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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN DIEGO

JUAN JOSE MANZO OCHOA, individually, and on behalf of all others similarly situated, Plaintiff, vs. EMPIRE INSULATION, INC., a California corporation; and DOES 1 through 10, inclusive, Defendants	Case No.: 37-2021-00035870-CU-OE-CTL [Assigned to Hon. Blaine K. Bowman, Dept. C-74] **PAGA SETTLEMENT AGREEMENT** Action filed: August 20, 2021 Trial date: Not set

PAGA SETTLEMENT AGREEMENT

This PAGA Settlement Agreement ("Agreement") is made by and between Plaintiff Juan Jose Manzo Ochoa ("Plaintiff") and Defendant Empire Insulation, Inc. ("Defendant"). The Agreement refers to Plaintiff and Defendant collectively as "Parties," or each individually as a "Party."

1. <u>DEFINITIONS</u>

1.1. "Action" means the Plaintiff's lawsuit alleging wage and hour violations against Defendant captioned *Juan Jose Manzo Ochoa v. Empire Insulation, Inc.*, Case No. 37-2021-00035870-CU-OE-CTL, initiated on August 20, 2021, and pending in the Superior Court of the State of California, County of San Diego.

1.2. "Administrator" means Simpluris, the neutral entity the Parties have agreed to appoint to administer the Settlement following a competitive bidding process, or such other settlement administrator as may be approved by the Court.

1.3. "Administration Expenses Payment" means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator's bid submitted to the Court in connection with approval of the Settlement.

1.4. "Aggrieved Employee" means all current and former employees of Defendant who worked for Defendant in California in a non-exempt position at any time during the PAGA Period.

1.5. "Aggrieved Employee Data" means Aggrieved Employee identifying information in Defendant's possession including, for each Aggrieved Employee, his or her full name, last-known mailing address or email address, Social Security Number, dates of employment, and number of PAGA Pay Periods.

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

1.7. "Approval Order" means the Court's Order Granting Approval of PAGA Settlement.

1.8. "Court" means the Superior Court of California, County of San Diego.

1.9. "Defendant" means Empire Insulation, Inc., the named Defendant in the Action.

1.10. "Defense Counsel" means the attorneys of Practus, LLP.

1.11. "Effective Date" means the date the Court enters a Judgment on its Approval Order.

1.12. "Employee Notice" means the Court-approved *Notice of PAGA Settlement*, substantively in the form attached hereto as "Exhibit A," without material variation, with a Spanish translation by the Administrator, to be mailed to Aggrieved Employees with their Individual PAGA Payments.

1.13. "General Release Payment" means the payment to Plaintiff for initiating and providing services in support of the Action, in recognition for the risks attendant to the role as named Plaintiff and PAGA Representative, and in exchange for Plaintiff's General Release. This payment shall be in addition to the amount Plaintiff is eligible to receive as an Aggrieved Employee.

1.14. "Gross Settlement Amount" means $250,000.00, which is the total amount Defendant agrees to pay under the Settlement, subject to potential increase under the Escalator Clause (Paragraph 8) and entry of the Court's Approval Order. The Gross Settlement Amount will be used to pay Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, Plaintiff's General Release Payment, and the Administration Expenses Payment.

1.15. "Individual PAGA Payment" means an Aggrieved Employee's pro rata share of 25% of the PAGA Penalties calculated according to the number of Pay Periods the Aggrieved Employee worked during the PAGA Period.

1.16. "Judgment" means the judgment entered by the Court based upon the Court's Approval Order.

1.17. "LWDA" means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code § 2699(i).

1.18. "LWDA PAGA Payment" means the 75% of the PAGA Penalties paid to the LWDA under Labor Code § 2699.

1.19. "Net Settlement Amount" means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, Plaintiff's General Release Payment, and the Administration Expenses Payment. The remainder is to be allocated as PAGA Penalties.

1.20. "Operative Complaint" means Plaintiff's First Amended Class and Representative Action Complaint filed in this Court on December 8, 2021, as modified by the Court's Order re: Request for Dismissal of Class and Individual Allegations Without Prejudice that was entered on March 21, 2022.

1.21. "PAGA" means the California Private Attorneys General Act, Labor Code §§ 2698, *et seq*.

1.22. "PAGA Counsel" means Kane Moon, Allen Feghali, and Charlotte Mikat-Stevens of Moon Law Group, PC.

1.23. "PAGA Counsel Fees Payment" means the amount allocated to PAGA Counsel for reasonable attorneys' fees incurred to prosecute the Action.

1.24. "PAGA Counsel Litigation Expenses Payment" means the amount allocated to PAGA Counsel for reimbursement of actual expenses incurred to prosecute the Action.

1.25. "PAGA Notice" means Plaintiff's letter dated August 14, 2021, pursuant to Labor Code § 2699.3(a) that was submitted online to the LWDA, served on Defendant via certified mail, and provided notice of alleged Labor Code violations.

1.26. "PAGA Pay Period" means any pay period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.

1.27. "PAGA Period" means the period from August 15, 2020, through August 12, 2024.

1.28. "PAGA Penalties" means the total amount of civil penalties pursuant to PAGA to be paid from the Net Settlement Amount, allocated as 25% to Aggrieved Employees and the 75% to the LWDA, in settlement of the Released PAGA Claims.

1.29. "Plaintiff" means Juan Jose Manzo Ochoa, the named Plaintiff in the Action.

1.30. "Released PAGA Claims" means the claims being released as described in Paragraph 5.2 below.

1.31. "Released Parties" means: Defendant and each of its former and present owners, parents, and subsidiaries, and all of their former and present officers, directors, members, managers, consultants, partners, shareholders, joint venturers, agents, predecessors, successors, affiliates, assigns, accountants, insurers, reinsurers, and/or legal representatives.

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

2. RECITALS

2.1. On August 20, 2021, Plaintiff filed a Class Action Complaint in this Court against Defendant alleging the following causes of action: (1) Failure to Pay Minimum Wages; (2) Failure to Pay Overtime Compensation; (3) Failure to Provide Meal Periods; (4) Failure to Authorize and Permit Rest Breaks; (5) Failure to Indemnify Necessary Business Expenses; (6) Failure to Timely Pay Final Wages at Termination; (7) Failure to Provide Accurate Itemized Wage Statements; and (8) Unfair Business Practices. On August 14, 2021, pursuant to Labor Code § 2699.3(a), Plaintiff gave timely written notice to Defendant and the LWDA of the alleged Labor Code violations through Plaintiff's PAGA Notice and paid the required filing fee. Following expiration of the administrative exhaustion period, and without having received any notice from LWDA of intent to investigate the allegations, Plaintiff filed a First Amended Class and Representative Action Complaint on December 8, 2021, to allege a ninth cause of action for civil penalties pursuant to PAGA. After this action was filed, Defendant produced an arbitration agreement signed by Plaintiff that covered his individual claims and contained a class action waiver. Therefore, Plaintiff sought dismissal of his individual and class action claims in order to proceed on a PAGA-only basis, which the Court granted by Order entered on March 21, 2022. Pursuant to Labor Code § 2699, Plaintiff submitted a file-stamped copy of the Operative Complaint to the LWDA that contained the case number assigned by the Court. To date, the LWDA has not indicated any intent to investigate the allegations or intervene in the Action.

2.2. Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in in the Operative Complaint, and denies any and all liability for the claims alleged.

2.3. On August 12, 2024, the Parties participated in an all-day mediation presided over by the Honorable Carl West (ret.), which did not conclude in a settlement. Following further discussions and attendance at a second mediation on February 27, 2025, the Parties have reached to this Agreement to settle the Action.

2.4. Prior to mediation, Plaintiff obtained from Defendant, through both formal and informal discovery, information sufficient to meaningfully evaluate the claims at issue in the Action, including applicable written documents regarding Defendant's wage-and-hour policies and practices in effect during the statutory period, Plaintiff's personnel file, and roughly a 33.6% sampling of time and corresponding payroll records for Aggrieved Employees. PAGA Counsel's investigation was sufficient to satisfy the criteria for court approval. As part of this evaluation, PAGA Counsel have conducted a diligent and thorough investigation into the facts and claims alleged in the Operative Complaint, including an extensive review and analysis of the pre-mediation discovery. Based on their own independent investigation and evaluation, Plaintiff and PAGA Counsel are of the opinion that the Settlement, and on the terms set forth herein, is fair, reasonable, and adequate and in the best interests of the LWDA and Aggrieved Employees in light of all known facts and circumstances.

2.5. The Parties, PAGA Counsel, and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3. <u>MONETARY TERMS</u>

3.1. <u>Gross Settlement Amount</u>. Except as otherwise provided by Paragraph 8 below and subject to entry of the Court's Approval Order, Defendant promises to pay $250,000.00, and no more, as the Gross Settlement Amount. Defendant has no obligation to pay the Gross Settlement Amount prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Aggrieved Employees to submit any claim as a condition of payment. None of the Gross

Settlement Amount will revert to Defendant.

3.2. Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts approved by the Court:

3.2.1. To Plaintiff. A General Release Payment to Plaintiff of $10,000.00, in addition to any Individual PAGA Payment that Plaintiff is entitled to receive as an Aggrieved Employee. Defendant will not oppose a request for this payment provided that it does not exceed this amount. As part of the application or motion for PAGA Counsel Fees Payment and PAGA Litigation Expenses Payment, Plaintiff will seek Court approval for the General Release Payment no later than sixteen (16) court days prior to the approval hearing. If the Court approves a General Release Payment less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will pay the General Release Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for any taxes owed on the General Release Payment.

3.2.2. To PAGA Counsel. A PAGA Counsel Fees Payment of not more than one-third (33%) of the Gross Settlement Amount, which is currently estimated to be $83,333.33, and a PAGA Counsel Litigation Expenses Payment of not more than $25,000.00. Defendant will not oppose requests for these payments provided that they do not exceed these amounts. Plaintiff and/or PAGA Counsel will file an application or motion for PAGA Counsel Fees Payment and PAGA Litigation Expenses Payment. If the Court approves a PAGA Counsel Fees Payment and/or a PAGA Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to PAGA Counsel or any other Plaintiff's Counsel arising from any claim to any portion any PAGA Counsel Fee Payment and/or PAGA Counsel Litigation Expenses Payment. The Administrator will pay the PAGA Counsel Fees Payment and PAGA Counsel Expenses Payment using one or more IRS 1099 Forms. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment.

3.2.3. To the Administrator. An Administration Expenses Payment not to exceed $3,500.00 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than $3,500.00, the Administrator will retain the remainder to the Net Settlement Amount.

3.2.4. To the LWDA and Aggrieved Employees. PAGA Penalties (in the amount of no less than $128,166.67) to be paid from the Gross Settlement Amount, with 75% (no less than $96,125.00) allocated to the LWDA PAGA Payment and 25% (no less than $32,041.67) allocated to the Individual PAGA Payments.

3.2.4.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period, and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

4. SETTLEMENT FUNDING AND PAYMENTS

4.1. Aggrieved Employee Pay Periods. Based on a review of its records as of the date of the Parties' first mediation (August 12, 2024), Defendant estimates there are 12,612 cumulative PAGA Pay Periods worked by approximately 250 Aggrieved Employees.

4.2. Aggrieved Employee Data. Within fourteen (14) calendar days of the date of the Court's signature affixed to the Settlement Approval Order, Defendant will simultaneously deliver the Aggrieved Employee Data to the Administrator in the form of a Microsoft Excel spreadsheet. To protect Aggrieved Employees' privacy rights, the Administrator must maintain the Aggrieved Employee Data in confidence, use the Aggrieved Employee Data only for purposes of this Settlement and for no other purpose, and restrict access to the Aggrieved Employee Data to Administrator employees who need access to the Aggrieved Employee Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify PAGA Counsel if it discovers that the Aggrieved Employee Data omitted employee identifying information and to provide corrected or updated Aggrieved Employee Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must send the Aggrieved Employee Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, and in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Aggrieved Employee Data.

4.3. Funding of Gross Settlement Amount. Within sixty (60) calendar days of the date of the Court's signature affixed to the Settlement Approval Order, Defendant will fund half of the Gross Settlement Amount by transmitting the funds into a Qualified Settlement Fund established and maintained by the Administrator. Within six (6) months of the initial installment, Defendant will fund the remaining half of the Gross Settlement Amount.

4.4. Payments from the Gross Settlement Amount. Within fourteen (14) calendar days after Defendant fully funds the Gross Settlement Amount, the Administrator will mail checks for all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, Plaintiff's General Release Payment, the PAGA Counsel Fee Payment, and the PAGA Counsel Litigation Expenses Payment. Disbursement of the Administration Expenses Payment, Plaintiff's General Release Payment, the PAGA Counsel Fee Payment, and the PAGA Counsel Litigation Expenses Payment shall not precede disbursement of the Net Settlement Amount. Disbursement of Individual PAGA Payments shall be accompanied by the Employee Notice.

4.4.1. The Administrator will issue checks for the Individual PAGA Payments and send them to the Aggrieved Employees via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. Before mailing any checks, the Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.4.2. The Administrator must conduct an Aggrieved Employee Address Search for all Aggrieved Employees whose checks are retuned undelivered without a USPS forwarding address. Within seven (7) calendar days of receiving a returned check, the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Aggrieved Employee Address Search. The Administrator need not take further steps to deliver checks to Aggrieved Employees whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, if requested by the Aggrieved Employee prior to the void date.

4.4.3. For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California State Controller's Office to be held pursuant to the Unclaimed Property Law, California Civil Code §§ 1500, *et seq.*, in the name of the Aggrieved Employee, until such time that he or she claims his or her property. In this manner, the Parties and their respective counsel attest that there will be no "unpaid residue" subject to the requirements of California Code of Civil Procedure § 384, subd. (b).

4.4.4. The payment of Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to the Aggrieved Employees (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

5. RELEASES OF CLAIMS

5.1. Plaintiff's General Release and Waiver of Rights Under California Civil Code § 1542. Upon the date of the Court's signature affixed to the Settlement Approval Order and Defendant's full funding of the Gross Settlement Amount, Plaintiff will release the

Released Parties from any and all claims that Plaintiff has or may have against them related to or arising from Plaintiffs employment with Defendant ("Plaintiff's General Release"). Plaintiff acknowledges that Plaintiff may discover facts and/or law different from, and/or in addition to, the facts and/or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's General Release shall be and remain effective in all respects, notwithstanding the existence of such different and/or additional facts and/or law or Plaintiff's discovery of them. For purposes of Plaintiff's General Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of California Civil Code § 1542, which reads: "A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." Notwithstanding the foregoing, Plaintiff's General Release does not extend to any claims or actions to enforce the Settlement, to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, or workers' compensation benefits that arose at any time, to any other claims that are not releasable as a matter of law or public policy, or to any claims arising after March 3, 2025.

5.2. Limited Release of Claims by the PAGA Group: Upon the date of the Court's signature affixed to the Settlement Approval Order and Defendant's full funding of the Gross Settlement Amount, all Aggrieved Employees will be bound by a release of all claims for civil penalties under PAGA that arose during the PAGA Period and were alleged in Plaintiff's PAGA Notice to the LWDA that was submitted on August 14, 2021, and in Plaintiff's Operative Complaint filed in the Action on December 8, 2021 (as modified by the Court's Order re: Request for Dismissal of Class and Individual Allegations Without Prejudice that was entered on March 21, 2022), or that reasonably could have been alleged based on the facts asserted therein ("Released PAGA Claims").

6. MOTION FOR APPROVAL OF SETTLEMENT

6.1. Plaintiff's Responsibilities. Plaintiff will prepare and file all documents necessary for obtaining approval of this Settlement under Labor Code § 2699, subd. (s)(2), including (i) a proposed Approval Order; (ii) a signed declaration from the Administrator attaching its bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Aggrieved Employee Data; amounts of insurance coverage for any data breach, defalcation of funds, or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Aggrieved Employees or the LWDA; and the nature and extent of any financial relationship with Plaintiff, PAGA Counsel, or Defense Counsel; (iii) a signed declaration from PAGA Counsel attesting to the transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Lab. Code § 2699.3(a)), Operative Complaint (Lab. Code § 2699), this Agreement (Labor Code § 2699); and (iv) all facts relevant to any actual or potential conflict of interest with Aggrieved Employees and/or the Administrator. In their declaration, PAGA Counsel shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement. As part of the process for requesting the Court's approval of this Settlement and/or upon the Court's Approval Order, Plaintiff will seek to have the Action dismissed with prejudice, on behalf of himself and all Aggrieved Employees, with regard to the Released PAGA Claims.

6.2. Responsibilities of PAGA Counsel. PAGA Counsel is responsible for expeditiously finalizing and filing the application or motion for approval of this Settlement within thirty (30) calendar days after the full execution of this Agreement, obtaining a prompt hearing date for the motion, and appearing in Court to advocate in favor of the motion. PAGA Counsel is responsible for delivering the Court's Order Approval to the Administrator and LWDA.

6.3. Duty to Cooperate. If the Parties disagree on any aspect of the motion for approval of this Settlement and/or the supporting declarations and documents, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties, and in good faith, to resolve the disagreement. If the Court does not grant the motion for approval of this Settlement or conditions its approval on any material change to this Agreement, PAGA

Counsel and Defense Counsel will expeditiously work together on behalf of the Parties, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

7. SETTLEMENT ADMINISTRATION

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

7.2. Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports state and federal tax authorities.

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

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

8. AGGRIEVED EMPLOYEE SIZE ESTIMATES AND ESCALATOR CLAUSE

The Gross Settlement Amount was negotiated based on Defendant's estimation that as of the date of the Parties' first mediation (August 12, 2024), there are 12,612 cumulative PAGA Pay Periods worked by approximately 250 Aggrieved Employees. If the actual number of PAGA Pay Periods as of the Court's Approval Order is more than 10% of the estimated count (i.e., if the actual number of PAGA Pay Periods is more than 13,873.2), Defendant agrees to make a pro-rata increase to the Gross Settlement Amount for each additional pay period above the escalator.

9. CONTINUING JURISDICTION AND WAIVER OF RIGHT TO APPEAL

9.1. Enforceability and Continuing Jurisdiction of the Court. This Agreement will be final, binding, and enforceable pursuant to California Code of Civil Procedure § 664.6. The Parties agree that, after entry of the Court's Approval Order and Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement, the Approval Order, and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

9.2. Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment, the Parties and their respective counsel waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If another party appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

10. ADDITIONAL PROVISIONS

10.1. No Admission of Liability or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the Operative Complaint have merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Defendant's defenses in the Action have merit. The Parties agree that representative treatment is for purposes of this Settlement only. If, for any reason the Court does not approve this Settlement, Defendant reserves all available defenses to the claims in the Action, and Plaintiff reserves the right to contest Defendant's defenses. The Settlement, this Agreement, and Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

10.2. Integrated Agreement. Upon execution by all Parties and their respective counsel, this

Agreement together with its attached exhibit(s) shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all written or oral representations, warranties, covenants, or inducements made to or by any Party.

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

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

10.5. No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.

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

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

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

10.9. Applicable Law. All terms and conditions of this Agreement and its exhibit(s) will be governed by and interpreted according to the internal laws of the State of California, without regard to conflict of law principles.

10.10. Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. Therefore, this Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting of this Agreement.

10.11. Confidentiality and No Publicity. To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement. In response to any inquiries, Plaintiff and PAGA Counsel will simply state that '"the case was resolved," or similar words to that effect. Plaintiff and PAGA Counsel will not report the Settlement or its content in any medium or in any publication, will not post or report anything regarding the claims of Plaintiff or Aggrieved Employees online, and will not contact any reporters or media regarding the Settlement, the Action, or their contents. Notwithstanding the foregoing, PAGA Counsel are authorized to make a limited disclosure to the Court and the LWDA for purposes of obtaining approval of the Settlement. This disclosure is limited to court filings and electronic submission of settlement documents to the LWDA. Plaintiff and PAGA Counsel, or their representatives, are not permitted to disseminate, publish, distribute, or discuss the information provided to the Court in those filings outside the filings themselves and any hearing held on those filings, unless ordered otherwise by the Court. Furthermore, nothing in this provision is intended to prohibit: (i) Plaintiff from discussing the Settlement with his immediate family members, attorneys, or tax advisors; (ii) PAGA Counsel from citing the Settlement as evidence in public court filings to support their competence as counsel in wage/hour matters; (iii) PAGA Counsel from communicating with the Plaintiff in this case, the LWDA, or with the Court in which this Action is pending; or (iv) PAGA Counsel from meeting any fiduciary duties owed to Aggrieved Employees.

10.12. Use and Return of Aggrieved Employee Data. Information provided to PAGA Counsel pursuant to California Evidence Code § 1152, and all copies and summaries of the Aggrieved Employee Data provided to PAGA Counsel by Defendant in connection with the mediation, settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and for no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court.

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

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

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

To Plaintiff:

MOON LAW GROUP, PC
Kane Moon, Esq.
Allen Feghali, Esq.
Charlotte Mikat-Stevens, Esq.
725 S. Figueroa St., 31st Floor
Los Angeles, California 90017
E-mail: kmoon@moonlawgroup.com
E-mail: afeghali@moonlawgroup.com
E-mail: cmikat-stevens@moonlawgroup.com

To Defendant:

PRACTUS, LLP
Robert Fried, Esq.
11300 Tomahawk Creek Pkwy, Ste 310
Leawood, KS 66211
E-mail: robert.fried@practus.com

10.16. Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

10.17. Stay of Litigation. The Parties agree that as of the date of the Parties' second mediation (February 27, 2025), the Action is stayed, except to effectuate the terms of the Settlement. The case stay includes a stay of Plaintiff's deadline to file a motion to compel discovery against Defendant. Pursuant to California Code of Civil Procedure § 583.330, the Parties further agree that the date to bring a case to trial under California Code of Civil Procedure § 583.310 shall be extended for the duration of the settlement approval process.

[Signatures on following page]

AGREED AND UNDERSTOOD BY:

Plaintiff:

Dated: Apr 30, 2025 By: ______________________

Juan Manzo Ochoa (Apr 30, 2025 16:12 PDT)

Juan Jose Manzo Ochoa

Defendant:

Dated: By: ______________________

Empire Insulation, Inc.

Title: ______________________

APPROVED AS TO FORM ONLY BY:

Plaintiff's Counsel:

Dated: 4/30/2025 MOON LAW GROUP, PC

By: ______________________

Kane Moon
Allen Feghali
Charlotte Mikat-Stevens
Attorneys for Plaintiff

Defendant's Counsel:

Dated: PRACTUS, LLP

By: ______________________

Robert Fried
Attorneys for Defendant

AGREED AND UNDERSTOOD BY:

Plaintiff:

Dated: By: ______________________________
Juan Jose Manzo Ochoa

Defendant:

Dated: 05/05/2025 By: ______________________________
Empire Insulation, Inc.

Title: CEO

APPROVED AS TO FORM ONLY BY:

Plaintiff's Counsel:

Dated: MOON LAW GROUP, PC

By: ______________________________
Kane Moon
Allen Feghali
Charlotte Mikat-Stevens
Attorneys for Plaintiff

Defendant's Counsel:

Dated: PRACTUS, LLP

By: ______________________________
Robert Fried
Attorneys for Defendant

AGREED AND UNDERSTOOD BY:

Plaintiff:

Dated: By: ______________________________
Juan Jose Manzo Ochoa

Defendant:

Dated: By: ______________________________
Empire Insulation, Inc.

Title: ______________________________

APPROVED AS TO FORM ONLY BY:

Plaintiff's Counsel:

Dated: MOON LAW GROUP, PC

By: ______________________________
Kane Moon
Allen Feghali
Charlotte Mikat-Stevens
Attorneys for Plaintiff

Defendant's Counsel:

Dated: May 5, 2025 PRACTUS, LLP

By: Robert Fried
Robert Fried
Attorneys for Defendant

EXHIBIT A

NOTICE OF PAGA SETTLEMENT

RE: *Ochoa v. Empire Insulation, Inc.*,
San Diego County California Superior Court, Case No. 37-2021-00035870-CU-OE-CTL

TO: All current and former employees who worked for Empire Insulation, Inc., in California in a non-exempt position at any time between August 15, 2020, through August 12, 2024.

A settlement (referred to herein as the "PAGA Settlement") has been reached in a lawsuit for civil penalties pursuant to the California Private Attorneys General Act of 2004, Labor Code sections 2698, *et seq.* (referred to herein as "PAGA"), as a result of alleged California Labor Code violations by Defendant Empire Insulation, Inc. (referred to herein as "Defendant"). The purpose of this Notice is to advise you as to why you are receiving a portion of the PAGA Settlement proceeds and how your rights are being affected by the PAGA Settlement.

The San Diego Superior Court has approved the PAGA Settlement and this Notice. *Read this Notice carefully. Your rights will be affected whether or not you read this Notice. This is not a solicitation by a lawyer and you are not being sued.*

Who is affected by this PAGA Settlement?

The Court has designated, for settlement purposes only, the following persons as "Aggrieved Employees":

> All current and former employees of Defendant who worked for Defendant in California in a non-exempt position at any time during the PAGA Period. The "PAGA Period" is August 15, 2020, through August 12, 2024.

A review of Defendant's business records reveals that you are an Aggrieved Employee, and therefore, are entitled to the enclosed check (your "Individual PAGA Payment"[1]). The enclosed check constitutes your pro-rata share from the PAGA Penalties allocation: **<<PAGAPaymentAmount>>**. Your share was calculated based on the number of Pay Periods you worked as an Aggrieved Employee during the PAGA Period, as determined by a review of Defendant's records: **<<PAGAPayPeriods>>**.

What is this PAGA Settlement about?

Plaintiff Juan Jose Manzo Ochoa (referred to herein as "Plaintiff") filed this lawsuit on August 20, 2021, in the California Superior Court, County of San Diego, entitled *Juan Jose Manzo Ochoa v. Empire Insulation, Inc.*, Case No. 37-2021-00035870-CU-OE-CTL (the "Action"). Plaintiff's Action seeks, on behalf of himself, other Aggrieved Employees, and the State of California, civil penalties pursuant to PAGA for Defendant's alleged violations of the California Labor Code.

Defendant expressly denies all allegations and deny any failure to comply with the laws identified in the Action. Plaintiff maintains his allegations have merit. Nonetheless, both sides have agreed to settle in recognition of the substantial risks, duration, and costs associated with continued litigation. The PAGA Settlement is not an admission of liability on the part of Defendant, nor is it an admission on the part of Plaintiff that his claims do not have merit.

The PAGA Settlement fully resolves Plaintiff's alleged claims in the Action for failure to pay minimum and overtime wages, failure to provide meal periods, failure to authorize and permit rest breaks, failure to indemnify necessary business expenses, failure to timely pay final wages at termination, and failure to provide accurate itemized wage statements. These claims have been dismissed with prejudice.

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[1] One hundred percent (100%) of your Individual PAGA Payment will be considered penalties for tax reporting purposes. Your Individual PAGA Payment will be reported to the appropriate tax authorities on an IRS 1099 Form, and may be subject to local, state, or federal tax withholdings. You should discuss with your own tax advisors as to the tax consequences, if any, of your Individual PAGA Payment. Neither the Parties nor their attorneys have made any representations or warranties regarding the taxation of your Individual PAGA Payment.

What are the terms of the PAGA Settlement?

Defendant has paid $**250,000.00** (referred to herein as the "Gross Settlement Amount"), which will be used to pay: (1) a General Release Payment to Plaintiff in the amount of $______; (2) a PAGA Counsel Fees Payment to Plaintiff's attorneys in the amount of $______ (which is one-third of the Gross Settlement Amount), as reasonable consideration for litigation work performed in the Action; (3) a PAGA Counsel Litigation Expenses Payment to Plaintiff's attorneys in the amount of $_______, as reimbursement for actual costs incurred in the Action; (4) an Administration Expenses Payment to the Settlement Administrator in the amount of $_______, for its services in administering the PAGA Settlement; and (5) a PAGA Penalties allocation in the amount of $______, which will be distributed as 75% ($_______) payable to the California Labor and Workforce Development Agency (the "LWDA") and 25% ($_______) payable to Aggrieved Employees through Individual PAGA Payments.

What claims are released under the PAGA Settlement?

Upon the date of the Court's signature affixed to the Settlement Approval Order and Defendant's full funding of the Gross Settlement Amount, all Aggrieved Employees will release the Released PAGA Claims:

> The "Released PAGA Claims" are: all claims for civil penalties under PAGA that arose during the PAGA Period and were alleged in Plaintiff's PAGA Notice to the LWDA that was submitted on August 14, 2021, and in Plaintiff's Operative Complaint filed in the Action on December 8, 2021 (as modified by the Court's Order re: Request for Dismissal of Class and Individual Allegations Without Prejudice that was entered on March 21, 2022), or that reasonably could have been alleged based on the facts asserted therein.
>
> The "Released Parties" are: Defendant and each of its former and present owners, parents, and subsidiaries, and all of their former and present officers, directors, members, managers, consultants, partners, shareholders, joint venturers, agents, predecessors, successors, affiliates, assigns, accountants, insurers, reinsurers, and/or legal representatives.

The PAGA Settlement is limited to a release of claims for civil penalties pursuant to PAGA alleged by Plaintiff, for unpaid minimum and overtime wages, failure to provide meal or rest breaks as required under the California Labor Code or to provide premium payments for non-compliant meal and rest breaks, failure to reimburse for necessary or reasonable business expenses, failure to timely pay final wages at termination, and failure to provide accurate itemized wage statements. The PAGA Settlement is limited to claims arising inside of the PAGA Period. The PAGA Settlement does not release any other claims you may have against the Released Parties.

What if I lose my check?

Your Individual PAGA Payment check will remain valid and negotiable for one hundred eighty (180) days from the date of the check's issuance, as stated on your check (the "Void Date"). If you do not cash your check before the Void Date, the Administrator will cancel your check and transmit those funds to the California State Controller's Unclaimed Property Fund to be held in your name. To obtain your funds from the Unclaimed Property Fund, please consult: https://www.sco.ca.gov/search_upd.html.

If your check is lost or misplaced, you should contact the Administrator to request a replacement. They can be contacted as follows:

<<Administrator Name>>
<<Address>>
<<Tel. Number>>
<<Email>>

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