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 KIP INCORPORATED

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
 FOR THE COUNTY OF RIVERSIDE – HISTORIC COURTHOUSE**

HILARIO REYES PRECIADO, individually, and
 on behalf of all other similarly situated,

Plaintiff,

vs.

KIP INCORPORATED, a California corporation;
 and DOES 1 through 10, inclusive,

Defendants.

Case No.: CVRI2103836

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

*[Assigned for All Purposes to the Hon. Craig
 Riemer; Dept. 01]*

Complaint Filed: August 24, 2021
 FAC Filed: March 22, 2022
 Trial: Not Yet Set

This Joint Stipulation of Class Action Settlement and Release of Claims ("Settlement" or

1 “Agreement”) is made and entered into by and between Plaintiff HILARIO REYES PRECIADO
2 (“Plaintiff” or “Class Representative”), individually and on behalf of all putative class members, and
3 Defendant KIP INCORPORATED (“Defendant”). Plaintiff and Defendant are collectively referred
4 to herein as “the Parties.”

5 **I. DEFINITIONS**

6 The following definitions are applicable to this Settlement, in addition to other terms defined
7 elsewhere in this Settlement:

8 1. The “Action” shall mean the operative Complaint of the civil action commenced on
9 August 24, 2021, filed and maintained by Plaintiff against Defendant designated *Preciado v. KIP*
10 *Incorporated*, in the Superior Court of the County of Riverside, County of Riverside, Case No.
11 CVR12103836.

12 2. The term “Aggrieved Employees” means all current and former non-exempt
13 employees who worked for Defendant in California during PAGA Period (or if any such person is
14 incompetent, deceased, or unavailable due to military service, the person’s legal representative or
15 successor in interest evidenced by reasonable verification).

16 3. “Class” shall mean all current and former non-exempt employees who worked for
17 Defendant in California during the Class Period.

18 4. “Class Counsel” shall mean the attorneys representing Plaintiff and the Putative Class
19 in the Action, Sean Yang, Allen Feghali, Esq., and Christopher Garcia of Moon & Yang PC.

20 5. “Class Counsel Fees Payment” shall mean one-third of the Maximum Settlement
21 Amount, of up to one-third of the Maximum Settlement Amount, or \$150,000.00 in attorneys’ fees,
22 subject to approval by the Superior Court as Class Counsel’s attorneys’ fees incurred in connection
23 with the Action, including fees incurred in pre-filing investigation, filing of the Action, and all related
24 litigation activities, this Settlement, and all post-Settlement compliance procedures.

25 6. “Class Counsel Litigation Expenses Payment” shall mean the actual litigation
26 expenses and/or costs expended by Class Counsel subject to approval by the Superior Court incurred
27 in connection with the Action, including pre-filing investigation, filing of the Action, and all related
28 litigation activities, this Settlement, and all post-Settlement compliance procedures. Class Counsel’s

1 expenses are not to exceed Eighteen Thousand Dollars and Zero Cents (\$18,000.00).

2 7. "Class Members" shall mean individuals who are a member of the Class (or if any
3 such person is incompetent, deceased, or unavailable due to liminary service, the person's legal
4 representative or successor in interest evidenced by reasonable verification). The term "Class
5 Members" shall not include any person who submits a timely and valid request for exclusion.

6 8. "Class Notice" shall mean the Notice of Proposed Settlement, Preliminary Approval
7 of Settlement, and Hearing Date for Final Court Approval, a sample of which is attached hereto as
8 **Exhibit A**. The Class Notice shall further contain (i) a Class Member's first and last name, (ii) last
9 known address, (iii) employee identification number, if applicable, (iv) the Class Member's
10 Individual Workweeks, (v) the PAGA Group Member's Individual Workweeks, if applicable; (vi) the
11 Class Member's estimated amount of the Settlement Share; and (vii) the PAGA Group Member's
12 estimated PAGA Payment Share, if applicable. The Class Notice shall also provide the Class
13 Members with instructions on how to opt-out of and/or object to the Settlement.

14 9. The "Class Period" shall be defined as the time from August 24, 2017, through the
15 date of granting of preliminary approval or 60 days following mediation (i.e. August 15, 2022),
16 whichever is earlier.

17 10. "Class Representative Payment" shall mean the special payment made to Plaintiff in
18 his capacity as Class Representative to compensate him for prosecuting the Action, and performing
19 work in support of the Action, in the amount of Seven Thousand, Five Hundred Dollars and Zero
20 Cents (\$7,500.00), subject to approval by the Superior Court. This enhancement payment is in
21 addition to the payment to which he is entitled as a Settlement Class Member.

22 11. The term "Defendant" means the Defendant named by Plaintiff in his Complaint in
23 the Action, and its past, present and/or future, direct and/or indirect, officers, directors, members,
24 managers, employees, agents, representatives, attorneys, insurers, partners, investors, shareholders,
25 administrators, parent companies, subsidiaries, affiliates, divisions, predecessors, successors, assigns,
26 and joint venturers.

27 12. "Defense Counsel" shall mean the attorneys representing Defendant in the Action,
28 Matthew C. Sgnilek, Esq. and Andrea Rosenkranz, Esq. of O'Hagan Meyer.

1 13. “Effective Date” shall mean the following occurrences: (i) if no Class Member both
2 objects and files either a timely motion to intervene and/or timely motion to vacate the judgment, then
3 the date the Court enters an order granting Final Approval of the Settlement; (ii) if a Class Member
4 both objects and either files a timely motion to intervene or timely motion to vacate the judgment,
5 then sixty-one (61) days following the date the Court enters an order granting final approval, assuming
6 no appeal is filed; or (iii) if a Class Member both objects and also files a timely motion to intervene
7 or files a motion to vacate the Judgment and also files a timely appeal, then the date of final resolution
8 of that appeal (including any requests for rehearing and/or petitions for certiorari), resulting in final
9 and complete judicial approval of the Settlement in its entirety, with no further challenge to the
10 Settlement being possible. The occurrence of the Effective Date is a prerequisite to any obligation of
11 Defendants to pay any funds into the Settlement Account.

12 14. “Employer’s Payroll Taxes” shall mean Defendant’s share of all payroll taxes payable
13 to any and all government agencies incurred for any payments of Settlement Shares to Participating
14 Class Members pursuant to this Settlement.

15 15. “Final Approval Hearing” shall mean the hearing to be conducted by the Superior
16 Court to determine whether to finally approve and implement the terms of this Settlement.

17 16. “Individual Pay Periods” shall mean the number of Pay Periods for an individual
18 PAGA Group Member.

19 17. “Individual Workweeks” shall mean the number of Workweeks for an individual Class
20 Member.

21 18. “Judgment” shall mean the Order of Final Judgment entered by the Superior Court that
22 the Parties anticipate will be entered following a Final Approval Hearing on the Settlement in this
23 Action.

24 19. “LWDA Payment” shall mean the payment to the California Labor and Workforce
25 Development Agency (“LWDA”) constituting seventy-five percent (75%) of the value assigned to
26 the claim for penalties under the California Labor Code Private Attorneys General Act, California
27 Labor Code Section 2698, *et seq.* (“PAGA”). Specifically, Thirty Thousand, Dollars and Zero Cents
28 (\$30,000.00), which shall constitute the LWDA’s seventy-five percent (75%) share of Forty

1 Thousand (\$40,000.00) in civil penalties paid under this Settlement. The remaining Ten Thousand,
2 Dollars and Zero Cents (\$10,000.00) in civil penalties shall be distributed on a *pro rata* basis based
3 upon the number workweeks worked by each PAGA Group Member (“PAGA Payment”).

4 20. “Maximum Settlement Amount” shall mean the maximum settlement amount of Four
5 Hundred Fifty Thousand Dollars and Zero Cents (\$450,000.00) (unless increased pursuant to
6 Paragraph 34 below) in full and complete settlement of this matter, which sum includes all payments
7 to Settlement Class Members, Aggrieved Employees, Class Counsel’s attorney’s fees and litigation
8 costs, third-party administration costs, payment to the Labor Workforce Development Agency
9 (“LWDA”), and the enhancement award to Plaintiff, exclusive of the normal employer’s share of any
10 payroll taxes attributable to the Settlement Share payments allocated to wages.

11 21. “Net Settlement Amount” shall mean the Maximum Settlement Amount, less (i) the
12 Class Representative Payment approved by the Superior Court; (ii) the Class Counsel Fees Payment
13 approved by the Superior Court; (iii) the Class Counsel Litigation Expenses Payment approved by
14 the Superior Court; (iv) the LWDA Payment approved by the Superior Court; (v) the PAGA Payment
15 approved by the Superior Court; (vi) the Settlement Administrator Payment approved by the Superior
16 Court; and (vii) any other fees or expenses (other than Class Counsel Fees Payment and Class Counsel
17 Litigation Expenses Payment) incurred in implementing the terms and conditions of this Agreement
18 as approved by the Superior Court. At present, this Net Settlement Amount equates to Two Hundred
19 Thirty-Four Thousand Five Hundred Dollars and zero cents (\$234,500.00); this amount will be
20 amended when the amount payable to the Settlement Administrator becomes known to the Parties.
21 The Net Settlement Amount shall be distributed on a *pro rata* basis to Class Members, subject to the
22 distribution formula agreed upon by the Parties.

23 22. “Non-Participating Class Member” shall mean a Class Member who submits a
24 complete, valid, and timely request to be excluded from the Settlement pursuant to the instructions
25 provided in the Class Notice.

26 23. The “PAGA Group” shall mean (a) all persons who, during the PAGA Period, have
27 previously been or currently are employed in California by Defendant Responsible Medical Solutions
28 Corp., as an hourly-paid, non-exempt employee. “PAGA Group Member” shall mean an individual

1 who is a member of the PAGA Group (or if any such person is incompetent, deceased, or unavailable
2 due to military service, the person's legal representative or successor in interest evidenced by
3 reasonable verification).

4 24. The "PAGA Payment" shall be Ten Thousand (\$10,000.00) in civil penalties.

5 25. "PAGA Payment Share" shall mean the value of each PAGA Group Member's share
6 of the PAGA Payment as provided by this Agreement.

7 26. The "PAGA Period" shall mean the period of time from August 24, 2020 through the
8 date of the granting of the preliminary approval or 60 days following the mediation (i.e., August 15,
9 2022), whichever is earlier.

10 27. "Participating Class Member" shall mean all Class Members who have not submitted
11 a complete, valid, and timely request to be excluded from the Settlement pursuant to the instructions
12 provided in the Class Notice.

13 28. "Pay Period" shall mean any pay period in which a Class Member actually received
14 payment from Defendant as an hourly-paid, non-exempt employee.

15 29. "Preliminary Approval" shall mean the Superior Court's preliminary approval of the
16 Settlement without material change that the Parties anticipate will be made following submission of
17 this Agreement to the Court.

18 30. "Settlement Administrator" shall mean _Phoenix Settlement Administrators who was
19 selected and mutually agreed upon by the Parties on the basis of cost and competence, with the best
20 interests of the Settlement Class Members in mind, and appointed by the Superior Court to administer
21 the Settlement.

22 31. "Settlement Administrator Payment" shall mean the payment to the Settlement
23 Administrator for its fees and expenses in administering this Settlement.

24 32. "Settlement Share" shall mean the value of each Participating Class Member's share
25 of the Net Settlement Amount as provided by this Agreement.

26 33. "Superior Court" shall mean the Superior Court of California for the County of
27 Riverside.

28 34. "Workweek" shall mean any week in which a Class Member actually performed paid

1 work for Defendant during the Class Period as an hourly-paid, non-exempt employee. Defendant
2 represents that as of June 10, 2022, the number of Workweeks in the Class Period is
3 approximately 12,515. Should the number of Workweeks through the earlier date of Preliminary
4 Approval or August 15, 2022 (i.e., 60 days from the Parties' mediation) increase by 15% or more
5 (i.e. more than 14,392 Workweeks), then Defendant shall have the option of (1) increasing the
6 Gross Settlement by an amount determined by the following formula (Class Workweeks -
7 14,392)/12,515 x Net Settlement Amount or (2) changing the end date of the Class Period to a
8 date for which there are no more than 12,515 workweeks.

9 10 **II. RECITALS**

11 35. On August 14, 2021, Class Counsel, on behalf of Plaintiff and the PAGA Group, gave
12 written notice to the Labor Workforce and Development Agency ("LWDA") of the Labor Code
13 violations Defendant is alleged to have violated ("LWDA Exhaustion Letter"). On August 24, 2021,
14 Plaintiff commenced the Action against Defendant by filing a Complaint in the Superior Court. In
15 the Complaint, Plaintiff, on behalf of himself and all others similarly situated alleged causes of action
16 for: (1) Failure to Provide Meal Periods; (2) Failure to Provide Rest Breaks; (3) Failure to Pay
17 Minimum and regular Wages; (4) Failure to Pay Overtime Wages; (5) Failure to Indemnify Necessary
18 Business Expenses; (6) Failure to Timely Pay Wages Pursuant to Labor Code section 204 and 210;
19 (7) Failure to Timely Pay All Wages Due Upon Separation of Employment; (8) Failure to Provide
20 Accurate and Itemized Wage Statements; (9) Violation of Business & Professional Code section
21 17200. On March 22, 2022, Class Counsel amended the Complaint to add a tenth cause of action for
22 Civil Penalties pursuant to the Private Attorney's General Act of 2004, Labor Code §§ 2698, *et seq.*
23 Based on these allegations, Plaintiff alleged that he and all others similarly situated were entitled to
24 unpaid wages, liquidated damages, statutory penalties, civil penalties, restitution, injunctive relief,
25 declaratory relief, attorneys' fees, and costs of litigation, among other remedies.

26 36. Defendant denies and continues to deny all of Plaintiff's material allegations.
27 Specifically, Defendant contends (1) it provided the Class with all meal periods according to law; (2)
28

1 it provided the Class with all rest periods according to law (3) it did not fail to pay the Class the
2 minimum wage; (4) it did not require or permit the Class to work off the clock and paid the Class the
3 overtime compensation to which they were entitled; (5) it did not require the Class to incur any
4 business-related expenses; (6) it provided the Class with accurate itemized wage statements,
5 consistent with Labor Code Section 226; (7) it did not fail to timely pay the Class wages due and
6 owing upon separation; (8) it did not violate Business & Professions Code Section 17200, *et seq.*; (9)
7 the PAGA Group is not entitled to penalties under PAGA; and (10) Defendant is not liable for
8 damages, including unpaid wages, liquidated damages, statutory penalties, civil penalties, attorneys'
9 fees, or costs of litigation to the Class.

10
11 37. In connection with the Action, and in order to work toward a mediated resolution
12 without the time and expense of formal discovery, the Parties produced voluminous documents and
13 data (including, by Defendant, human resource documents and policies, time records, and payroll data
14 during the Class Period) which were reviewed, investigated, and analyzed by Class Counsel.

15 38. On June 15, 2022, the Parties in Action participated in a full day of mediation before
16 an experienced employment and class action mediator, Steve Rottman, Esq., which resulted in a
17 settlement of the Action (the "Mediation").

18 39. The Settlement described in this Agreement represents a compromise and settlement
19 of highly disputed claims. Nothing in this Settlement is intended or will be construed as an admission
20 by Defendant that Plaintiff's claims in the Action have any merit or that they have any liability to
21 Plaintiff, the Class, the PAGA Group or the State on those claims, or as an admission by Plaintiff that
22 Defendant's defenses in Action have any merit. This Settlement is intended to fully, finally, and
23 forever compromise, release, resolve, discharge, and settle the released claims subject to the terms
24 and conditions set forth in this Settlement.

25 40. Based on its own thorough, independent investigation and evaluation of this case,
26 Class Counsel is of the opinion that the Settlement of this Action with Defendant for the consideration
27 and on the terms set forth in this Settlement is fair, reasonable, adequate, and in the best interest of
28 the Class in light of all known facts and circumstances, including the risk of significant costs and

1 delay, the risk of non-certification of the Class, the defenses asserted by Defendant including the risks
2 of adverse determinations on the merits and numerous potential appellate issues. Although Defendant
3 contends that it has no liability in the Action, Defense Counsel shares Class Counsel's belief that the
4 Settlement represents a fair and adequate settlement given the respective risks associated with the
5 case.

6 41. Based on the foregoing Recitals, the Parties agree as follows:
7

8 **III. PROCEDURE FOR APPROVING SETTLEMENT**

9 42. **Motion for Preliminary Approval of Settlement by the Superior Court.** Plaintiff
10 will move the Superior Court for an order granting Preliminary Approval of the Settlement, setting a
11 date for the Final Approval Hearing no earlier than 120 days from the date of the order granting
12 Preliminary Approval of the Settlement, and approving the Class Notice (attached as **Exhibit A** to
13 this Stipulation) ("Motion for Preliminary Approval"). Any unresolved disagreement among the
14 Parties concerning the Class Notice or other documents necessary to implement the Settlement will
15 be referred first to Steve Rottman, Esq., and if no resolution is reached, then to the Superior Court.

16 43. At the hearing on the Motion for Preliminary Approval, the Parties anticipate that they
17 will jointly appear, support the granting of the Motion for Preliminary Approval, and obtain an order
18 granting Preliminary Approval, granting approval of the Class Notice, and setting a date for the Final
19 Approval Hearing no earlier than 120 days from the date of the order granting Preliminary Approval.

20 44. Should the Superior Court require any amendments to this Agreement or the Motion
21 for Preliminary Approval, the Parties agree to work jointly to resolve any issues in order to secure the
22 Superior Court's Preliminary Approval and agree to comply with the Court's Case Management
23 Order in securing approval.

24 45. Should the Superior Court decline to preliminarily approve any material aspects of the
25 Settlement, the Settlement will be null and void and the Parties will have no further obligations under
26 it. In such event, the Parties shall be returned to their respective positions as of the date and time
27 immediately prior to the execution of this Agreement, and the Parties shall proceed in all respects as
28 if this Agreement had not been executed.

1 46. **Class Notice.** After the Superior Court enters its order granting Preliminary Approval,
2 every Class Member will be provided with the Class Notice (which will include the Class Notice
3 completed to reflect the order granting Preliminary Approval of the Settlement and the Class
4 Member's information as follows:

5 (a) Within twenty-one (21) days after the Motion for Preliminary Approval is
6 granted, Defendant will provide to the Settlement Administrator the "Class Members' Data," which
7 shall consist of an electronic database containing (i) each Class Member's first and last name, (ii) last
8 known mailing address, (iii) the Class Member's Social Security number or Tax ID, (iv) the Class
9 Member's employee identification number, if applicable, based on Defendant's payroll records, (v)
10 the Class Member's total number of Individual Workweeks, and (vi) the PAGA Group Members'
11 total number of Individual Pay Periods, if applicable. If any or all of the Class Members' Data are
12 unavailable to Defendant, Defendant will so inform Class Counsel prior to the date on which
13 Defendant is required to submit the Class Members' Data to the Settlement Administrator and the
14 Parties will make their best efforts to reconstruct or otherwise agree upon the Class Members' Data
15 prior to when it must be submitted to the Settlement Administrator. If the Parties are unable to agree,
16 the dispute will be resolved by the Settlement Administrator as provided in Paragraph 49. This
17 information will otherwise remain confidential and will not be disclosed to anyone, except as required
18 to applicable taxing authorities, as required to carry out the reasonable efforts to identify Class
19 Member information as described in this Paragraph 46(c), pursuant to Defendant's express written
20 authorization, or by order of the Superior Court.

21 (b) Upon receipt of the Class Members' Data, the Settlement Administrator will
22 conduct a national change of address search and an in-depth skip trace for the most current address
23 of all Class Members and will update such employees' addresses as necessary prior to the mailing of
24 the Class Notice. Within seven (7) days after receiving the Class Members' Data, or as soon thereafter
25 as it is able to do so, the Settlement Administrator will mail the Class Notice to all identified Class
26 Members via first-class U.S. Mail using the mailing address information provided by Defendant,
27 unless modified by any updated address information that the Settlement Administrator obtains in the
28 course of administration of the Settlement.

1 (c) If a Class Notice is returned by the U.S. Postal Service because of an incorrect
2 address, the Settlement Administrator will promptly, and not later than five (5) days from receipt of
3 the returned packet, search for a more current address for the Class Member and re-mail the Class
4 Notice to the Class Member. The Settlement Administrator will use the Class Members' Data and
5 otherwise work with Defense Counsel or utilize its own resources such as skip traces to find a more
6 current address. The Settlement Administrator will be responsible for taking reasonable steps,
7 consistent with its agreed-upon job parameters, court orders, and fee, to trace the mailing address of
8 any Class Member for whom a Class Notice is returned by the U.S. Postal Service. These reasonable
9 steps shall include the tracking of all undelivered mail; performing address searches for all mail
10 returned without a forwarding address; and promptly re-mailing to Class Members for whom new
11 addresses are found. Any such Class Members who failed to receive a Class Notice, or who were
12 subject to a re-mailing of the Class Notice as described herein shall be given an additional fourteen
13 (14) days to opt out or object to the Settlement.

14 (d) The Settlement Administrator will inform Class Counsel and Defense Counsel
15 of the number of returned Class Notices it receives and Class Notices re-mailed in a weekly status
16 report.

17 (e) Not later than the filing of the Motion for Final Approval Hearing, the
18 Settlement Administrator will serve on the Parties a declaration of due diligence setting forth its
19 compliance with its obligations under this Settlement and authenticating the requests for exclusions
20 and/or objections received. The declaration will be filed with the papers submitted with the Motion
21 for Final Approval. Prior to the Final Approval Hearing, the Settlement Administrator will
22 supplement its declaration of due diligence if any material changes occur from the date of the filing
23 of its prior declaration.

24 47. **Participating Class Members; Requests for Exclusion from Class Settlement; and**
25 **Objections to Settlement.** Class Members may submit requests to be excluded from the effect of
26 the Settlement; or objections to the Settlement, pursuant to the following procedures:

27 (a) **Participating Class Members.** Each Class Member shall be deemed to be a
28 Participating Class Member unless they submit a complete, timely, and valid request to be excluded

1 from the effect of the Settlement as provided below. All Participating Class Members shall be bound
2 by the provisions and releases contained in this Settlement.

3 **(b) Request for Exclusion from Settlement.** Class Members who wish to
4 exclude themselves from the Settlement (“opt out” of the Settlement) must submit to the Settlement
5 Administrator, not later than forty-five (45) days after the date that the Settlement Administrator first
6 mails the Class Notices, an Exclusion Request (“the Exclusion Period”). Exclusion Requests may be
7 submitted to the Settlement Administrator via U.S. Mail, Fax, or E-email. Class Members must
8 complete, sign, date, and timely return an Exclusion Request (attached hereto as Exhibit B) to the
9 Settlement Administrator to exclude themselves from the Settlement, setting forth information
10 necessary to identify the person as a class member. The Settlement Administrator shall contact any
11 Class Member who submits an Exclusion Request to clarify any uncertainty that may exist. A Class
12 Member who does not complete and submit a valid and timely Exclusion Request in the manner and
13 by the deadline specified above will remain a Participating Class Member and, if the Court approves
14 the Settlement, will be bound by all terms and conditions of the Settlement and by the Judgment. Per
15 the Court’s Case Management Order, Class Members may use the Request for Exclusion Form, which
16 is attached to the Class Notice as a means to exclude themselves from the settlement. A Class Member
17 who timely submits a valid Exclusion Request will not participate in, or be bound by, the Settlement
18 of the Judgment and will not receive any payment pursuant to the Settlement except for a payment
19 from the portion of the PAGA Payment to the PAGA Group if the Class Member is a PAGA Group
20 Member, and will not be bound by the terms of the Settlement, except for the release of the PAGA
21 Group Released Claims if the Class Member is a PAGA Group Member, and will not have any right
22 to object, appeal, or comment thereon. To be valid, Exclusion Requests must be completed in full,
23 signed, and returned to the Settlement Administrator before the expiration of the Exclusion Period.
24 Non-Participating Class Members will not be permitted to file objections to the Settlement and/or
25 appear at the Final Approval Hearing to voice any objections to the Settlement. Members of the
26 PAGA Group cannot seek to exclude themselves from the Settlement of the PAGA claim but retain
27 all rights to exclude themselves from the Class Settlement as delineated herein. No later than fourteen
28 (14) calendar days after the close of the Exclusion Period, the Settlement Administrator shall provide

1 Counsel for both Parties with a complete list of all Class Members who have submitted timely and
2 valid Requests for Exclusion. Per the Court's Case Management Order, the Settlement Administrator
3 shall provide a declaration authenticating the requests for exclusion at the time that the motion for
4 final approval is due.

5 (c) **Objections to Settlement.** The Class Notice will provide that any Class
6 Member who does not request exclusion from the Settlement and who wishes to object to the
7 Settlement must serve on the Settlement Administrator, not later than forty-five (45) days after the
8 Settlement Administrator initially mails the Class Notice, a written objection to the Settlement which
9 sets forth the grounds for the objection and the other information required by Paragraph 47(d) or by
10 sending the Objection Form which is attached to the Class Notice.

11
12
13 (d) The written objection must provide the minimum information necessary to (i)
14 identify the objector as a person entitled to object to the settlement, (ii) describe the nature of the and
15 basis for the objection, and (iii) contact the objector to clarify any uncertainties. A Class Member
16 may elect to use the Objection Form attached hereto as Exhibit C, which will be mailed along with
17 the Class Notice. A Class Member who does not serve a written objection in the manner and by the
18 deadline specified may appear at the Final Approval Hearing to state their objection to the Settlement.
19 If a Class Member fails to submit a written objection or make an oral objection at the Final Approval
20 Hearing, the Class Member will be deemed to have waived all objections and will be foreclosed from
21 making any objections – whether by appeal or otherwise – to the Settlement. Per the Court's Case
22 Management Order, the Settlement Administrator shall provide a declaration to the Court no later
23 than the filing the Motion for Final Approval authenticating any and all objections received.

24 (e) If a Class Member submits both a Request for Exclusion and a written
25 objection, the Settlement Administrator shall attempt to contact and determine whether the Class
26 Member would like to withdraw either the Request for Exclusion or the objection. If the Class
27 Member does not withdraw the Request for Exclusion or if the Settlement Administrator cannot
28 contact a Class Member who submits both a Request for Exclusion and an objection, the Request for

1 Exclusion shall be valid and it shall be presumed that the Class Member does not wish to participate
2 in the Settlement.

3 (f) If the Superior Court rejects the Class Member's objection, or if the Superior
4 Court approves the settlement despite any objections, the Class Member will be deemed to be a
5 Participating Class Member and will be bound by the terms of this Settlement.

6 (g) A Class Member who timely submits a valid Exclusion Request will not
7 participate in, or be bound by, the Settlement or the Judgment and will not receive any payment
8 pursuant to the Settlement except for a payment from the portion of the PAGA Payment to the PAGA
9 Group if the Class Member is a PAGA Group Member, and will not be bound by the terms of the
10 Settlement and Judgment, and will not have any right to object, appeal, or comment thereon.

11 48. **Report.** Not later than seven (7) days after the deadline for submission of requests to
12 be excluded and/or objections, the Settlement Administrator will provide Defense Counsel, with a
13 complete and accurate list of names for all Participating Class Members, all Non-Participating Class
14 Members, all PAGA Group members, and all Class Members who objected to the settlement. The
15 report shall also be accompanied by an itemized calculation of the Settlement Shares for each
16 Participating Class Member, with identifying information redacted, which shall be provided to both
17 Class and Defense Counsel. The Settlement Administrator shall also provide both Parties with a
18 report identifying the number of Participating Class Members, the number of Non-Participating Class
19 Members, the number of PAGA Group members, and the number of Class Members who submitted
20 a valid, timely, and complete objection. Class Counsel shall also receive a list of Class Members who
21 objected to the Settlement and/or excluded themselves from the Settlement, which will be used in the
22 Parties' Final Approval Order.

23 49. **Resolution of Class Member and PAGA Group Member Disputes.** If a Class
24 Member and/or PAGA Group Member disputes the number of his or her Individual Workweeks
25 and/or Individual Pay Periods stated in their Class Notice, the Class Member and/or PAGA Group
26 Member must, within forty-five (45) days after the Settlement Administrator initially mails the Class
27 Notice, ask the Settlement Administrator to resolve the matter by returning the Class Notice with a
28 statement of the number of Workweeks and/or Pay Periods that he or she contends were worked and

1 include any documentation the Class Member and/or PAGA Group Member has to support their
2 contention. The Settlement Administrator shall notify Defendants of the dispute and provide them
3 with a copy of the Class Notice and any documentation received in support of the dispute within three
4 (3) court days of receipt thereof. Defendant shall review its payroll and personnel records and verify
5 the correct number of Workweeks and/or Pay Periods within five (5) court days of the Settlement
6 Administrator's notification. Defendant's records will have a rebuttable presumption of accuracy.
7 After consultation with Class Counsel, Defense Counsel, and the applicable Class Member and/or
8 PAGA Group Member, the Settlement Administrator will, within three (3) court days of Defendant's
9 verification, make a determination of the Class Member's and/or PAGA Group Member's number of
10 Workweeks and/or Pay Periods and that determination will be final, binding on the Parties and the
11 Class Member and/or PAGA Group Member, and is not appealable.

12 **50. No Solicitation of Objection; Right to Void.** Neither the Parties, nor their respective
13 counsel, will directly or indirectly solicit or otherwise encourage any Class Member to exclude him
14 or herself from the Settlement, object to the Settlement, and/or appeal from the Judgment. If ten
15 percent (10%) or more of the Class Members submit a complete, valid, and timely request to be
16 excluded from the Settlement and are deemed to be Non-Participating Class Members, then
17 Defendant shall have the unilateral right to void this Settlement. Defendant may do so by giving
18 notice to Plaintiff and the Court of its election to void the Settlement not later than fourteen (14) days
19 after the Settlement Administrator issues its report identifying the number of Participating Class
20 Members, the number of Non-Participating Class Members, and the number of Class Members who
21 objected to the settlement as described in Paragraph 47(c). Notwithstanding any other provisions in
22 this Settlement, no sums shall be payable by Defendants in the event that this Settlement is voided as
23 provided for herein.

24 **51. Additional Briefing and Final Approval.**

25 (a) Not later than sixteen (16) court days before the Final Approval Hearing, the
26 Plaintiff will prepare and the Parties will jointly file with the Superior Court a Motion for Final
27 Approval of the Settlement, including payment of the Settlement Administrator's Payment, and a
28 memorandum in support of their motion ("Motion for Final Approval"). Not later than sixteen (16)

1 court days before the Final Approval Hearing, Plaintiff and Class Counsel will serve on Defendant
2 and file with the Superior Court, a Motion for Awards of the Class Representative Payment, Class
3 Counsel Fees Payment, and the Class Counsel Litigation Expenses Payment, pursuant to this
4 Settlement, and memoranda in support of its motion. Plaintiff will seek fees pursuant to *Laffitte v.*
5 *Robert Half Intern., Inc.* (2016) 1 Cal. 5th 480, 503. Plaintiff will not seek additional fees from
6 Defendant or an increase in the Maximum Settlement Amount as part of the Motion for awards of the
7 Class Representative Payment, Class Counsel Fees Payment, and the Class Counsel Litigation
8 Expenses Payment.

9 (b) Not later than five (5) court days before the Final Approval Hearing, the Parties
10 shall be entitled to file and serve a response to any Class Member's objection to the Settlement and/or
11 reply in support of their Motion for Final Approval, to the extent that any opposition to said Motion
12 is filed. Plaintiff and Class Counsel may file a reply in support of their Motion for Awards of the
13 Class Representative Payment, Class Counsel Fees Payment, and the Class Counsel Litigation
14 Expenses Payment, to the extent that any opposition to said Motion is filed.

15 (c) If the Superior Court ultimately does not grant final approval of the Settlement
16 or grants final approval conditioned on any material change to the Settlement that is not agreed to by
17 one of the Parties, then either Party will have the right to void the Settlement. If the Settlement is
18 voided in this manner, the Parties will have no further obligations under the Settlement, including any
19 obligation by Defendant to pay any amounts that otherwise would have been payable under this
20 Settlement, except that the voiding Party will pay the Settlement Administrator's reasonable fees and
21 expenses incurred as of the date that the Party exercises the right to void the Settlement under this
22 paragraph. For the purposes of this paragraph, a "material change" is a change to the terms outlined
23 in the accepted Memorandum of Understanding, a copy of which is attached hereto as **Exhibit B**.
24 However, an award by the Superior Court of a lesser amount than that sought by Plaintiff and Class
25 Counsel for the Class Representative Payment, the Class Counsel Fees Payment, and/or the Class
26 Counsel Litigation Expenses Payment, will not constitute a material change to the Settlement within
27 the meaning of this paragraph.

28 (d) Upon final approval of the Settlement by the Superior Court at or after the Final

1 Approval Hearing, the Parties will present for the Superior Court's approval and entry a Proposed
2 Final Order and Judgment. The entry of the Final Order and Judgment shall permanently bar all
3 Participating Class Members from prosecuting against the Released Parties any of Released Claims
4 during the Class Period, as contained in Section V of this Agreement.

5 (e) After entry of the Judgment, the Superior Court will have continuing
6 jurisdiction over the Action and the Settlement solely for purposes of (i) enforcing this Settlement,
7 (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as
8 may be appropriate under court rules or applicable law.

9 52. **Waiver of Right to Appeal.** Provided that the Judgment is consistent with the terms
10 and conditions of this Settlement, Plaintiff, Participating Class Members, Defendant, and their
11 respective counsel hereby waive any and all rights to appeal from the Judgment, including all rights
12 to any post-judgment proceeding and appellate proceeding, such as a motion to vacate judgment, a
13 motion for new trial, a motion under Code of Civil Procedure Section 473, and any extraordinary
14 writ, and the Judgment therefore will become non-appealable by them at the time it is entered. The
15 waiver of appeal does not include any waiver of the right to oppose any appeal, appellate proceedings,
16 or post-judgment proceedings. If an appeal is taken from the Judgment, the time for consummation
17 of the Settlement (including making payments under the Settlement) will be suspended until such
18 time as the appeal is finally resolved and the Judgment, consistent with the terms of this Settlement,
19 becomes Final.

20 53. **Vacating, Reversal, or Material Modification of Judgment on Appeal or Review.**
21 If, after a notice of appeal, a petition for review, or a petition for *certiorari*, or any other motion,
22 petition, writ, or application, the reviewing court vacates, reverses, or modifies the Judgment such
23 that there is a material modification to the Settlement, and that court's decision is not completely
24 reversed and the Judgment is not fully affirmed on review by a higher court, then either Party will
25 have the right to void the Settlement, which the Party must do by giving written notice to the other
26 Parties, the reviewing court, and the Superior Court, not later than fourteen (14) days after the
27 reviewing court's decision vacating, reversing, or materially modifying the Judgment becomes final.
28 For the purposes of this paragraph, a "material change" is a change to the terms outlined in the

1 accepted Memorandum of Understanding, a copy of which is attached hereto as **Exhibit B**. A
2 vacation, reversal, or modification of the Superior Court's award of the Class Representative
3 Payment, the Class Counsel Fees Payment, and/or Class Counsel Litigation Expenses Payment will
4 not constitute a vacation, reversal, or material modification of the Judgment within the meaning of
5 this paragraph.

6 **54. Establishment of Settlement Account.** Within seven (7) calendar days after the
7 Effective Date, the Settlement Administrator will provide the Parties with an accounting of all
8 anticipated payments from the Settlement Fund Account as specified in this Settlement Agreement
9 and approved by the Court, including, but not limited to: (a) Plaintiff's Enhancement Payment; (b)
10 the Class Counsel Fees Payment; (c) the Class Counsel Litigation Expenses Pay; (d) Settlement
11 Administration Costs; (e) the PAGA Payment; and (f) Payment of Settlement Shares to Class
12 Members and related taxes thereon. The Settlement Administrator shall establish a Settlement
13 Account within ten (10) days of the Effective Date and notify the Parties when the Settlement Account
14 has been established. Within ten (10) days after receiving notification of the Settlement Account and
15 statement for the Settlement Account Deposit, Defendant shall pay into the Settlement Account an
16 amount equal to the Settlement Account Deposit. Defendant shall have no obligation to pay any
17 additional funds into the Settlement Account, besides its share of employer taxes.

18 **55. Payment of Settlement Shares and PAGA Payment Shares.** The Settlement
19 Administrator shall pay to each Participating Class Member his or her Settlement Share and to each
20 PAGA Group Member his or her PAGA Payment Share from the Settlement Account. The Settlement
21 Administrator shall pay each Settlement Share by sending a check in the appropriate amount after
22 withholdings to the Participating Class Member at the address indicated in the Class Member's Data.
23 The Settlement Administrator shall pay each PAGA Payment Share by sending a check in the
24 appropriate amount to the PAGA Group Member at the address indicated in the PAGA Group
25 Member's Data. Such payment shall be sent by the Settlement Administrator via U.S. Mail within
26 fourteen (14) days of its receipt of the Settlement Account Deposit from Defendant. The Settlement
27 Administrator shall mail a reminder postcard to any Class Member whose Settlement Share and/or
28 PAGA Payment Share has not been negotiated within 60 days after the first mailing. If (i.) any of the

1 Class Members are current employees of the Defendant, (ii) the distribution mailed to those
2 employees is returned to the Settlement Administrator as being undeliverable, and (iii) the Settlement
3 Administrator is unable to locate a valid mailing address, the Settlement Administrator shall arrange
4 with the Defendant to have those distributions delivered to the Class Member at their place of
5 employment.

6 **56. Uncashed Settlement Share and PAGA Payment Share Checks.** Any checks paid
7 to Participating Class Members and/or PAGA Group Members shall be negotiable for one hundred
8 and eighty (180) calendar days from the date of their issuance. A Participating Class Member must
9 cash his or her Settlement Share check within one hundred and eighty (180) calendar days after it is
10 mailed to him or her. A PAGA Group Member must cash his or her PAGA Payment Share check
11 within one hundred and eighty (180) calendar days after it is mailed to him or her. If a check remains
12 uncashed after one hundred and eighty (180) calendar days from the initial mailing, or if a check is
13 returned to the Settlement Administrator as undeliverable during the one hundred eighty-day period,
14 the Settlement Administrator shall take all reasonable efforts to identify the Participating Class
15 Member's and/or PAGA Group Member's correct address, including the performance of a "skip-
16 trace." If an updated address can be identified, the Settlement Administrator shall issue another check
17 to the Participating Class Member and/or PAGA Group Member and mail it to the Participating Class
18 Member and/or PAGA Group Member at his or her updated address. If an updated address for the
19 Participating Class Member and/or PAGA Group Member cannot be identified, if a reissued check is
20 once again returned to the Settlement Administrator as undeliverable, or if the reissued check remains
21 uncashed after one hundred eighty (180) calendar days, the Settlement Administrator will keep an
22 accounting of such funds and shall give notice to the Parties of the total balance of uncashed
23 Settlement Shares and/or PAGA Payment Shares. A Participating Class Member who fails to
24 negotiate or receive their Settlement Share check despite the procedures described above shall
25 nevertheless remain bound by the Settlement and the releases contained herein. A PAGA Group
26 Member who fails to negotiate or receive their PAGA Payment Share check despite the procedures
27 described above shall nevertheless remain bound by the Settlement.

28 **57.** The funds represented by Settlement Share and/or PAGA Payment Share checks

1 remaining uncashed for more than one hundred and eighty (180) calendar days after issuance shall be
2 voided and then shall be transmitted to the Controller of the State of California to be held pursuant to
3 the Unclaimed Property Law, California Civil Code Section 1500, *et seq.*, in the names of those
4 Participating Class Members and/or PAGA Group Members who did not cash their checks until such
5 time they claim their property. The Parties agree that this disposition results in no “unpaid residue”
6 under California Civil Procedure Code § 384, as the entire Net Settlement Amount will be paid out
7 to Participating Class Members, whether or not they all cash their settlement checks.

8 **58. Final Report by Settlement Administrator to Superior Court.** Within ten (10) days
9 after final disbursement of all funds from the Settlement Account, the Settlement Administrator will
10 serve on the Parties and file with the Superior Court a declaration providing a final summary report
11 on the disbursements of all funds from the Settlement Account. Within ten (10) days after
12 transmission of any remaining unclaimed funds to Controller of the State of California the Settlement
13 Administrator will serve on the Parties and file with the Superior Court a declaration providing a final
14 summary report on the transmission of any remaining unclaimed funds to Controller of the State of
15 California as outlined Paragraph 54.

16 **IV. SETTLEMENT TERMS AND CONDITIONS**

17 **59. Conditional Certification for Settlement Purposes.** Solely for the purposes of
18 effectuating this Settlement, and subject to Court approval, the Parties hereby stipulate to the
19 conditional certification of the following Settlement Class: “all persons who, during the Class Period,
20 have previously been or currently are employed in California by Defendant KIP Incorporated as an
21 hourly-paid non-exempt employee.” The Parties agree that if for any reason the Settlement is not
22 preliminarily and/or finally approved, the conditional certification of the Settlement Class will be of
23 no force or effect, does not constitute an admission by Defendant that class certification is proper,
24 and will not be deemed admissible in this or any other proceeding, and that the Parties will litigate
25 the issue of class certification.

26 **60. Settlement Shares.** Subject to the terms and conditions of this Settlement, the
27 Settlement Administrator will calculate the estimated Settlement Shares for each Class Member
28 within ten (10) days after Defendant provide the Settlement Administrator with the Class Members’

1 Data. The Settlement Share for each Class Member will be calculated as follows, understanding that
2 the formulas below do not constitute an admission by either Party, and are intended only to provide a
3 practical means to simplify and administer the claims process:

4 (a) **Number of Class Members and Workweeks.** Defendant shall determine the
5 total number of Class Members and the aggregate number of Workweeks for those Class Members
6 who worked during the Class Period. This information shall be provided to the Settlement
7 Administrator along with the Class Members' Data as described in Paragraph 47(a) above.

8 (b) **Calculation of the Workweek Value.** The Settlement Administrator shall
9 determine the value of a Workweek ("Workweek Value") by taking the Net Settlement Amount and
10 dividing it by the sum of all Class Members' Workweeks who do not opt out of the Settlement.

11 (c) **Calculation of Settlement Shares.** The Settlement Administrator shall assign
12 to each Participating Class Member a Settlement Share which shall be equal to the Workweek Value
13 multiplied by each Participating Class Member's Individual Workweeks. Upon calculation of the
14 Participating Class Members' Settlement Shares, the Settlement Administrator shall furnish to Class
15 Counsel and Defense Counsel a worksheet containing a list of employee identification numbers for
16 the Class Members with their corresponding Individual Workweeks and Settlement Shares.

17 61. **PAGA Payment Shares.** Subject to the terms and conditions of this Settlement, the
18 Settlement Administrator will calculate the PAGA Payment Shares for each PAGA Group Member
19 within ten (10) days after Defendants provide the Settlement Administrator with the PAGA Group
20 Members' Data. The PAGA Payment Share for each PAGA Group Member will be calculated as
21 follows, understanding that the formulas below do not constitute an admission by either Party, and
22 are intended only to provide a practical means to simplify and administer the claims process:

23 (a) **Number of PAGA Group Members and Pay Periods.** Defendant shall
24 determine the total number of PAGA Group Members and the aggregate number of Pay Periods for
25 those PAGA Group Members as of the time of Preliminary Approval. This information shall be
26 provided to the Settlement Administrator along with the Class Members' Data as described in
27 Paragraph 43(a) above.

28 (b) **Calculation of the Pay Period Value.** The Settlement Administrator shall

determine the value of a Pay Period (“Pay Period Value”) by taking the PAGA Payment amount and dividing it by the sum of all PAGA Group Members’ Pay Periods.

(c) **Calculation of PAGA Payment Shares.** The Settlement Administrator shall assign to each PAGA Group Member a PAGA Payment Share which shall be equal to the Pay Period Value multiplied by each PAGA Group Member’s Individual Pay Periods. Upon calculation of the PAGA Group Members’ PAGA Payment Shares, the Settlement Administrator shall furnish to Class Counsel and Defense Counsel a worksheet containing a list of employee identification numbers for the PAGA Group Members with their corresponding Individual Pay Periods Pay Periods and PAGA Payment Shares.

62. **Taxes and Withholdings.** Each Settlement Share is intended to settle the Class Members’ claims for unpaid wages and penalties. Accordingly, ten percent (10%) of each Settlement Share shall represent unpaid wages and the remaining ninety percent (90%) of each Settlement Share shall represent penalties and interest. The portion of the Settlement Share representing unpaid wages shall be paid to each Participating Class Member subject to any applicable employee-side tax withholdings and deductions, and the Settlement Administrator shall issue an IRS Form W-2 to each Participating Class Member for that amount. The portion of the Settlement Share representing penalties shall be paid to the Participating Class Member in full without deductions or withholdings, and the Settlement Administrator shall issue an IRS Form 1099 to each Participating Class Member for that amount. Each Participating Class Member shall be individually responsible for their own share of applicable income tax withholdings and deductions from the Settlement Share attributable to the portion of the settlement for which an IRS Form 1099 will be issued. Defendant shall be responsible for payment of the Employer Payroll Tax attributable to the Settlement Share payments constituting wages. The Employer’s Payroll Tax shall not be deducted from the Maximum Settlement Amount and shall not be included in any payments of Settlement Shares. The Parties agree and understand that Defendant has not made any representations regarding the tax obligations or consequences, if any, related to this Settlement. The Parties agree that Defendant and each Participating Class Member are solely responsible for determining the tax consequences of payments made pursuant to this Settlement and for paying taxes, if any, which are determined to be owed by

each of them on such payments (including penalties and interest related thereto) by any taxing authority, whether state, local, or federal.

63. Each PAGA Payment Share is intended to settle the PAGA Group Members' claims for civil penalties. Accordingly, one hundred percent (100%) of each PAGA Payment Share shall represent civil penalties. The PAGA Payment Share shall be paid to the PAGA Group Member in full without deductions or withholdings, and the Settlement Administrator shall issue an IRS Form 1099 to each PAGA Group Member for that amount, to the extent the PAGA Group Member's PAGA Payment Share is Six Hundred Dollars and Zero Cents (\$600.00) or more. Each PAGA Group Member shall be individually responsible for his or her own share of applicable income tax withholdings and deductions for his or her PAGA Payment Share.

64. **Total Payment Amount.** In no event will Defendants be required to pay more than the Maximum Settlement Amount for distribution to the Plaintiff, Class Counsel, Participating Class Members, PAGA Group Members, LWDA, Settlement Administrator, or for any other costs or expenses not otherwise enumerated. However, Defendant shall be responsible for paying any Employer Payroll Taxes for the payment of Settlement Shares attributable to wages, which shall not be paid from the Settlement Account and shall not be included in the Maximum Settlement Amount.

65. **Payments to Plaintiff and Class Counsel and Others.** Subject to the terms and conditions of this Settlement, the Settlement Administrator will make the following payments out of the Maximum Settlement Amount as follows:

(a) **To Plaintiff:** In addition to his Settlement Share, Plaintiff will apply to the Superior Court for a Class Representative Payment in an amount not to exceed Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00). Defendant will not oppose this Class Representative Payment. The Settlement Administrator will pay the Class Representative Payment approved by the Superior Court out of the Maximum Settlement Amount. Payroll tax withholding and deductions will not be taken from the Class Representative Payment and an IRS Form 1099 will be issued to Plaintiff for this payment.

(b) **To Class Counsel:** Class Counsel will apply to the Superior Court for the Class Counsel Fees Payment in an amount not to exceed One Hundred and Fifty Thousand Dollars

1 and Zero Cents (\$150,000), or one-third (1/3) of the Maximum Settlement Amount. Class Counsel
2 will also submit to the Superior Court a memorandum of costs for the Class Counsel Litigation
3 Expenses Payment in an amount not to exceed Eighteen Thousand Dollars and Zero Cents
4 (\$18,000.00) as request reasonable costs of suit to be paid from the Maximum Settlement Amount.
5 Defendant will not oppose these requests. The Settlement Administrator will pay the amounts
6 approved by the Superior Court out of the Maximum Settlement Amount. Withholding and
7 deductions will not be taken from the Class Counsel Fees Payment or Class Counsel Litigation
8 Expenses Payment and one or more IRS Forms 1099 will be issued to Class Counsel with respect to
9 those payments.

10 (c) **To the LWDA:** As part of their Motions for Preliminary and Final Approval,
11 the Parties will jointly apply to the Superior Court for approval of the LWDA Payment in the amount
12 of Thirty Thousand Dollars and Zero Cents (\$30,000.00), which shall constitute the LWDA's
13 seventy-five percent (75%) share of Forty Thousand Dollars and Zero Cents (\$40,000.00) in civil
14 penalties paid under this Settlement. The remaining Ten Thousand Dollars and Zero Cents
15 (\$10,000.00) in civil penalties shall be distributed on a *pro rata* basis based upon the number of pay
16 periods worked by each PAGA Group Member ("PAGA Payment").

17 (d) **To the Settlement Administrator:** The Settlement Administrator will be paid
18 from the Maximum Settlement Amount its reasonable fees and expenses as approved by the Superior
19 Court, which are estimated not to exceed \$7,000 (Seven Thousand Dollars and Zero Cents).

20 66. **Appointment of Settlement Administrator.** The Parties will ask the Superior Court
21 to appoint Phoenix Settlement Administrators, a qualified and experienced administrator based in
22 California where the Action is venued, to serve as the Settlement Administrator, which, as a condition
23 of appointment, will agree to be bound by this Agreement with respect to the performance of its duties
24 and its compensation. The Settlement Administrator's duties will include (i) calculating Settlement
25 and PAGA Payment Shares; (ii) preparing, printing, and mailing the Class Notice to all Class
26 Members; (iii) using reasonable measures to contact all Class Members, including conducting a
27 National Change of Address search on all Class Members before mailing the Class Notice to each
28 Class Member's address; (iv) re-mailing the Class Notice to the Class Member's new address for

1 those Class Members whose address had changed; (v) setting up a toll-free telephone number to
2 receive calls from Class Members; (vi) receiving requests for exclusion and objections to the
3 Settlement; (vii) providing the Parties with weekly status reports about the delivery of Class Notices
4 and any requests for exclusion and objections; (viii) issuing the checks to effectuate the payments due
5 under the Settlement; (ix) using reasonable measures to deliver issued checks to Participating Class
6 Members, including use of a “skip-trace” for undeliverable checks; and (x) otherwise administering
7 the Settlement pursuant to this Agreement including paying and reporting the employer’s share of the
8 payroll taxes to the appropriate taxing agency. The Settlement Administrator will have the final
9 authority to resolve all disputes concerning the calculation of a Participating Class Member’s
10 Settlement Share and/or PAGA Group Member’s PAGA Payment Share, subject to the terms set forth
11 in this Agreement. The Settlement Administrator’s reasonable fees and expenses will be paid out of
12 the Maximum Settlement Amount, as set forth herein, subject to Court approval.

13 **V. RELEASE OF CLAIMS**

14 67. **Plaintiff’s Released Claims.** Plaintiff, individually and on behalf of Plaintiff’s heirs,
15 executors, administrators, representatives, attorneys, successors and assigns knowingly and
16 voluntarily releases and forever discharges Defendant, including any and all parent corporation,
17 affiliates, subsidiaries, managers, divisions, predecessors, insurers, franchisors, successors and
18 assigns, including but not limited to each of their current and former employees, attorneys, officers,
19 directors and agents thereof, both individually and in their business capacities, and their employee
20 benefit plans and programs and the trustees, administrators, fiduciaries and insurers of such plans and
21 programs (collectively, “Plaintiff’s Released Parties”), to the fullest extent permitted by law, of and
22 from any and all claims, known and unknown, asserted and unasserted, which Plaintiff has or may
23 have against the Plaintiff’s Released Parties as of the date of execution of this Settlement
24 Agreement. Plaintiff is not waiving any rights Plaintiff may have to: (i) Plaintiff’s own vested
25 accrued employee benefits under the Defendant’s health, welfare or retirement benefits plans, if any,
26 as of the date of execution of this Settlement Agreement; (ii) benefits or rights to seek benefits under
27 applicable workers’ compensation (except as to claims under Labor Code §§ 132a and 4553 which
28 are expressly released herein) or unemployment insurance or indemnification statutes; (iii) pursue

1 claims which by law cannot be waived by signing this Settlement Agreement; and (iv) enforce this
2 Settlement Agreement.

3 68. To affect a full and complete general release as described above, Plaintiff expressly
4 waives and relinquishes all rights and benefits of § 1542 of the Civil Code of the State of California,
5 without exception, except as may be prohibited by law, and does so understanding and acknowledging
6 the significance and consequence of specifically waiving § 1542. Thus, notwithstanding the
7 provisions of § 1542, and to implement a full and complete release and discharge of all parties,
8 Plaintiff expressly acknowledges this Settlement Agreement is intended to include in its effect,
9 without limitation, all claims Plaintiff does not know or suspect to exist in Plaintiff's favor at the time
10 of signing this Settlement Agreement, and that this Settlement Agreement contemplates the
11 extinguishment of any such claims. Plaintiff warrants Plaintiff has read this Settlement Agreement,
12 including this waiver of California Civil Code § 1542, and that Plaintiff has consulted with or had the
13 opportunity to consult with counsel of Plaintiff's choosing about this Settlement Agreement and
14 specifically about the waiver of § 1542, and that Plaintiff understands this Settlement Agreement and
15 the § 1542 waiver, and so Plaintiff freely and knowingly enters into this Settlement Agreement.
16 Plaintiff further acknowledges that Plaintiff later may discover facts different from or in addition to
17 those Plaintiff now knows or believes to be true regarding the matters released or described in this
18 Settlement Agreement, and even so Plaintiff agrees that the releases and agreements contained in this
19 Settlement Agreement shall remain effective in all respects notwithstanding any later discovery of
20 any different or additional facts. Plaintiff expressly assumes any and all risk of any mistake in
21 connection with the true facts involved in the matters, disputes or controversies released or described
22 in this Settlement Agreement or with regard to any facts now unknown to Plaintiff relating thereto.

23 69. **Participating Class Members Released Claims.** As of the date of the Judgment,
24 each Participating Class Member, and without the need to manually sign a release document, shall
25 release the Released Parties from all causes of action and claims that were alleged in the Action or
26 reasonably could have been alleged based on the facts and legal theories contained in the Action,
27 including all of the following claims for relief from August 24, 2017 through the date of granting the
28 preliminary approval or 60 days following mediation (i.e., August 15, 2022), whichever is earlier: (1)

Failure to Provide Meal Periods; (2) Failure to Provide Rest Breaks; (3) Failure to Pay Minimum and regular Wages; (4) Failure to Pay Overtime Wages; (5) Failure to Indemnify Necessary Business Expenses; (6) Failure to Timely Pay Wages Pursuant to Labor Code section 204 and 210; (7) Failure to Timely Pay All Wages Due Upon Separation of Employment; (8) Failure to Provide Accurate and Itemized Wage Statements; (9) Violation of Business & Professional Code section 17200. On March 22, 2022, Class Counsel amended the Complaint to add a tenth cause of action for Civil Penalties pursuant to the Private Attorney's General Act of 2004, Labor Code §§ 2698, *et seq.* All claims under the Private Attorneys General Act of 2004 that were or could have been premised on the claims, causes of action or legal theories of relief pleaded in the operative complaint or the LWDA exhaustion letter. The Settlement Class members who cash their Settlement Checks further acknowledge that they are releasing any claims they have against Defendant under the Fair Labor Standards Act ("FLSA") (collectively, "Released Claims"). The Class Released Claims for the Participating Class Members excludes all claims for vested benefits, wrongful termination, unemployment insurance, disability, social security, workers' compensation, claims while classified as exempt, and claims outside of the Class Period. The Class Released Claims only covers the time period of from August 24, 2020 through the date of granting the preliminary approval or 60 days following mediation (i.e., August 15, 2022), whichever is earlier

70. **The PAGA Group Released Claims:** As of the date of the Judgment, Plaintiff and the LWDA shall release the Released Parties and the State of California for claims for civil penalties under the California Labor Code Private Attorney's General Act of 2004 arising from August 24, 2020 through the date of granting the preliminary approval or 60 days following mediation (i.e., August 15, 2022), whichever is earlier, that were alleged in Plaintiff's LWDA Exhaustion Letter or to the extent alleged in Plaintiff's operative complaint, including but not limited to: (1) Failure to Provide Meal Periods; (2) Failure to Provide Rest Breaks; (3) Failure to Pay Minimum and regular Wages; (4) Failure to Pay Overtime Wages; (5) Failure to Indemnify Necessary Business Expenses; (6) Failure to Timely Pay Wages Pursuant to Labor Code section 204 and 210; (7) Failure to Timely Pay All Wages Due Upon Separation of Employment; (8) Failure to Provide Accurate and Itemized Wage

Statements; (9) Violation of Business & Professional Code section 17200; and (10). Civil Penalties pursuant to the Private Attorney's General Act of 2004.

71. Released Parties includes Defendant KIP Incorporated, and its past and present, officers, directors, employees and agents.

72. The PAGA Released Claims, coupled with the approval Order and Judgment has full *res judicata* effect, is final, and preclude and bar any future suits involving the PAGA Released Claims between August 24, 2020 through the date of granting the preliminary approval or 60 days following mediation (i.e., August 15, 2022), whichever is earlier. *Arias v. Sup. Ct. (Angelo Dairy)* (2009) 46 Cal.4th 969, 986 ("Because an aggrieved employee action under the Labor Code Private Attorneys General Act of 2004 functions as a substrate for an action brought by the government itself, a judgment in that action binds all those, including nonparty aggrieved employees who would be bound by a judgment in an action brought by the government").

73. The Released Claims and PAGA Released Claims described in Paragraphs 67 and 68 expressly exclude all claims made for vested benefits, wrongful termination, unemployment insurance, disability, social security, workers' compensation, claims while classified as exempt, and claims outside of the Class Period and/or PAGA Period.

74. **Class Counsel.** As of the Effective Date, and except as otherwise provided by this Settlement, Class Counsel and any counsel associated with Class Counsel waive any further claims to costs and attorneys' fees and expenses against Defendant or the Releasees arising from or related to the Action, including but not limited to claims based on the Labor Code, the Code of Civil Procedure, PAGA, the Fair Labor and Standards Act, the Business and Professions Code, or any other contract, statute or law ("Class Counsel Released Claims").

75. **No Effect on Other Benefits.** The payment of Settlement Shares and/or PAGA Payment Shares will not result in any additional employee benefit payments (such as 401(k), vacation, or bonus) and shall not have any effect on the eligibility for, or calculation of, any employee benefit.

VI. DUTIES OF THE PARTIES

76. **Mutual Full Cooperation.** The Parties agree to cooperate fully with one another to

1 accomplish and implement the terms of this Stipulation. Such cooperation shall include, but not be
2 limited to, execution of such other documents and the taking of such other actions as may reasonably
3 be necessary to fulfill the terms of this Settlement unless the Court denies the Settlement with
4 prejudice. The Parties shall use their best efforts, including all efforts contemplated by this Stipulation
5 and any other efforts that may become necessary by court order or otherwise, to effectuate this
6 Stipulation and the terms set forth herein. As soon as practicable after execution of this Stipulation,
7 Class Counsel, with the cooperation of Defendant and Defense Counsel, shall take all necessary and
8 reasonable steps to secure the Court's approval of this Stipulation. The Parties will work together to
9 make any non-material modifications of the Settlement requested by the Court to obtain approval of
10 the Parties' Settlement.

11 **77. Duty to Support and Defend the Class Settlement.** The Parties agree to abide by
12 all of the terms of the Settlement in good faith and to support the Settlement fully and to use their best
13 efforts to defend this Settlement from any legal challenge, whether by appeal or collateral attack.

14 **78. Duties Prior to Court Approval.** Class Counsel shall promptly submit this
15 Stipulation to the Court for preliminary approval and determination by the Court as to its fairness,
16 adequacy, and reasonableness. Promptly upon execution of this Stipulation, Class Counsel shall
17 apply to the Court for the entry of a preliminary order, scheduling a hearing on the question of whether
18 the proposed Class Settlement should be approved as fair, reasonable, and adequate as to the Class
19 Members, approving as to form and content the proposed Class Notice attached hereto as **Exhibit A**,
20 respectively, and directing the mailing of the Class Notice to Settlement Class Members.

21 **79. Non-Monetary Relief and Catalyzation of Policy Change.** Although Defendant
22 denies any liability of any kind associated with the claims alleged in the Action, denies any liability
23 or intentional wrongdoing, KIP Incorporated revised and updated its meal and rest period policies
24 and practices.

25 **VII. MISCELLANEOUS TERMS**

26 **80. No Admission of Liability.** Defendant denies that they have engaged in any unlawful
27 activity, have failed to comply with the law in any respect, or have any liability to anyone under the
28 claims asserted in the Action. This Settlement is entered into solely for the purpose of compromising

1 highly disputed claims. Nothing in this Settlement is intended or will be construed as an admission
2 of liability or wrongdoing by Defendant, an admission by Plaintiff that any of his claims were non-
3 meritorious, or any defense asserted by Defendant was meritorious. This Settlement and the fact that
4 Plaintiff and Defendant were willing to settle the Action will have no bearing on, and will not be
5 admissible in connection with, any litigation (other than solely in connection with the Settlement).

6 81. The Parties also agree that this release constitutes a resolution of a good faith dispute
7 concerning wages and complies with Labor Code Section 206.5, which reads in part:

8
9 “Execution of release of claim or right on account of wages due. No
10 employer shall require the execution of any release of any claim or
11 right on account of wages due, or to become due, or made, or made
12 as an advance on wages to be earned, unless payment of those wages
13 has been made.”

14 82. Whether or not the Judgment becomes Final, neither the Settlement, any document,
15 statement, proceeding or conduct related to the Settlement, nor any reports or accounting of those
16 matters, will be (i) construed as, offered or admitted in evidence as, received as, or deemed to be
17 evidence for any purpose adverse to Defendant or any other beneficiary of the releases granted under
18 this Settlement (the “Released Parties”), including, but not limited to, evidence of a presumption,
19 concession, indication or admission by any of the Released Parties of any liability, fault, wrongdoing,
20 omission, concession or damage; or (ii) disclosed, referred to or offered in evidence against any of
21 the Released Parties, or any other civil, criminal or administrative action or proceeding except for
22 purposes of effectuating this Settlement.

23 83. Notwithstanding Paragraph 82 of this Settlement, any and all provisions of this
24 Settlement may be admitted in evidence and otherwise used in any and all proceedings to enforce any
25 or all terms of this Settlement, or in defense of any claims released or barred by this Settlement.

26 84. **Confidentiality.** The Parties and their Counsel will keep the settlement confidential
27 through preliminary approval. Thereafter, the Parties will agree to make no comments to the media
28 or otherwise publicize the terms of the settlement. However, Plaintiff’s counsel shall be allowed to

1 discuss the Settlement Administration with Class Members and disclose the Settlement to any Court
2 for any matter for the of determining Plaintiff's counsel's adequacy as counsel.

3 85. **Integrated Agreement.** After this Settlement is signed and delivered by all Parties
4 and their counsel, this Settlement and its exhibits will constitute the entire agreement between the
5 Parties relating to the Settlement, and it will then be deemed that no oral representations, warranties,
6 covenants, or inducements have been made to any Party concerning this Settlement or its exhibits
7 other than the representations, warranties, covenants, and inducements expressly stated in this
8 Settlement and its exhibits.

9 86. **Attorney Authorization.** Class Counsel and Defense Counsel warrant and represent
10 that they are authorized by Plaintiff and Defendant, respectively, to take all appropriate action
11 required or permitted to be taken by such Parties pursuant to this Settlement to effectuate its terms,
12 and to execute any other documents required to effectuate the terms of this Settlement. The Parties
13 and their counsel will cooperate with each other and use their best efforts to affect the implementation
14 of the Settlement. In the event the Parties are unable to reach agreement on the form or content of
15 any document needed to implement the Settlement, or on any supplemental provisions that may
16 become necessary to effectuate the terms of this Settlement, the Parties will seek the assistance of
17 mediator Steve Rottman, Esq., and if no resolution is reached the Superior Court, and in all cases all
18 such documents, supplemental provisions and assistance of the court will be consistent with this
19 Settlement.

20 87. **Modification of Agreement.** This Agreement, and any and all parts of it, may be
21 amended, modified, changed, or waived only by an express written instrument signed by all Parties,
22 their successors-in-interest, and/or the Parties' respective counsel, as authorized.

23 88. **Settlement Binding on Successors.** This Settlement Agreement will be binding upon,
24 and inure to the benefit of, the successors of each of the Parties.

25 89. **Applicable Law.** All terms and conditions of this Settlement and its exhibits will be
26 governed by and interpreted according to the laws of the State of California, without giving effect to
27 any conflict of law principles or choice of law principles.

28 90. **Cooperation in Drafting.** The Parties have cooperated in the drafting and preparation

1 of this Settlement. This Settlement will not be construed against any Party on the basis that the Party
2 was the drafter or participated in the drafting.

3 91. **Fair Settlement.** The Parties and their respective counsel believe and warrant that
4 this Settlement reflects a fair, reasonable, and adequate settlement of the Action and have arrived at
5 this Settlement through arms-length negotiations, taking into account all relevant factors, current and
6 potential.

7 92. **Headings.** The descriptive heading of any section or paragraph of this Settlement is
8 inserted for convenience of reference only and does not constitute a part of this Settlement.

9
10 93. **Notice.** All notices, demands or other communications given under this Settlement
11 will be in writing and deemed to have been duly given as of the third business day after mailing by
12 U.S. Mail, addressed as follows:

13 *To Class Counsel:*

MOON & YANG, APC
Kane Moon (SBN 249834)
Allen Feghali (SBN 301080)
Edwin Kamarzarian (SBN 327830)
1055 W. Seventh St., Suite 1880
Los Angeles, California 90017

17 *To Defense Counsel:*

Matthew C. Sgnilek, Esq.
Andrea Rosenkranz, Esq.
O'HAGAN MEYER
3200 Park Center Drive, Suite 700
Costa Mesa, CA 92626

21 94. **Execution in Counterpart.** This Settlement may be executed in one or more
22 counterparts. All executed counterparts and each of them will be deemed to be one and the same
23 instrument provided that counsel for the Parties will exchange between themselves original signed
24 counterparts. Facsimile signatures, scanned PDF signatures, and electronic signatures will be
25 presumptive evidence of execution of the original, which shall be produced on reasonable request.
26 Any executed counterpart will be admissible to prove the existence and contents of this Settlement.

1 DATED: 9/8/2022

HILARIO REYES PRECIADO

DocuSigned by:
Hilario Reyes Preciado
E102602C231746A...

4 DATED: 9/9/2022

KIP INCORPORATED
DocuSigned by:
Michael Kennedy
D8894EB44F29421...

6 By:

8 Its:

President

9 DATED: September 8, 2022

MOON & YANG, APC

11 By:

Kane Moon, Esq.
Allen Feghali, Esq.
Edwin Kamarzarian, Esq.
Attorneys for Plaintiff
HILARIO REYES PRECIADO

15 DATED: 9/9/2022

O'HAGAN MEYER
DocuSigned by:
Andrea Rosenkranz
21ACB819493B482...

17 By:

Matthew C. Sgnilek, Esq.
Andrea Rosenkranz, Esq.
Attorneys for Defendant
KIP INCORPORATED

EXHIBIT A

Hilario Reyes Preciado v. KIP Incorporated
Riverside County Superior Court Case No. CVR12103836

|||||

<<PSA ID>>

<<First Last>>

<<Address>>

<<City, State, Zip, Country>>

Name/Address Changes (if any):

NOTICE OF CLASS ACTION SETTLEMENT

If you are or were a non-exempt, hourly employee of KIP Incorporated at any time between August 24, 2017 to August 15, 2022, you may be able entitled to receive money from a Class Action Settlement.

A court approved this notice. This is not a solicitation from a lawyer. You are not being sued.

PLEASE READ THIS NOTICE.

Your legal rights are affected whether you act or don't act. Your legal rights and options—and the deadlines to use them—are explained in this notice.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
DO NOTHING AND RECEIVE SETTLEMENT PAYMENT	You are not required to take action to receive a payment. If you do nothing, you will automatically receive a payment from the Settlement if the Court finally approves the Settlement. In exchange, you will be bound by the Settlement including the release of all claims covered by the Settlement.
REQUEST EXCLUSION	Request to be excluded and receive no benefits from the Settlement. If you submit a Request for Exclusion, you will not receive a settlement payment. However, if you are a PAGA Group Member, as defined below, you cannot opt out of the PAGA Payment.
OBJECT	If you wish to object to the Settlement, you may submit a written objection and supporting papers to the Settlement Administrator. Any written objections will be provided to the Court. In order to object, you must not have excluded yourself from the Settlement.

1. Why should you read this Notice?

A proposed settlement (the "Settlement") has been reached in a class action lawsuit entitled *Hilario Reyes Preciado v. KIP Incorporated*, Riverside County Superior Court Case No. CVR12103836 (the "Action" or "Lawsuit"). The Defendant in the Action is KIP Incorporated (referred in this Notice as "Defendant.")

The Court has granted preliminary approval of a "Settlement Class" defined as follows:

All persons employed in the State of California as hourly, non-exempt employees by KIP Incorporated at any time between August 24, 2017, to August 15, 2022.

The Court has also granted preliminary approval of a “PAGA Group” defined as follows:

All persons employed in the State of California as hourly, non-exempt employees by KIP Incorporated at any time between August 24, 2020, to August 15, 2022.

“Non-exempt” means an individual who is not exempt from the overtime provisions of the California Labor Code or applicable Industrial Welfare Commission Orders, and therefore is entitled to overtime pay for all hours worked beyond 40 in a workweek and eight hours in a workday as well as all the benefits under the California Labor Code.

Defendant’s employment records indicate that you meet one or both of these definitions, which makes you a member of the Settlement Class (referred to in this Notice as a “Class Member”) and possibly a member of the PAGA Group (referred to in this Notice as a “PAGA Group Member”). The Court directed that this Notice be sent to all Class Members and PAGA Group Members to inform you about the case and your rights and options before the Court decides to approve the Settlement. If the Court approves the Settlement, and after any appeals are resolved, payments will be made to all Class Members who have not opted out of the Settlement and all PAGA Group Members.

This Notice explains the Lawsuit, the Settlement, your legal rights and options, what benefits are available and how to get them.

2. What is this Lawsuit about?

On August 14, 2021, Plaintiff Hilario Reyes Preciado filed a class action complaint against Defendant alleging several violations of California wage and hour laws. Plaintiff filed the Action on behalf of himself and on behalf of all current and former non-exempt, hourly employees. Plaintiff amended the class action complaint (referred to in this notice as the “Operative Complaint”) on March 22, 2022. By Plaintiff’s Operative Complaint, Plaintiff alleges that the Defendant committed the following violations: (1) Failure to Provide Meal Periods; (2) Failure to Provide Rest Breaks; (3) Failure to Pay Minimum and regular Wages; (4) Failure to Pay Overtime Wages; (5) Failure to Indemnify Necessary Business Expenses; (6) Failure to Timely Pay Wages Pursuant to Labor Code section 204 and 210; (7) Failure to Timely Pay All Wages Due Upon Separation of Employment; (8) Failure to Provide Accurate and Itemized Wage Statements; (9) Violation of Business & Professional Code section 17200.; and (10) Owes civil penalties under California’s Private Attorneys General Act of 2004, California Labor Code §§ 2698-2699.5 (“PAGA”). Defendant vigorously denies all the claims and contentions made in the Operative Complaint and maintains its fully complied with the law. However, Defendant has agreed to settle the Lawsuit to avoid the expense of litigation.

3. Why is there a Settlement?

The Court did not decide in favor of Plaintiff or Defendant. Instead, both sides agreed to a Settlement. This allows the Parties to avoid the risk and uncertainty of trial and any subsequent appeal, and all affected employees who have not opted out of the Settlement will receive compensation. The Settlement is not an admission of liability by Defendant. Plaintiff and the attorneys believe the Settlement is fair, reasonable and adequate, and in the best interests of all Class Members.

The Court has determined only that there is sufficient evidence to suggest that the proposed settlement might be fair, adequate, and reasonable, and that any final determination of those issues will be made at the final hearing.

4. What are the terms of the Settlement?

Defendant will pay Four Hundred Fifty Thousand Dollars and Zero Cents (\$450,000.00) to settle the Action (the “Maximum Settlement Amount”). The Maximum Settlement Amount includes: (a) all Settlement Payments to Participating Class Members; (b) the Service Award to Plaintiff (“the Class Representative”); (c) the Class Counsel’s attorneys’ fees and costs; (d) a payment to the California Labor and Workforce Development Agency for civil penalties brought under PAGA; (e) all PAGA Payments to the PAGA Group Members; and (f) the reasonable fees and costs of the Settlement Administrator. Defendant will pay their portion of all payroll taxes resulting from the Settlement in addition to the Maximum Settlement Amount.

The Court has preliminarily approved the following payments from the Maximum Settlement Amount. Class Counsel will request that the Court award Class Counsel up to one-third (1/3) of the Maximum Settlement Amount (currently estimated to be One Hundred and Fifty Thousand Dollars (\$150,000.00)) in attorneys’ fees and up to Eighteen Thousand Dollars and Zero Cents (\$18,000.00) in out-of-pocket litigation costs, up to Seven Thousand Dollars and Zero Cents (\$7,000.00) for Settlement Administration Costs for the third-party Settlement Administrator, and up to Seven Thousand, Five Hundred Dollars and Zero Cents (\$7,500.00) for the Service Award for the Class and PAGA Representative in recognition of his time and service to the Class in pursuing the Action and in fulfilling his obligations as the Class and PAGA Representative. Additionally, the Settlement provides for a payment of Forty Thousand Dollars and Zero Cents (\$40,000.00) (the “LWDA Payment”) to resolve claims under PAGA, of which Ten Thousand Dollars and Zero Cents (\$10,000.00) will be distributed to the PAGA Group Members and Thirty Thousand Dollars and Zero Cents (\$30,000.00) will be paid to the California Labor and Workforce Development Agency (“LWDA”). This allocation of the PAGA Payment is required by California law. The final amounts of these various payments are all subject to Court approval.

After deductions of the preceding Court-approved payments, the remaining amount—the “Net Settlement Amount”—will be distributed to those Class Members who have not opted out of the Settlement (the “Participating Class Members”). No portion of the Maximum Settlement Amount will be returned to Defendant.

5. How much can I expect to receive?

Each Participating Class Member will receive a *pro rata* share of the Net Settlement Amount based on the number of workweeks the person worked for KIP Incorporated as a non-exempt, hourly employee during the Class Period, defined as the period of time from August 24, 2017, to August 15, 2022. Any workweek in which a Class Member worked at least one day shall be counted as a workweek.

To calculate a Class Member’s Individual Settlement Payment, the Net Settlement Amount will be divided by the aggregate total number of workweeks of all Participating Class Members, resulting in the “Workweek Value.” Each Participating Class Member’s Individual Settlement Payment will be calculated by multiplying each individual Participating Class Member’s total number of workweeks by the Workweek Value.

Your Compensable Workweeks are: <<Workweeks>>

Your Estimated Individual Settlement Payment is: \$<<Est.SettlementAmt>>

All settlement payments are subject to taxation. Each Individual Settlement Payment will be allocated as follows: (a) 10% as wages that will be subject to deductions and withholdings for the employee's share of state and federal payroll taxes; and (b) 90% as penalties and interest that will not be subject to deductions and withholdings. Each Participating Class Member will receive an IRS Form W-2 with respect to the portion of the Settlement Payment allocated to wages and an IRS Form-1099 with respect to the portion of the Settlement Payment allocated to penalties and interest, unless said payment is less than or equal to \$600.00. Prior to mailing Settlement checks, the Settlement Administrator will calculate and deduct the employee's required withholdings and payroll taxes from the "wage" portion of the Settlement payment. Defendant will separately pay the employer's share of payroll taxes with respect to the "wage" portion of each Settlement payment.

Please note that each Participating Class Member will be responsible for his/her share of taxes attributable to the receipt of an Individual Settlement Payment. The Parties and their attorneys cannot provide and will not provide any advice regarding tax obligations. Class Members should consult with their tax advisors concerning the tax consequences of the payments they receive under the Settlement.

Each PAGA Group Member will receive a *pro rata* share of the PAGA Payment based on the number of pay periods the person worked for KIP Incorporated as a non-exempt, hourly employee during the PAGA Period, defined as the period of time from August 24, 2020, to August 15, 2022. Any pay period in which a PAGA Group Member worked at least one day shall be counted as a pay period.

To calculate a PAGA Group Member's Individual PAGA Payment, the PAGA Payment will be divided by the aggregate total number of pay periods of all PAGA Group Members, resulting in the "Pay Period Value." Each PAGA Group Member's Individual Settlement Payment will be calculated by multiplying each individual PAGA Group Member's total number of pay periods by the Pay Period Value.

Your Compensable Pay Periods are: <<PayPeriods>>

Your Estimated Individual PAGA Payment is: \$<<Est.PAGAPaymentAmt>>

All settlement payments are subject to taxation. Each Individual PAGA Payment will be allocated as follows: 100% as penalties that will not be subject to deductions and withholdings. Each PAGA Group Member will receive an IRS Form-1099 for his or her Individual PAGA Payment, unless said payment is less than or equal to \$600.00.

Please note that each PAGA Group Member will be responsible for his/her taxes attributable to the receipt of an Individual PAGA Payment. The Parties and their attorneys cannot provide and will not provide any advice regarding tax obligations. PAGA Group Members should consult with their tax advisors concerning the tax consequences of the payments they receive under the Settlement.

6. What if I disagree with the number of workweeks and/or pay periods credited to me in this Notice?

The information concerning the number of workweeks and/or pay periods you worked as an hourly, non-exempt employee during the Class Period and/or PAGA Period is based on Defendant's records. To dispute this number of workweeks and/or pay periods credited to you, you must send written notice to the Settlement Administrator. To be valid, your written dispute of weeks worked must: (1) include your full name, address, telephone number, and last four digits of the Social Security number; and (2) be accompanied by satisfactory evidence of the actual weeks worked as an hourly, non-exempt employee for Defendant during the Class Period and/or PAGA Period, including any supporting documentation (e.g., copies of your pay stubs). To be timely, your written dispute of

workweeks and/or pay periods worked must be mailed by first-class U.S. Mail, or the equivalent, to the Settlement Administrator *at the address provided below*, and be postmarked on or before [REDACTED], 2023.

The Parties and the Settlement Administrator will promptly evaluate the evidence submitted and discuss in good faith how many workweeks and/or pay periods should be credited to the Class Member and/or PAGA Group Member. The Settlement Administrator will make the final decision as to how many workweeks and/or pay periods should be credited to the Class Member and/or PAGA Group Member and report the outcome to the Class Member and/or PAGA Group Member.

7. How and when will I get a payment? How do I update my address?

How do I receive money from the Settlement? You do not need to do anything to receive your Individual Settlement Payment and/or Individual PAGA Payment. Just watch your mail for a check and cash it when you get it. If you do not exclude yourself from the Settlement, you will automatically receive money from the Settlement. You do not need to make a claim or take any other action to receive your share of the Settlement.

When will I receive my Settlement payment? Class Members who do not opt out of the Settlement will receive their payments only after the Court grants final approval to the Settlement and after any appeals are resolved. PAGA Group Members will receive their payments only after the Court grants final approval to the Settlement and after any appeals are resolved. If there are appeals, resolving them can take time. Please be patient.

Settlement payment checks must be cashed soon after receipt. The Settlement checks will be able to be cashed for 180 days after they are issued. After 180 days, the Settlement checks will no longer be able to be cashed. Any funds represented by Settlement checks remaining uncashed for more than 180 days after issuance shall be transmitted to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Code of Civil Procedure Sections 1500 - 1582, in the names of those Participating Class Members and/or PAGA Group Members who did not cash their checks until such time they claim their property.

Change of address. It is your responsibility to keep a current address on file with the Settlement Administrator to ensure that you receive your Settlement payment. If you change your address, or if this notice was not mailed to your correct address, you should immediately provide your current address to the Settlement Administrator. The Settlement Administrator can be reached at (xxx) xxx-xxxx, or at the address provided below.

8. What claims are being released by the Settlement?

If the Settlement is approved by the Court, a Judgment will be entered by the Court. Upon the Effective Date of the Judgment, all Participating Class Members shall release the Released Parties from the Released Claims for the Class Period, which is defined as the period of time between August 24, 2017, to August 15, 2022.

The Released Claims are defined as all causes of action and claims that were alleged in the Action or reasonably could have been alleged based on the facts and legal theories contained in the Action, including all of the following claims for relief from August 24, 2017, to August 15, 2022: (1) Failure to Provide Meal Periods; (2) Failure to Provide Rest Breaks; (3) Failure to Pay Minimum and regular Wages; (4) Failure to Pay Overtime Wages; (5) Failure to Indemnify Necessary Business Expenses; (6) Failure to Timely Pay Wages Pursuant to Labor Code section 204 and 210; (7) Failure to Timely Pay All Wages Due Upon Separation of Employment; (8) Failure to Provide Accurate and Itemized Wage Statements; (9) Violation of Business & Professional Code section 17200.;

and (10) Civil penalties under California's Private Attorneys General Act of 2004, California Labor Code §§ 2698-2699.5 ("PAGA"). The Class Released Claims only covers the time period of August 24, 2017 to August 15, 2022.

Other than for Plaintiff, claims of Participating Class Members, if any, for vested benefits, wrongful termination, unemployment insurance, disability benefits, social security, workers' compensation, claims while classified as exempt, and claims outside of the Class Period are not encompassed within the definition of "Class Released Claims."

Any Class Member who does not request exclusion by the applicable deadline will be considered to have accepted the release and to have waived any and all of the Released Claims against the Released Parties.

If the Settlement is approved by the Court, a Judgment will be entered by the Court. Upon the Effective Date of the Judgment, Plaintiff and the LWDA shall release the Released Parties from the PAGA Released Claims for the PAGA Period, which is defined as the period of time between August 24, 2020, to August 15, 2022.

The PAGA Released Claims are defined as all for claims for civil penalties under the California Labor Code Private Attorneys General Act of 2004 arising from August 24 2020, to August 24, 2022 that were alleged in Plaintiff's LWDA Exhaustion Letter or to the extent alleged in Plaintiff's First Amended Complaint, including, but not limited to the following claims for relief: (1) Failure to Provide Meal Periods; (2) Failure to Provide Rest Breaks; (3) Failure to Pay Minimum and regular Wages; (4) Failure to Pay Overtime Wages; (5) Failure to Indemnify Necessary Business Expenses; (6) Failure to Timely Pay Wages Pursuant to Labor Code section 204 and 210; (7) Failure to Timely Pay All Wages Due Upon Separation of Employment; (8) Failure to Provide Accurate and Itemized Wage Statements; and (9) Civil penalties under California's Private Attorneys General Act of 2004, California Labor Code §§ 2698-2699.5 ("PAGA"). (collectively, the "PAGA Released Claims"). The PAGA Released Claims only covers the time period of August 24, 2020, to August 15, 2022.

PAGA Group Members cannot opt out of or object to the foregoing PAGA Released Claims.

Released Parties for both the Class and PAGA Released Claims include Defendant KIP Incorporated and its past, present, and/or future, officers, directors, employees and agents

9. What are my options?

a. **Participate in the Settlement and Receive a Settlement Payment.** If you want to participate in the Settlement, you do not have to do anything. You will receive your Individual Settlement Payment automatically if the Settlement is finally approved by the Court. If applicable, you will receive your Individual PAGA Payment automatically if the Settlement is finally approved by the Court.

b. **Exclude yourself from the Settlement.** If you do not want to be part of the Settlement, you can request to be excluded from the Settlement completing the enclosed Request for Exclusion Form and mailing it to the Settlement Administrator. If you exclude yourself, you will not receive your Individual Settlement Payment, you will not be subject to the terms of the Settlement, and you will retain whatever rights you may currently have. To be valid, your Request for Exclusion Form must include your signature and must be timely. You may use the Request for Exclusion Form, which is attached hereto as Exhibit A, to exclude yourself. If you elect to exclude yourself, but do not use the included form, your request for exclusion must: (1) include your full name, address, and last four digits of the Social Security number; (2) your approximate dates of employment with Defendant;

and (3) a clear statement that you wish to be excluded from the Settlement in *Hilario Reyes Preciado v. KIP Incorporated*, Case No. CVR12103836. To be timely, a Request for Exclusion must be mailed by first-class U.S. Mail, or the equivalent, to the Settlement Administrator at the address provided below and be postmarked on or before [REDACTED], 2023.

If applicable, you may not exclude yourself from the PAGA Group and you will receive your PAGA Payment even if you request exclusion.

c. **Object to the Settlement.** If you're a Class Member, you can object to the Settlement if you don't like any part of it. You can give reasons why you think the Court should not approve the Settlement. The Court will consider your views. If the Court rejects your objection and finally approves the Settlement, you will still be bound by the terms of the Settlement, but you will also receive a monetary award.

To object, you may submit a written objection stating why you object to the Settlement using the included Objection Form, or you may simply appear at the Final Approval Hearing set for [REDACTED], 2023 at [REDACTED] a.m. in the Riverside County Superior Court and discuss your objection with the Court and the Parties at your own expense. Written objections must include: (i) your full name, current address, and last four digits of the Social Security number; (ii) the approximate dates of your employment at Defendants; (iii) the case name and number (*Hilario Reyes Preciado v. KIP Incorporated*, Riverside County Superior Court Case No. CVR12103836); (iii) a written statement of all grounds for the objection accompanied by any legal support for such objection; and (iv) copies of any papers, briefs, or other documents on which the objection is based, if any; (v) your signature. You may use the Objection Form, which is attached hereto as Exhibit B, to object. To be timely, a written objection must be mailed by first-class U.S. Mail to the Settlement Administrator at the address provided below and be postmarked on or before [REDACTED], 2022.

Please note that you cannot both exclude yourself and object to the Settlement. In order for you to object to this Settlement, or any term of it, you may not submit a Request for Exclusion.

10. Who are the attorneys representing the Plaintiff and the Settlement Class?

The Court has appointed the following lawyers as "Class Counsel" to represent all Class Members:

MOON & YANG PC
Kane Moon
Allen Feghali
Edwin Kamarzarian
1055 W. 7th Street, Suite 1880
Los Angeles, California 90017
Telephone: 213.232.3128

You will not be charged for these lawyers.

11. How will the attorneys for the Settlement Class be paid?

All payments for Class Counsel's attorneys' fees and costs will be made from the Maximum Settlement Amount. Class Counsel intends to request an award of attorneys' fees up to one-third (1/3) of the Maximum Settlement Amount (currently estimated to be One Hundred and Fifty Thousand Dollars and Zero Cents (\$150,000.00)), plus reimbursement of reasonable, actual out-of-pocket costs incurred in the litigation, up to Eighteen Thousand

Dollars and Zero Cents (\$18,000.00). Class Counsel has been prosecuting this Action on behalf of Plaintiff and the Settlement Class on a contingency fee basis (that is, without being paid any money to date) and has been paying all litigation costs. The Court will decide the amount of fees and expenses to award at the Final Approval Hearing.

12. When and where will the Court decide to approve the Settlement?

The Court has preliminarily approved the settlement and will hold a hearing, called a Final Approval Hearing, to decide whether to give final approval to the Settlement. The Court will hold the Final Approval Hearing on _____, 2023, at _____ a.m., in Department 1 of the Riverside County Superior Court located at 4050 Main Street, Riverside, CA 92501, before the Honorable Craig G. Riemer. At the Final Approval Hearing, the Court will rule on Class Counsel's request for attorneys' fees and litigation costs, the Class Representative Service Award, and the Settlement Administration Costs.

You are not required to attend the Final Approval Hearing, although any Class Member is welcome to attend the hearing. If you did not submit a Request for Exclusion, you or your attorney may appear at the hearing at your own expense and request to be heard. The Final Approval Hearing may be postponed without further notice.

13. Will I be subject to discipline if I participate in the Settlement?

No. Defendant approves the Settlement and will not retaliate in any way against any Class Member for participating in the Settlement. Your decision to participate, not participate, or object to this Settlement will not affect your employment with KIP Incorporated or its treatment of you as a former employee.

14. What is the Settlement Administrator's address?

Any Request for Exclusion, Notice of Objection, address change request, and all other correspondence intended for the Settlement Administrator must be mailed to the Settlement Administrator at the following address:

Preciado v. KIP Incorporated
c/o Phoenix Settlement Administrators
P.O. Box 7208
Orange, CA 92863
(800) 523-5773

15. How Can I Get Additional Information?

If you have questions, you can call the Settlement Administrator at (800) 523-5773 and/or Class Counsel at (213) 232-3128. For the precise terms and conditions of the settlement, you may review the detailed "Joint Stipulation of Class Settlement and Release of Claims" which is available for viewing online, free of charge, at the Settlement Administrator's website: [WEBSITE URL]. The pleadings and other court records in the lawsuit are available online, free of charge, at [Settlement Administrator WEBSITE URL]. The records may also be examined, free of charge, in person at any time during regular business hours at the Clerk's Office of the Superior Court of California, County of Riverside, 4050 Main Street, Riverside, California 92101, or online at <https://www.riverside.courts.ca.gov/OnlineServices/SearchCourtRecords/public-access.php>; or you may contact the Settlement Administrator at Tel: (XXX) XXX-XXX. To view the "Joint Stipulation of Class Settlement and Release of Claims" from the Court's website, it must be purchased and is available for purchase as part of the declaration of Kane Moon, Exhibit 1, filed on [filing date]. Additionally, if you would like copies of the Settlement

documents, you can contact Class Counsel, whose contact information is above, and they will provide you with a copy via e-mail free of charge.

PLEASE DO NOT TELEPHONE THE COURT OR DEFENDANT'S MANAGERS, SUPERVISORS,
OR ATTORNEYS ABOUT THIS SETTLEMENT
They will not be able to assist you.

EXHIBIT B

Hilario Reyes Preciado v. KIP Incorporated
Riverside County Superior Court Case No. CVR12103836



<<PSA ID>>

<<First Last>>

<<Address>>

<<City, State, Zip, Country>>

Last 4 digits of SSN

Name/Address Changes (if any):

REQUEST FOR EXCLUSION FORM

You are receiving this form because you may be entitled to receive money from a Class Action Settlement.

Use and return this form only if you wish to be excluded from the Class and do not wish to receive a settlement payment. If you exclude yourself from the Class by signing and returning this form, you will not receive your Individual Settlement Payment, you will not be subject to the terms of the Settlement, and you will retain whatever rights you may currently have.

If you wish to remain in the Class and receive a settlement payment, you may disregard this form. You do not need to do anything, and you will receive a check by U.S. Mail.

To be valid, your Exclusion Request Form must be signed by you, and returned to the Settlement Administrator at the address provided below and be postmarked on or before , 2023.

I HEREBY CONFIRM THAT I HAVE RECEIVED NOTICE OF THE PROPOSED SETTLEMENT IN THE *Preciado v KIP Incorporated* ACTION AND WISH TO BE EXCLUDED FROM THE SETTLEMENT CLASS. I UNDERSTAND THAT I WILL NOT RECEIVE A SETTLEMENT PAYMENT OR OTHER SETTLEMENT BENEFITS AND WILL NOT BE BOUND BY THE CLASS SETTLEMENT INCLUDING THE RELEASE OF CLASS CLAIMS. HOWEVER, I WILL STILL RECEIVE MY PAGA PAYMENT AND BE SUBJECT TO THE PAGA RELEASE AND OTHER SETTLEMENT TERMS APPLICABLE TO PAGA

Dated: _____

Signature: _____

What is the Settlement Administrator's address?

Preciado v. KIP Incorporated
c/o Phoenix Settlement Administrators
P.O. Box 7208
Orange, CA 92863
(800) 523-5773

EXHIBIT C

Hilario Reyes Preciado v. KIP Incorporated
Riverside County Superior Court Case No. CVR12103836

|||||

<<PSA ID>>

<<First Last>>

<<Address>>

<<City, State, Zip, Country>>

Last 4 digits of SSN

Name/Address Changes (if any):

OBJECTION FORM

You are receiving this form because you may be entitled to receive money from a Class Action Settlement.

Use and return this form only if you wish to object to the settlement. If your objection is rejected by the Court, you will receive your Individual Settlement Payment, you will be subject to the terms of the Settlement, and you will release claims as set forth in the Settlement and Notice.

To be valid, your Objection Form must be signed by you ,and returned to the Settlement Administrator at the address provided below and be postmarked on or before , 2023.

I object to the settlement in *Preciado v. KIP Incorporated* because _____

Dated: _____

Signature: _____

What is the Settlement Administrator's address?

Preciado v. KIP Incorporated
c/o Phoenix Settlement Administrators
P.O. Box 7208
Orange, CA 92863
(800) 523-5773