement Administrator shall check for updated addresses for all recipients, and in
25 the event that any check is returned as undeliverable, the check must be re-mailed within three business
26 days. The check will be re-mailed to the forwarding address, if any, on the returned envelope. If there is no
27 forwarding address, the Settlement Administrator will attempt to determine a correct address by the use of
28 skip-tracing, or other type of automated search for a new address using the Class Member's social security

number or other information. Settlement Class Payments and PAGA Payments may be combined into one check. Settlement Payment checks shall remain valid and negotiable for 180 calendar days from the date of their issuance. Settlement Payment checks shall state the expiration date of the checks. Settlement Payment checks will automatically be cancelled by the Settlement Administrator if they are not cashed by the Class Member within that time, and the Class Member's relevant claims will remain released by the Settlement. Settlement Payment checks which have expired will not be reissued.

48. Funds from un-cashed or abandoned Settlement Payment checks, based on a 180-day void date shall be transmitted to the California State Controller's Office for Unclaimed Property in the name of each Class Member who failed to cash their Settlement Payment check prior to the void date.

Upon completion of its calculation of Settlement Payments, the Settlement Administrator shall provide Class Counsel and Defendant's Counsel with a report listing the amounts of all payments to be made to Class Members (to be identified anonymously by number or other identifier). A Declaration attesting to completion of all payment obligations will be provided to Class Counsel and Defendant's Counsel and filed with the Court by Class Counsel.

RELEASE BY THE CLASS

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

(a) **Identity of Released Parties.** The released parties are Defendant, and each of its former, present and future direct and/or indirect owners, dba's, parents, subsidiaries, affiliated and related companies, divisions, successors, predecessors, or assigns, and past, current and future employees, attorneys, officers, directors, shareholders, owners, agents, trustees, heirs, executors, administrators, predecessors, successors, insurers, or assigns of any of the foregoing (collectively "Releasees").

(b) **Date Release Becomes Active.** The Released Claims will be released upon the Settlement's Effective Date and payment by Defendant of all funds due under the

1 settlement. Class Members will not release the Released Claims or Released
2 PAGA Claims until the Effective Date and payment by Defendant of all funds due
3 under the settlement.

4 (c) **Claims Released by Settlement Class Members.** Each and every Class Member,
5 on behalf of himself or herself and his or her heirs and assigns, unless he or she has
6 submitted a timely and valid Request for Exclusion (which will not effectuate an
7 opt-out from the release of Released PAGA Claims), hereby releases Releasees
8 from the following claims for the entire Class Period:

- 9 1) any and all claims, charges, rights, complaints, liens, demands, obligations,
10 damages, wages, penalties, interest, debts, liabilities, costs, compensation,
11 damages, attorneys' fees, actions, and/or causes of action that were asserted
12 or could have been asserted based upon the facts and circumstances alleged
13 in the Complaint and arising at any time during the Class Period in this
14 Action, including but not limited to all state wage and hour claims
15 (including all claims under the California Labor Code) for unpaid wages,
16 unpaid minimum wages, unpaid overtime wages, off-the-clock work
17 violations, failure to provide meal periods, failure to provide rest periods,
18 unreimbursed business expenses, wage statement violations, interest,
19 penalties, and attorneys' fees, waiting time penalties, withholding from
20 wages and the related provisions of the Labor Code including but limited to
21 Labor Code §§ 201-204, 210, 216, 218.6, 223, 226, 226.3, 226.7, 510, 512,
22 512.5, 558, 1174, 1194, 1194.2, 1197, 1197.1, 1198, derivative claims
23 under California Business & Professions Code §§ 17200 et seq., and all
24 claims under the governing Wage Order, and Fair Labor Standards Act
25 ("Released Claims"); and all other potential civil and statutory penalties
26 based on or arising from the Released Claims, including but not limited to
27 statutory, constitutional, contractual damages, costs, penalties, punitive
28 damages, interest, attorneys' fees, litigation costs, restitution, and equitable

relief.;

- 2) as to any Class Member who cashes their Settlement Payment, the Settlement Administrator shall include language on the Settlement Payments that informs the Class Members that the signing and negotiation of that check shall serve as the Class Member's consent to join the Action for purposes of releasing all claims arising under the Fair Labor Standards Act that are alleged in the Action or related to the claims stated or that could have been stated in the Action, implicitly or explicitly; and
- 3) in addition, as to *all* Class Members employed during the Released PAGA Claims Period, whether requesting exclusion from the Settlement or not, claims arising under the Private Attorneys General Act of 2004, Labor Code § 2698 et seq., to the extent asserted in Plaintiff's administrative exhaustion letter submitted to the LWDA and any Complaint in this matter (i.e., the Released PAGA Claims).

DUTIES OF THE PARTIES PRIOR TO COURT APPROVAL

50. The Parties shall submit this Joint Stipulation of Class Action Settlement to the Court in support of Plaintiff's unopposed motion for preliminary approval for determination by the Court as to its fairness, adequacy, and reasonableness. Upon execution of this Joint Stipulation of Class Action Settlement, the Parties shall apply to the Court for the entry of an order:

- (a) Granting leave to Plaintiff to file a First Amended Complaint adding the cause of action for PAGA penalties under the Private Attorneys General Act of 2004, Labor Code § 2698 et seq. and for Defendant to file an Answer to same;
- (b) Scheduling a final approval and fairness hearing on the question of whether the proposed Settlement, including payment of attorney's fees and costs, and the Class Representative's service payment, should be finally approved as fair, reasonable, and adequate as to the members of the Class;
- (c) Certifying a Class for purposes of settlement;
- (d) Approving as to form and content of the proposed Notice;

- (e) Directing the mailing of the Notice;
- (f) Preliminarily approving the Settlement subject only to the objections of Class Members and final review by the Court;
- (g) Conditionally appointing Plaintiff and Class Counsel as representatives of the proposed Class Members; and,
- (h) Appointing ILYM Group, Inc. as the Settlement Administrator, and ordering the Settlement Administrator to issue Notices as outlined above.

DUTIES OF THE PARTIES FOLLOWING FINAL COURT APPROVAL

51. In conjunction with the hearing of a motion for final approval by the Court of the Settlement provided for in this Joint Stipulation of Settlement, Class Counsel will submit to the Court a proposed final order and judgment containing provisions sufficient to accomplish the following:

- (a) Approving the Settlement, adjudging the terms thereof to be fair, reasonable and adequate, and directing consummation of its terms and provisions;
- (b) Approving Class Counsel's application for an award of attorney's fees and costs;
- (c) Approving the Service Payment to the Class Representative;
- (d) Adjudging the Settlement Administrator has fulfilled its initial notice and reporting duties under the Settlement.
- (e) Adjudging Plaintiff and Class Counsel may adequately represent the Final Settlement Class for the purpose of entering into and implementing the Agreement; and
- (f) Entering a final judgment in the action based on the Parties' Joint Stipulation of Class Action Settlement.

NULLIFICATION AND TERMINATION

52. This Settlement will be null and void if any of the following occur: (a) the Court should for any reason fail to certify a class for settlement purposes; (b) the Court should for any reason fail to preliminarily or finally approve of this Settlement in the form agreed to by the Parties, other than adjustments made to the attorney's fees and costs or granting of Service Payments; (c) the Court should for any reason fail to enter the final judgment based on the Parties' Joint Stipulation of Class Action

1 Settlement; (d) the final judgment is reversed, modified, or declared or rendered void; (e) the Settlement
2 does not become final for any other reason; or (f) if ten-percent (10%) or more of the Class members opt-
3 out of the settlement, Defendant may, at its sole discretion, within thirty (30) days of the expiration of the
4 opt-out period, elect to revoke the settlement and their stipulation to Class Certification. If Defendant
5 exercises this option, it will be relieved of any obligation to pay the Settlement Amount or any other
6 obligations from the Settlement, with the exception that Defendant will be responsible for any costs of
7 administration of the Settlement incurred prior to the election to nullify the Settlement, by giving notice to
8 Plaintiff's Counsel and the Settlement Administrator. In addition, in such event, the Settlement Agreement
9 and all negotiations, court orders, and proceedings relating thereto shall be without prejudice to the rights
10 of any and all Parties, and all evidence and/or information exchanged relating to mediation and/or the
11 Settlement Agreement and all negotiations shall not be admissible or discoverable in the Action or
12 otherwise.

13 **PARTIES' AUTHORITY**

14 53. The signatories hereto hereby represent that they are fully authorized to enter into this
15 Settlement and bind the Parties hereto to the terms and conditions thereof.

16 **MUTUAL FULL COOPERATION**

17 54. The Parties agree to fully cooperate with each other to accomplish the terms of this
18 Settlement including, but not limited to, execution of such documents and taking such other action as
19 reasonably may be necessary to implement the terms of this Settlement. The Parties to this Settlement
20 shall use their best efforts, including all efforts contemplated by this Settlement and any other efforts that
21 may become necessary by order of the Court, or otherwise, to effectuate this Settlement and the terms set
22 forth herein. As soon as practicable after execution of this Settlement, Class Counsel shall, with the
23 assistance and cooperation of Defendant and Defendant's Counsel, take all necessary steps to secure the
24 Court's preliminary and final approval of this Settlement.

25 **NO PRIOR ASSIGNMENTS**

26 55. The Parties and their respective counsel represent, covenant, and warrant that they have not
27 directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to
28 any person or entity any portion of any liability, claim, demand, action, cause of action or rights herein

1 released and discharged except as set forth herein.

2 **NO ADMISSION OF LIABILITY**

3 56. Nothing contained herein, nor the consummation of this Settlement, is to be construed or
4 deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Defendant.
5 Defendant denies all the claims and contentions alleged by the Plaintiff in this case. The Defendant has
6 entered into this Settlement solely with the intention to avoid further disputes and litigation with the
7 attendant inconvenience and expenses.

8 **ENFORCEMENT ACTIONS**

9 57. In the event that one or more of the Parties to this Settlement institutes any legal action or
10 other proceeding against any other party or parties to enforce the provisions of this Settlement or to declare
11 rights and/or obligations under this Settlement, the successful party or parties shall be entitled to recover
12 from the unsuccessful party or parties reasonable attorney's fees and costs, including expert witness fees
13 incurred in connection with any enforcement actions.

14 **INVALIDITY OF ANY PROVISION**

15 58. Before declaring any provision of this Settlement Agreement invalid, the Court shall first
16 attempt to construe the provision as valid to the fullest extent possible consistent with applicable
17 precedents so as to define all provisions of this Settlement Agreement valid and enforceable, and/or will
18 sever any provision that is found to be unenforceable.

19 **NOTICES**

20 59. Unless otherwise specifically provided herein, all notices, demands or other
21 communications given hereunder shall be in writing and shall be deemed to have been duly given as of the
22 third business day after mailing by United States registered or certified mail, return receipt requested,
23 addressed as follows:

24
25 Class Counsel:

Counsel for Defendant:

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

Jason E. Barsanti
E-mail: jbarsanti@cozen.com
Brett Greving
E-mail: bgreving@cozen.com
COZEN O'CONNOR
501 W. Broadway, Suite 1610
San Diego, California 92101
Telephone: 619-234-1700
Facsimile: 619-234-7831

CONSTRUCTION

60. The Parties hereto agree that the terms and conditions of this Settlement are the result of lengthy, intensive arms-length negotiations between the Parties, and this Settlement shall not be construed in favor of or against any party by reason of the extent to which any party or his, her or its counsel participated in the drafting of this Settlement.

CAPTIONS AND INTERPRETATIONS

61. Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement or any provision hereof. Each term of this Settlement is contractual and not merely a recital.

MODIFICATION

62. This Settlement may not be changed, altered, or modified, except in writing and signed by the Parties hereto, and approved by the Court. This Settlement may not be discharged except by performance in accordance with its terms or by a writing signed by the Parties hereto.

INTEGRATION CLAUSE

63. This Settlement contains the entire agreement between the Parties relating to the Settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a party or such party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

BINDING ON ASSIGNS

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

1 **CLASS COUNSEL SIGNATORIES**

2 65. It is agreed that because the members of the Class are so numerous, it is impossible or
3 impractical to have each member of the Class execute this Settlement. The Notice will advise all Class
4 Members of the binding nature of the Released Claims and Released PAGA Claims, and the release shall
5 have the same force and effect as if this Settlement were executed by each member of the Class.

6 **COUNTERPARTS**

7 66. This Settlement may be executed in counterparts and by electronic or facsimile signatures,
8 and when each party has signed and delivered at least one such counterpart, each counterpart shall be
9 deemed an original, and, when taken together with other signed counterparts, shall constitute one
10 Settlement, which shall be binding upon and effective as to all Parties.

11 **CONFIDENTIALITY & PUBLIC COMMENT**

12 67. The Class Representative and Class Counsel agree they will not make any disparaging
13 comments about Defendant relating to this Settlement of this class action or disclose the negotiations of
14 the Settlement. The Class Representative and Class Counsel shall only disclose matters of public record
15 other than to Class Members, who may receive information about the Settlement that is not in the public
16 record after the Court has preliminarily approved the Settlement. Other than as to Class Members or as
17 expressly allowed below, the Parties and attorneys will keep the settlement confidential until the filing of
18 the motion for preliminary approval of the class settlement. Thereafter, the Parties agree to make no
19 comments to the media or otherwise publicize the terms of the Settlement, other than in court filings. To
20 the extent counsel for either Party wish to advertise this settlement, such advertising will be limited to a
21 statement that a matter was settled between a putative class and a “office supply company” and will not
22 state the amount paid by Defendant under the Settlement. Any communication about the Settlement to
23 Class Members prior to the Court-approved mailing will be limited to (1) a statement that a settlement has
24 been reached, (2) a statement of any of the details that would necessarily be included in any Court-
25 approved Notice if a Class Member requests details about the proposed Settlement, and (3) a warning that
26 the terms of the proposed Settlement have not yet been approved by the Court. Prior to preliminary
27 approval, the Class Representative is prohibited from discussing the terms or the fact of the settlement with
28 third parties other than (1) a spouse, (2) accountants or lawyers as necessary for tax purposes, or (3) Class

Members. At all times, the Class Representative is prohibited from communicating about the terms or the fact of the settlement on any form of social media ("Social Media Bar"). In the event of a proven breach of the Social Media Bar, the violating Plaintiff shall forfeit the class representative enhancement payment, as a form of liquidated damages. Class Counsel will take all steps necessary to ensure the Class Representative is aware of, and will adhere to, the restrictions against any public disclosure of the Settlement. Class Counsel will not include or use the settlement for any marketing or promotional purposes other than as expressly allowed above.

FINAL JUDGMENT

68. The Parties agree that, upon final approval of the Settlement, final judgment of this Action will be made and entered in its entirety. The final judgment may be included in the Order granting Final Approval of the Settlement.

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Joint Stipulation of Class Action Settlement between Plaintiff and Defendant as set forth below:

IT IS SO STIPULATED.

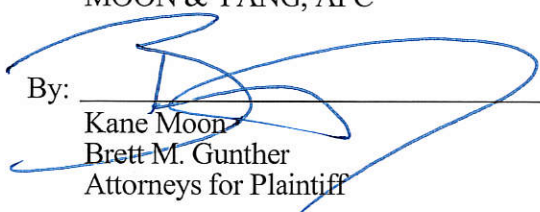
Plaintiff & Class Representative:

Dated: 2/28/2022

DocuSigned by:
By: 
854629709AD343D...
Roberto Cherazo

Plaintiff's Counsel:

Dated: 2/28/22

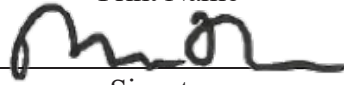
MOON & YANG, APC
By: 
Kane Moon
Brett M. Gunther
Attorneys for Plaintiff

1 **Defendant:**

2 Dated: Essendant Co.

3
4 By: Marsha Rubin

Print Name

5 

Signature

6
7 Senior Vice President & General Counsel

Title

8
9 **Defendant's Counsel:**

10 Dated: February 25, 2022

COZEN O'CONNOR

11
12 By: 

Jason Barsanti

Brett Greving

Attorneys for Defendant Essendant Co.

EXHIBIT A

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

Roberto Cherazo v. Essendant Co., et al.
Los Angeles Superior Court Case No. 21STCV25368

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

IF YOU WERE EMPLOYED AS A NON-EXEMPT EMPLOYEE OF ESSENDANT CO. WORKING AT ANY LOCATION IN CALIFORNIA AT ANY TIME BETWEEN JULY 12, 2017 AND **INSERT DATE**, THIS PROPOSED CLASS ACTION SETTLEMENT MAY AFFECT YOUR RIGHTS.

Why should you read this Notice?

A proposed settlement (the “Settlement”) has been reached in a class action lawsuit entitled *Roberto Cherazo v. Essendant Co., et al.*, Los Angeles Superior Court Case No. 21STCV25368 (the “Action”). The purpose of this Notice of Proposed Class Action Settlement (“Notice”) is to briefly describe the Action and to inform you of your rights and options in connection with the Action and the proposed Settlement.

The proposed Settlement will resolve all claims in the Action. A hearing concerning final approval of the proposed Settlement will be held before the Hon. William F. Highberger on <<**FA Date and Time**>> in Department Dept. 10 of the Los Angeles Superior Court, Spring Street Courthouse, 312 N. Spring Street, Los Angeles, CA 90012, to determine whether the Settlement is fair, adequate and reasonable. As a Class Member, you are eligible to receive an individual Settlement Payment under the Settlement and will be bound by the release of claims described in this Notice and the Settlement Agreement filed with the Court, unless you timely request to be excluded from the Settlement.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:

DO NOTHING AND RECEIVE A SETTLEMENT PAYMENT	If you do nothing, you will be considered part of the Class and will receive settlement benefits as explained more fully below. You will also give up rights to pursue a separate legal action against Defendant for the Released Claims asserted in the Action as explained more fully below.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS DEADLINE TO EXCLUDE YOURSELF: << RESPONSE DATE >>	You have the option to pursue separate legal action against Defendant Essendant Co. about the claims in the Action. If you choose to do so, you must exclude yourself, in writing, from the Settlement by submitting a written Request to be Excluded. As a result, you will not receive any benefits under the Settlement. Except that, even if you request exclusion, you will receive payment for PAGA Penalties, and you will release PAGA claims as discussed below.
OBJECT TO THE SETTLEMENT DEADLINE TO SUBMIT WRITTEN OBJECTIONS: << RESPONSE DATE >>	To object to the Settlement, you may mail a written explanation of why you do not agree with the Settlement to the Settlement Administrator, appear at the final approval hearing, or hire an attorney at your expense to object for you. This option is available only if you do <u>not</u> exclude yourself from the Settlement. Do <u>not</u> submit a Request to be Excluded if you wish to object. Written objections must be submitted by << RESPONSE DATE >>. You may arrange to appear at the hearing remotely via LA Court Connect (https://my.lacourt.org/laccwelcome)

Who is affected by this proposed Settlement?

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

All persons who were employed by Defendant Essendant Co. at any location in California as an hourly, non-exempt employee at any time between July 12, 2017 and <<the date the Court preliminarily approves of the settlement, or April 8, 2022, whichever is sooner>>.

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

What is this case about?

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

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

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

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

Who are the attorneys representing the Parties?

The attorneys representing the Parties in the Action are:

Class Counsel

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

Defendant's Counsel

Jason E. Barsanti
E-mail: jbarsanti@cozen.com
Brett Greving
E-mail: bgreving@cozen.com
COZEN O'CONNOR
501 W. Broadway, Suite 1610
San Diego, California 92101
Telephone: 619-234-1700
Facsimile: 619-234-7831

What are the Settlement terms?

Subject to final Court approval, Defendant will pay \$455,000 (the "Gross Settlement Amount") for: (a) individual Settlement Payments to Settlement Class Members; (b) the Court-approved Class Representative Service Payment to Plaintiff (\$5,000); (c) the Court-approved attorneys' fees and costs to Class Counsel (\$151,666.67 in fees and up to \$20,000 in costs to be requested); (d) payment to the Labor and Workforce Development Agency ("LWDA") for alleged PAGA penalties (\$33,750.00 of a total of \$45,000.00 allocated to PAGA penalties); and (e) payment to the Settlement Administrator for settlement administration services (up to an estimated maximum of \$20,000).

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

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

Defendant will make the settlement payment within 14 calendar days of the effective date of the settlement to the third-party administrator. Your Individual Settlement Payment will be mailed to you 14 calendar days after the administrator receives the settlement payment from Defendant.

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

Your estimated minimum settlement payment is <<Estimated Payment>> and your covered Work Weeks worked during the relevant period between July 12, 2017 and <<the date the Court preliminarily approves of the settlement, or April 8, 2022, whichever is sooner>>are <<Work Weeks>>. To the extent you dispute the number of Work Weeks, you must make your dispute ("Work Week Dispute") in writing and send it to the Settlement Administrator via fax or mail. Your Work Week Dispute must be postmarked or faxed no later than <<+30 days from date of mailing>> (the "Response Deadline") to:

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

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

For tax reporting purposes, the payments to Settlement Class Members will be allocated 20% as wages, 80% as penalties and interest, excluding the PAGA Settlement Payments, which will be allocated as 100% penalties. The wage portion of the individual Settlement Payments shall be subject to the withholding of applicable local, state, and federal taxes, and the Settlement Administrator shall deduct applicable employee-side payroll taxes from the wage portion of the individual Settlement Payments. The portion of the Settlement Payments allocated to penalties and interest shall be classified as other miscellaneous income and reported on IRS Form 1099-MISC. Any taxes owed on that other miscellaneous income will be the responsibility of Settlement Class Members receiving those payments. The employer's share of any payroll taxes will be separately paid by Defendant.

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

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

Class Counsel Attorneys' Fees and Costs, Class Representative Service Award, Settlement Administration Costs and Payment to the LWDA. Class Counsel will ask the Court to award attorneys' fees up to \$151,666.67 (one-third) of the Gross Settlement Amount and reimbursement of reasonable costs incurred in the Action not to exceed \$20,000. In addition, Class Counsel will ask the Court to authorize a Class Representative Service Payment of \$5,000 for Plaintiff for his efforts in bringing the case on behalf of the Class. The Parties estimate the cost of administering the Settlement will not exceed \$20,000.00. A payment in the amount of \$33,750.00 will also be made to the LWDA for PAGA penalties, which represents 75% of the \$45,000 set aside for payment under PAGA.

What claims are being released by the proposed Settlement?

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

(a) **Released Parties.** The released parties are Defendant, and each of its former and present direct and/or indirect owners, dba's, parents, subsidiaries, successors and predecessors, and current and former employees, attorneys, officers, directors, shareholders, owners, insurers, and trustees (collectively "Releasees").

(b) **Date Release Becomes Active.** The Released Claims will be released upon the Settlement's Effective Date and payment by Defendant of all funds due under the settlement. Class Members will not release the Released Claims or Released PAGA Claims until the Effective Date and payment by Defendant of all funds due under the settlement.

(c) **Claims Released by Settlement Class Members.** Each and every Class Member, on behalf of himself or herself and his or her heirs and assigns, unless he or she has submitted a timely and valid Request for Exclusion (which will not effectuate an opt-out from the release of Released PAGA Claims), hereby releases Releasees from the following claims for the entire Class Period:

- 1) any and all claims, charges, rights, complaints, liens, demands, obligations, damages, wages, penalties, interest, debts, liabilities, costs, compensation, damages, attorneys' fees, actions, and/or causes of action that were asserted or could have been asserted based upon the facts and circumstances alleged in the Complaint and arising at any time during the Class Period in this Action, including but not limited to all state wage and hour claims (including all claims under the California Labor Code) for unpaid wages, unpaid minimum wages, unpaid overtime wages, off-the-clock work violations, failure to provide meal periods, failure to provide rest periods, unreimbursed business expenses, wage statement violations, interest, penalties, and attorneys' fees, waiting time penalties, withholding from wages and the related provisions of the Labor Code including but limited to Labor Code §§ 201-204, 210, 216, 218.6, 223, 226, 226.3, 226.7, 510, 512, 512.5, 558, 1174, 1194, 1194.2, 1197, 1197.1, 1198, derivative claims under California Business & Professions Code §§ 17200 et seq., and all claims under the governing Wage Order, and Fair Labor Standards Act ("Released Claims"); and all other potential civil and statutory penalties based on or arising from the Released Claims, including but not limited to statutory, constitutional, contractual damages, costs, penalties, punitive damages, interest, attorneys' fees, litigation costs, restitution, and equitable relief.;
- 2) as to any Class Member who cashes their Settlement Payment, the Settlement Administrator shall include language on the Settlement Payments that informs the Class Members that the signing and negotiation of that check shall serve as the Class Member's consent to join the Action for purposes of releasing all claims arising under the Fair Labor Standards Act that are alleged in the Action or related to the claims stated or that could have been stated in the Action, implicitly or explicitly; and
- 3) in addition, as to all Class Members employed during the Released PAGA Claims Period, whether requesting exclusion from the Settlement or not, claims arising under the Private Attorneys General Act of 2004, Labor Code § 2698 et seq., to the extent asserted in Plaintiff's administrative exhaustion letter submitted to the LWDA and any Complaint in this matter (i.e., the Released PAGA Claims).

What are my options in this matter?

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

If you remain in the Class, you will be represented at no cost by Class Counsel. Class Counsel, however, will not represent you for purposes of making objections to the Settlement. If you do not exclude yourself from the

Settlement, you will be subject to any Judgment that will be entered in the Action, including the release of the Released Claims as described above.

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

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

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

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

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

“I WISH TO BE EXCLUDED FROM THE CLASS IN THE ROBERTO CHERAZO V. ESSENDANT CO., ET AL, CLASS ACTION LAWSUIT, LOS ANGELES COUNTY SUPERIOR COURT CASE NO. 21STCV25368. I UNDERSTAND THAT IF I ASK TO BE EXCLUDED FROM THE CLASS, I WILL NOT RECEIVE ANY MONEY FROM THE SETTLEMENT OTHER THAN MY SHARE OF THE PAGA PAYMENT.”

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

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

The Court will hold a Final Approval Hearing regarding the fairness, reasonableness and adequacy of the proposed Settlement, the plan of distribution, Class Counsel’s request for attorneys’ fees and costs, the Class Representative Service Payment to Plaintiff, the settlement administration costs, and the payment to the LWDA

for PAGA penalties on <<FA Date and Time>> in Department 10 of the Los Angeles Superior Court, Spring Street Courthouse, 312 N. Spring Street, Los Angeles, CA 90012. The Final Approval Hearing may be continued without further notice to Class Members. You are not required to attend the Final Approval Hearing to receive an individual Settlement Payment.

How can I get additional information?

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

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