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Attorneys for Plaintiff
NICOLE E. DROZ

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN DIEGO

NICOLE E. DROZ, individually and on behalf of all others similarly situated, Plaintiff, vs. DIRECT RECONDITIONING, LLC, a limited liability company; and DOES 1 through 10, inclusive, Defendants.	) CASE NO. 37-2021-00038970-CU-OE-CTL)) JOINT STIPULATION REGARDING) SETTLEMENT OF CLASS AND) REPRESENTATIVE ACTION)) Judge: Hon. Loren G. Freestone) Dept.: C-64) Action Filed: September 13, 2021) FAC Filed: December 23, 2021) Trial date: Not Set)
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INTRODUCTION

This Joint Stipulation regarding Settlement of Class and Representative Action
("Settlement Agreement" or "Settlement") is made and entered into by and between Plaintiff
Nicole Droz ("Plaintiff"), individually, on behalf of all putative class members, and on behalf of

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all aggrieved employees, and Defendant Direct Reconditioning, LLC ("Defendant"). Plaintiff and Defendant are collectively referred to herein as the "Parties." This Settlement Agreement is subject to the terms and conditions set forth below and the Court's approval. This Settlement Agreement completely resolves the wage and hour class and representative action filed by Plaintiff against Defendant in the Superior Court of California, County of San Diego as Case Number: 37-2021-00038970-CU-OE-CTL.

I. DEFINITIONS

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

1. "Action" means the case entitled *Droz v. Direct Reconditioning, LLC*, Case No. 37-2021-00038970-CU-OE-CTL, pending before the Court.

2. "Class" means all non-exempt, hourly-paid California employees employed by Defendant during the Class Period. Members of the Class are referred to herein individually as a "Class Member" and collectively as "Class Members." A member of the Class can either be a Participating Class Member or Non-Participating Class Member (including a Non-Participating Class Member who qualifies as a PAGA Member).

3. "Class List" means a list of Class Members that Defendant will compile from its records. The Class List shall include each Class Member's full name, last known address to the extent available in Defendant's business records, social security number, and dates of employment in a non-exempt, hourly-paid position with Defendant during the Class Period.

4. "Class Period" means the time period between September 13, 2017 to February 1, 2021.

5. "Class Representative" means Nicole Droz, the named Plaintiff in the Action seeking Court approval to serve as a Class Representative.

6. "Class Representative's Service Award" means up to \$7,500.00 payment to the named Class Representative for initiating the Action and providing services in support of the Action.

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1 7. "Complaint" means any claims or causes of action alleged in the Complaint or the
2 First Amended Complaint in the Action.

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

4 9. "Defense Counsel" or "Defendant's Counsel" means Michael W. Healy and Jenny
5 Yu, Lagasse Branch Bell + Kinkead LLP, counsel of record for Defendant.

6 10. "Effective Date" means the date 60 days after the notice of the order granting final
7 approval of this settlement is served if no appeal is filed. If an appeal is timely filed, the
8 Effective Date shall be the date that this settlement and any ensuring order or judgment can no
9 longer be appealed or challenged, and this Settlement Agreement has become final and binding.

10 11. "Final Approval" means the Court order granting final approval of the Settlement
11 Agreement and entering final judgement thereon.

12 12. "Individual Class Payment" means each Participating Class Member's share of the
13 Net Settlement Amount calculated in accordance with the Individual Class Payment Calculations
14 described below.

15 13. "Individual PAGA Payment" means each PAGA Member's share of the Net
16 PAGA Amount calculated in accordance with the Individual PAGA Payment Calculations
17 described below.

18 14. "Gross Settlement Amount" means the total amount of \$200,000.00 which
19 Defendant is required to pay under this Settlement Agreement (subject to Plaintiff obtaining
20 Final Approval and exhaustion of any and all challenges and appeals). Defendant shall separately
21 pay employer payroll taxes related to wage payments made under the Settlement Agreement.
22 Defendant is under no obligation under this Settlement Agreement to pay anything other than the
23 Gross Settlement Amount and the employer payroll taxes referenced above.

24 15. "Net Settlement Amount" means the Gross Settlement Amount less the amounts
25 approved and awarded by the Court for: (1) attorneys' fees of Class Counsel, (2) documented
26 litigation costs and expenses incurred or advanced by Class Counsel, (3) the Class
27 Representative's Service Award, (4) PAGA Award, and (5) the Settlement Administration Costs.

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1 16. "Response Deadline" means the deadline by which Class Members must postmark
2 or fax to the Settlement Administrator a valid request to be excluded from the settlement. The
3 Response Deadline shall be sixty (60) calendar days from the initial mailing of the Notice of
4 Settlement by the Settlement Administrator, unless the 60th day falls on a Sunday or federal
5 holiday, in which case the Response Deadline will be extended to the next day on which the U.S.
6 Postal Service is open.

7 17. "Notice of Settlement" means the notice that the Court approves and orders to be
8 sent to all Class Members advising them of their rights under this Settlement Agreement. The
9 Notice of Settlement is attached hereto as Exhibit 1.

10 18. "PAGA Award" shall mean the \$10,000.00 of the Gross Settlement Amount that
11 is allocated to PAGA penalties in this Settlement Agreement. 75% will be remitted to the Labor
12 Workforce and Development Agency (LWDA) pursuant to Private Attorneys General Act of
13 2004, Labor Code 2698, et seq. (PAGA) and 25% will be the "Net PAGA Amount."

14 19. "PAGA Member(s)" shall mean and refer to all non-exempt, hourly-paid
15 California employees employed by Defendant during the PAGA Period.

16 20. "PAGA Pay Periods" means the total number of pay periods PAGA Members
17 were employed by Defendant in a non-exempt, hourly-paid position in California at any of its
18 locations during the PAGA Period. PAGA Pay Periods shall be calculated (1) for former
19 employees by counting the number of days between each Class Member's hire date and last
20 worked date during which they were employed by Defendant in a non-exempt, hourly-paid
21 position during the PAGA Period and dividing that sum by fourteen, or (2) for current employees
22 by counting the number of days between each PAGA Member's hire date and the last date of the
23 PAGA Period during which they were actively employed by Defendant in a non-exempt, hourly-
24 paid position during the PAGA Period and dividing that sum by fourteen.

25 21. "PAGA Period" shall mean and refer to the period of September 13, 2020 to
26 February 1, 2021.

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22. "Participating Class Members" include all Class Members who do not submit a valid request to be excluded from the settlement, consistent with the terms set forth in this Settlement Agreement.

23. "Non-Participating Class Members" include all Class Members who submit a valid request to be excluded from the settlement, consistent with the terms set forth in this Settlement Agreement.

24. "Plaintiff's Counsel" or "Class Counsel" means Kane Moon, Lilit Ter-Astvatsatryan, and Linh H. Tran, Moon Law Group, PC, counsel of record for Plaintiff.

25. "Preliminary Approval" means the Court's order granting preliminary approval of the Settlement Agreement.

26. "Qualified Settlement Account" means the account established by the Settlement Administrator into which the Gross Settlement Amount and all employer payroll taxes associated therewith shall be deposited.

27. "Settlement Administrator" means a third-party class action settlement administrator mutually agreed to by the Parties and approved by the Court for the purposes of administering this settlement. Subject to Court approval, the Parties have agreed that ILYM Group, Inc. will serve as a neutral third-party claims administrator settlement administrator to perform all acts required by the Settlement Agreement, including but not limited to providing notice to the Class Members.

28. "Settlement Administration Costs" mean the expenses payable from the Gross Settlement Amount to the Settlement Administrator for administering this Settlement Agreement, including, but not limited to, calculating weeks of employment from the Class List, printing, distributing and tracking forms for this settlement, mailing notices, calculating awards, processing requests for exclusion and objections, performing necessary skip traces on Notices of Settlement returned as undeliverable, mailing Participating Class Members settlement checks, issuing any required tax reporting forms, distributing the Gross and Net Settlement Amounts and providing necessary reports and declarations, as requested by the Parties, Class Counsel and Defendant's Counsel, among other things in this Settlement Agreement. The Settlement

Administration Costs are expected to total no more than \$10,000.00. Any portion of the Settlement Administration Costs which is not used shall be returned to the Net Settlement Amount for *pro rata* distribution to Participating Class Members, and will not revert to Defendant.

29. "Workweeks" means the total number of weeks Class Members were employed by Defendant in a non-exempt, hourly-paid position in California at any of its locations during the Class Period. Workweeks shall be calculated (1) for former employees by counting the number of days between each Class Member's hire date and last worked date during which they were employed by Defendant in a non-exempt, hourly-paid position during the Class Period and dividing that sum by seven, or (2) for current employees by counting the number of days between each Class Member's hire date and the last date of the Class Period during which they were actively employed by Defendant in a non-exempt, hourly-paid position during the Class Period and dividing that sum by seven.

II. PROCEDURAL AND FACTUAL BACKGROUND

30. On or about September 13, 2021, Plaintiff sent a letter to the LWDA and Defendant alleging the following on behalf of Plaintiff and aggrieved employees who worked for Defendant in California at hourly paid, non-exempt employees during the applicable period: (1) failure to pay for all hours worked, including overtime, (2) failure to provide meal periods, (3) failure to authorize and permit rest periods, (4) failure to maintain accurate records of hours worked and meal periods, (5) failure to reimburse and indemnify expenses, (6) failure to timely pay all wages at termination, failure to furnish accurate itemized wage statements, and (7) failure to pay all earned wages twice per month (the "PAGA Notice").

31. On or about September 13, 2021, Plaintiff filed the Complaint against Defendant stating causes of action for (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 (the "Complaint"). Plaintiff sought damages, wages, break premiums, reimbursement,

1 liquidated damages, attorneys' fees, prejudgment interest, statutory penalties, and equitable
2 relief.

3 32. On or about December 23, 2021, Plaintiff filed a First Amended Complaint
4 alleging the claims set forth in the PAGA Notice and adding a claim for civil penalties (the "First
5 Amended Complaint"). The amended complaint alleged the following causes of action for (1)
6 failure to pay minimum wages, (2) failure to pay overtime compensation, (3) failure to provide
7 meal periods, (4) failure to authorize and permit rest breaks, (5) failure to indemnify necessary
8 business expenses, (6) failure to timely pay final wages at termination, (7) failure to provide
9 accurate itemized wage statements, (8) unfair business practices, and (9) civil penalties under
10 PAGA (the "First Amended Complaint"). Plaintiff sought damages, wages, break premiums,
11 reimbursement, liquidated damages, attorneys' fees, prejudgment interest, statutory penalties,
12 civil penalties, and equitable relief.

13 33. Both Parties engaged in formal written discovery including form and special
14 interrogatories and requests for production of documents. Plaintiff and Defendant also engaged
15 in informal discovery including the production of time records and payroll records for Plaintiff.
16 The Parties exchanged substantial formal and informal discovery and engaged in lengthy
17 conferences regarding Plaintiff's claims and the claims of the alleged aggrieved employees and
18 putative class members, the value of those claims, and Defendant's defenses to those claims.
19 Parties also engaged in the preparation of a Belaire-West notice to facilitate the production of
20 putative class member information.

21 34. Plaintiff contends that Defendant violated the California Labor Code in the ways
22 identified in the PAGA Notice, the Complaint, and the First Amended Complaint.

23 35. Defendant denies any liability or wrongdoing of any kind associated with the
24 claims alleged in the PAGA Notice, the Complaint, and the First Amended Complaint.
25 Defendant contends that it has complied at all times with the California Labor Code. If this case
26 were to be litigated, Defendant maintains that the PAGA claims for civil penalties would fail
27 because they are unmanageable and the remaining class action claims are not appropriate for
28 class treatment for any purpose other than this settlement.

1 36. The Action, the negotiation and execution of this Settlement Agreement, and all
2 acts performed or documents executed pursuant to or in furtherance of the Settlement Agreement
3 (i) shall not be used as an admission or evidence of wrongdoing on behalf of Defendant; (ii) shall
4 not be an admission or evidence of fault on behalf of Defendant in any action before a civil,
5 criminal, or administrative agency; and (iii) shall not be deemed to be, and may not be used as,
6 an admission or evidence of the appropriateness of these or similar claims for class certification
7 in the Action or with respect to any other proceeding.

8 37. Class Counsel represent they have conducted a thorough investigation into the
9 facts and law during the prosecution of this class action case, including the exchange of
10 extensive formal and informal discovery and the review and verification of statistical data and
11 other facts and information provided by Defendant. Counsel for the Parties also represent they
12 have investigated the applicable law as applied to the facts discovered regarding the alleged
13 claims of Plaintiff and the putative class and potential defenses thereto.

14 38. On February 1, 2023, the Parties participated in a mediation session with Hon.
15 Carl J. West (Ret.), a mediator with substantial experience presiding over and resolving
16 employment class and representative actions. After vigorous negotiations, the Parties were
17 unable to reach a resolution of the matter.

18 39. On September 26, 2023, Lagasse Branch Bell + Kinkead filed a substitution of
19 attorney to assume representation of Defendant.

20 40. After extended further negotiations, the Parties reached an agreement to resolve
21 the class and representative claims on or about October 17, 2023.

22 41. Based on their own independent investigation and evaluation, Class Counsel are
23 of the opinion (and will so represent to the Court) that settlement for the consideration and on the
24 terms set forth in this Settlement Agreement is fair, reasonable, and adequate and is in the best
25 interest of the Class Members in light of all known facts and circumstances, including the risk of
26 significant delay, the risk that Class Member claims would be ordered to individual arbitration,
27 and any class claims would not be certified by the Court, and the defenses asserted by Defendant.
28

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Defendant and its counsel also agree (and will so represent to the Court) that this settlement is fair and in the best interest of the Class Members.

42. The Parties agree that the Class described herein may be certified for settlement purposes only and that any motion for preliminary approval seeking, *inter alia*, certification of the class is for purposes of the settlement only. If for any reason the settlement is not approved, the certification will have no force or effect and will immediately be revoked. The Parties further agree that certification for purposes of the settlement is in no way an admission that class certification is proper under the more stringent standard applied for litigation and that evidence of this limited stipulation for settlement purposes only will not be admissible for any purpose in this or any other proceeding. The Parties further agree that by entering this settlement, Defendant is not waiving its right to enforce the arbitration agreements it has with Defendant employees.

III. DUTIES OF THE PARTIES BEFORE PRELIMINARY APPROVAL AND BETWEEN PRELIMINARY AND FINAL APPROVAL

43. Promptly after the execution of this Settlement Agreement, Class Counsel shall move the Court for Preliminary Approval of the Settlement and obtain entry of an order accomplishing the following:

- a. Provisionally certifying this action under California law as a class action for purposes of this settlement only;
- b. Preliminarily approving the settlement subject only to objections of Class Members, the terms of the Parties' Settlement Agreement, and final approval by the Court;
- c. Approving as to form and content the proposed Notice of Settlement attached hereto as Exhibit 1;
- d. Directing the mailing of the Notice of Settlement by first-class mail to the Class Members;
- e. Preliminarily appointing Plaintiff as class representative and Plaintiff's Counsel as class counsel (only for purposes of effectuating and implementing this Settlement Agreement);
- f. Preliminarily approving the application for payment of reasonable

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attorneys' up to one-third (1/3) of the Gross Settlement Amount, but not to exceed \$66,666.67; and reimbursement of reasonable litigation-related costs and expenses not to exceed \$20,000.00, payable to Class Counsel. Defendant agrees not to dispute, undermine, or otherwise object to the attorneys' fees and costs awards requested by Class Counsel provided they do not exceed the forgoing enumerated amounts, respectively;

g. Preliminarily approving the service award to the Class Representative in an amount equal to \$7,500.00. An IRS Form 1099 will be issued to the Class Representative with respect to the Service Award. Defendant agrees not to dispute, undermine, or otherwise object to the Service Award requested by Plaintiff provided it does not exceed the forgoing enumerated amount;

h. Preliminarily approving settlement administration services by Settlement Administrator and its estimated Settlement Administration Costs of not to exceed \$10,000.00.

i. Preliminarily approving the allocation of civil penalties pursuant to the PAGA in the amount of \$10,000.00, 75% or \$7,500.00 of which shall be payable to the LWDA and 25% or \$2,500.00 of which will be the Net PAGA Amount and shall be distributed to PAGA Members; and

j. Scheduling a hearing for Final Approval on the question whether the proposed settlement should be finally approved as fair, reasonable and adequate to Class Members.

44. Plaintiff shall submit this Settlement Agreement in support of the Motion for Preliminary Approval.

45. Plaintiff shall also submit this Settlement Agreement to the LWDA (as required by Cal. Labor Code §2699(1)(2)) and to the Court in support of Plaintiff's motion for Preliminary Approval.

46. Class Counsel will file a Motion for Final Approval of the Settlement and supporting documents with the Court as required under the applicable code section. Supporting documents shall include, but are not limited to: (a) a declaration by the Settlement Administrator of due diligence and proof of mailing of the Notice of Settlement required to be mailed to Class

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Members by this Settlement Agreement, and of the delivery results of the Settlement Administrator's mailings, including tracing and re-mailing efforts; and (b) a proposed Order and Judgment granting Final Approval.

47. Defendant will not object to or oppose Final Approval of the settlement, including application by Class Counsel for the Service Award, attorneys' fees and reimbursement of litigation-related costs and expenses as set forth above.

48. The proposed Order and Judgment granting Final Approval shall include the following findings and orders:

- a. Approving the settlement, adjudging the terms thereof to be fair, reasonable and adequate, and directing that its terms and provisions be carried out;
- b. Approving payment of the Service Award to the Class Representative;
- c. Approving Class Counsel's application for an award of reasonable attorneys' fees and reimbursement of reasonable litigation-related costs and expenses;
- d. Approving the Settlement Administration Costs;
- e. Approving payment of civil penalties to the LWDA;
- f. Entering final judgment releasing all Class Released Claims of the Participating Class Members against all Released Parties;
- g. Entering final judgment releasing all PAGA Released Claims of the PAGA Members against all Released Parties;
- h. Entering judgment in this Action in accordance with this Settlement Agreement, pursuant to Cal. Rules of Court, Rule 3.769(h); and
- i. Providing that the Court will retain jurisdiction to oversee administration and enforcement of the terms of the settlement and the Court's orders.

IV. DUTIES OF THE PARTIES AFTER FINAL APPROVAL

49. Following entry of the Court's Order and Judgment granting Final Approval of the Settlement Agreement, the Parties will each act to assure its timely execution and the fulfillment of all its provisions, including, but not limited to the following:

- a. Should an appeal be taken from the Order and Judgment granting Final

1 Approval of the Settlement Agreement, all Parties will support the Order and Judgment granting
2 Final Approval on appeal.

3 b. Class Counsel and Defendant's Counsel will reasonably assist the
4 Settlement Administrator as needed or requested in locating Class Members and PAGA
5 Members and resolving issues related to settlement administration.

6 **V. TERMS OF AGREEMENT**

7 50. Terms of this Settlement Agreement are subject to Court Approval. All terms set
8 forth in this Settlement Agreement are subject to Court approval. The Parties stipulate to class
9 certification for purposes of settlement only. Plaintiff shall apply to the Court for approval of the
10 Settlement Agreement and for class certification solely for purposes of effectuating this
11 settlement. Defendant shall not oppose such application. If, for any reason, the settlement is not
12 approved, the stipulation to certification will be void. The Parties further agree that certification
13 for purposes of settlement is not an admission that class certification is proper under the standard
14 applied to contested certification motions and that this settlement will not be admissible in this,
15 or in any other, legal process or proceeding as evidence that (i) a class should be certified or (ii)
16 Defendant is liable to Plaintiff or any other Class Members or PAGA Members.

17 51. Overview of Payment Structure. This settlement is made on a non-reversionary
18 basis. This settlement shall consist of a Gross Settlement Amount which, in turn, is comprised of:
19 (1) Net Settlement Amount for Class Members; (2) an award of attorneys' fees to Class Counsel;
20 (3) an award of litigation expenses and costs to Class Counsel; (4) an award of Settlement
21 Administration Costs; (5) a PAGA Award of \$10,000.00 (75% or \$7,500.00 of which shall be
22 paid to the LWDA, and the remaining 25% or \$2,500.00 of which shall be distributed to PAGA
23 Members as part of the Net PAGA Amount), and (6) a Service Award to the Class
24 Representative. Further specifics are provided below.

25 52. Gross Settlement Amount. Defendant shall pay \$200,000.00 to fund settlement of
26 this action. The payments by Defendant pursuant to this Settlement Agreement shall settle all
27 claims released herein. The settlement payment is not being made for any other purpose and will
28 not be construed as compensation for determining eligibility for any health and welfare benefits

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or unemployment compensation. Defendant shall be responsible for paying any appropriate and lawfully required employer payroll taxes related to the wage portion of the Individual Class Payments in addition to the Gross Settlement Amount.

53. Funding and Disbursement of the Gross Settlement Amount. The Gross Settlement Amount will be paid to the Settlement Administrator no later than 15 calendar days after the Effective Date. The Settlement Administrator shall disburse the first portion of the Gross Settlement Amount to the recipients designated herein no later than 45 calendar days after the Effective Date. From the Gross Settlement Amount the Settlement Administrator shall pay: (1) the Class Representative's Service Award; (2) the Settlement Administration Costs; (3) the part of the PAGA Award or \$7,500.00 payable to the LWDA; (4) Class Counsel's awarded attorney fees; (5) Class Counsel's awarded costs; (6) the Net PAGA Amount to PAGA Members; and (7) the Net Settlement Amount to Participating Class Members.

54. Service Award. In exchange for a general release, and in recognition of Plaintiff's efforts and work in prosecuting the Action on behalf of all Class Members, Defendant agrees not to oppose or object to any application or motion for a Service Award to the Class Representative in an amount equal to or less than \$7,500.00, which shall be payable from the Gross Settlement Amount and shall be in addition to payment of the Individual Class Payment and Individual PAGA Payment, if any, payable to Plaintiff, and is further consideration for settling this matter. The Settlement Administrator shall issue an IRS Form 1099 for the Service Award. The Class Representative shall be solely and legally responsible to pay any and all applicable taxes on the payment made pursuant to this paragraph. Any reduction in the amount of the Service Award by the Court shall remain in the Net Settlement Amount to be distributed to Participating Class Members.

55. Settlement Administration Costs. The Settlement Administrator shall be paid for the costs of administration of the settlement and distribution of all payments from the Gross Settlement Amount. Subject to Court approval, the Parties have agreed that ILYM Group, Inc. will serve as Settlement Administrator. Settlement Administration Costs are expected to total no more than \$10,000.00. These costs, which shall be paid from the Gross Settlement Amount, shall

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be used to administer the settlement, including, inter alia, preparing the required tax reporting on the Individual Class Payments, issuing 1099 and W-2 IRS Forms, distributing the Notice of Settlement, calculating Individual Class Payments, calculating Individual PAGA Payments, processing exclusion requests, resolving disputes with Class Members and PAGA Members, distributing the Net Settlement Amount and the Net PAGA Amount as directed by the Court and as set forth herein, and providing necessary reports and declarations. No fewer than ten (10) calendar days prior to the Final Approval hearing, the Settlement Administrator shall provide the Court and all counsel for the Parties with a statement detailing the Settlement Administration Costs. The Parties agree to cooperate in the settlement administration process and to make all reasonable efforts to control and minimize the costs and expenses incurred in the administration of the settlement. An IRS Form 1099 shall be issued to the Settlement Administrator.

56. PAGA Award. The Parties agree that \$10,000.00 shall be allocated to settle the claims pursuant to the PAGA. Of this amount, seventy-five percent (75%) or \$7,500.00 shall be made payable to the LWDA and twenty-five percent (25%) or \$2,500.00 shall be distributed to PAGA Members as the Net PAGA Amount.

57. Payment of Class Counsel's Attorneys' Fees and Litigation Costs and Expenses. Defendant agrees not to object to, undermine or oppose any application or motion by Class Counsel for an award of attorneys' fees not to exceed \$66,666.67 or one-third of the Gross Settlement Amount, and reasonable litigation-related costs and expenses not to exceed \$20,000.00, which is subject to review and final approval by the Court. If approved, the Court's award of attorneys' fees and reimbursement of litigation costs and expenses to Class Counsel shall be paid from the Gross Settlement Amount. Any portion of the amounts sought by Class Counsel not awarded by the Court shall revert back to the Net Settlement Amount for distribution to Participating Class Members, and will not revert to Defendant under any circumstance. Class Counsel shall be solely and legally responsible to pay all applicable taxes on the payments made pursuant to this paragraph. IRS Form 1099 shall be provided to Class Counsel for the payments made pursuant to this paragraph.

58. Net Settlement Amount. The Net Settlement Amount shall be available for

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1 distribution to Participating Class Members in accordance with the notice procedure and formula
2 set forth in this Settlement Agreement.

3 59. Notice Procedure. The Settlement Administrator shall be responsible for the
4 following notice procedure:

5 a. Delivery of the Class List. Within 15 calendar days from the Court's Order
6 preliminarily approving the settlement, Defendant shall provide the Class List to the Settlement
7 Administrator. The Class List shall contain (to the extent available in Defendant's business
8 records) Class Members' last known addresses, social security numbers, and dates of
9 employment as non-exempt, hourly-paid employees of Defendant during the Class Period. The
10 Class List information shall remain confidential and shall not be disclosed to anyone, including
11 Class Counsel, except specifically to carry out reasonable efforts described below, or pursuant to
12 express written authorization by Defendant. The Settlement Administrator shall use due care
13 with respect to the storage, custody, use, and/or dissemination of the class list and information
14 therein. The Settlement Administrator will perform address updates and verifications including
15 running a check of Class Members' addresses in the U.S. Postal Service's National Change of
16 Address List.

17 b. Notice. A notice of pendency of class action, proposed settlement, and
18 hearing date for Court approval (previously defined as Notice of Settlement), substantially in the
19 form attached hereto as Exhibit 1 and as approved by the Court, shall be sent by the Settlement
20 Administrator to the Class Members (in English and Spanish), by First Class U.S. mail, within
21 20 calendar days after service of the order granting Preliminary Approval. The Notice of
22 Settlement shall be sent via regular First Class U.S. Mail, using the most updated mailing
23 addresses. Each Class Member will be fully advised of the settlement, the ability to object to the
24 settlement, in writing and/or in person, and the ability to submit a request for exclusion. The
25 Notice of Settlement will further inform Class Members of the Court-established deadlines for
26 filing objections or request for exclusion. The Notice of Settlement will also include the
27 calculation of Workweeks during the applicable Class Period, calculation of the PAGA Pay
28 Periods during the applicable PAGA Period, and corresponding estimated Individual Class

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1 Payment and Individual PAGA Payment, if any (which will be based upon the assumption that
2 the requests for attorney's fees and costs and the Service Award are awarded in full).

3 c. Procedure for Lost and Undeliverable Notices. Any Notice of Settlement
4 returned to the Settlement Administrator as non-delivered on or before the Response Deadline
5 shall be sent to the forwarding address affixed thereto, if a forwarding address is provided. If no
6 forwarding address is provided, the Settlement Administrator shall promptly, but no later than 15
7 days of receiving notice that the Notice of Settlement was undeliverable, attempt to determine a
8 correct address using a skip-trace, or other search using the name, address and/or social security
9 number of the Class Member involved, and shall re-mail the Notice of Settlement. If the Notice
10 of Settlement is resent after a skip-trace and the Notice of Settlement is again returned to the
11 Settlement Administrator as non-deliverable, that individual will be deemed a Participating Class
12 Member for purposes of the Released Claims (as defined below), and the Settlement
13 Administrator will have no further obligation to obtain the Class Member's current address. The
14 Response Deadline for any Class Member who is re-mailed a Notice of Settlement shall be 15
15 calendar days from the date of the re-mailing or the original 60 calendar day deadline, whichever
16 is later.

17 60. Request for Exclusion Procedure. The Notice of Settlement, to be approved by
18 Court, shall provide Class Members with instructions on how to exclude themselves or "opt out"
19 if they do not wish to participate in this settlement.

20 a. Class Members who wish to opt out of this settlement must sign a mail a
21 written request to be excluded from the Settlement ("Request for Exclusion") to the Settlement
22 Administrator, and mail the form to the Settlement Administrator no later than 60 calendar days
23 after the initial mailing of the Notice of Settlement. To be valid, a Request for Exclusion must
24 include the Class Member's name, Class Member's signature, the last four digits of their Social
25 Security Number, and the following statement: "Please exclude me from the Class in the *Droz v.*
26 *Direct Reconditioning, LLC*" or a statement of similar meaning. The date of the postmark shall
27 be deemed the date of submission, and the timeliness of the submitted Request for Exclusion will
28

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1 be determined by valid postmark. If the 60th day falls on a Sunday or federal holiday, the time to
2 request exclusion will be extended to the next day that is a nonholiday weekday.

3 b. Any valid Request for Exclusion serves to exclude Class Members from
4 being Participating Class Members, being subject to the Class Release, and receiving the
5 Individual Class Payment from the Net Settlement Amount. The Request for Exclusion has no
6 bearing or effect on the Class Member's status as a PAGA Member, being subject to the PAGA
7 Release, and distribution of the Individual PAGA Payment.

8 c. Within 5 calendar days after receipt by the Service Administrator of each
9 timely-submitted Request for Exclusion, the Service Administrator will send a deficiency notice
10 to the Class Members for any irregularities in any Request for Exclusion (such as failure to sign
11 or include last 4 digits of Social Security Number). The deficiency notice will provide the Class
12 Members no more than 15 calendar days from the mailing of the deficiency notice to postmark a
13 written response to cure all deficiencies. The failure of a Class Member to cure all deficiencies in
14 a timely manner shall invalidate a Request for Exclusion and will not be subject to cure.

15 d. A Class Member who does not properly and timely submit a Request for
16 Exclusion from the settlement in the manner and by the deadline specified above will be
17 considered a Participating Class Member and will be bound by all terms and conditions of the
18 Settlement Agreement, including its release of claims, if the Settlement Agreement is approved
19 by the Court, and be bound by the Final Approval Order, regardless of whether he or she has
20 objected to the Settlement Agreement. In consideration for settlement and release of all claims of
21 the Participating Class Members against Defendant, each Participating Class Member will
22 receive a share of the Net Settlement Amount.

23 e. A Class Member who properly and timely submits a Request for
24 Exclusion of the Settlement Agreement will be a Non-Participating Class Member, will not be
25 bound by the Settlement Agreement, and will not have a right to object to the settlement.

26 f. To the extent any Class Member submits a Request for Exclusion, that
27 Class Member's unclaimed portion shall be reallocated to the Net Settlement Amount and
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distributed to Participating Class Member on a proportional basis based on the size of each Participating Class Member's original claim.

g. Counsel for the Parties shall not discourage any Class Member from participating in, objecting to or opting out of the settlement.

h. If more than 10% of Class Members timely and properly submit a Request for Exclusion, then Defendant shall have the right, in its sole discretion, to void and revoke the Settlement Agreement and its stipulation to class certification. All signatories and their counsel must not encourage opt-outs. The Parties specifically agree not to solicit opt-outs, directly or indirectly, through any means. Objective statements to Class Members who call Class Counsel with inquiries regarding the settlement, or the exercise of Class Counsel's ethical obligations, shall not be deemed a violation of the prohibitions contained herein. In the event of such a rescission, no party may use the fact that the Parties agreed to settle this case as evidence of Defendant's liability in this Action or the lack thereof.

i. The Settlement Administrator will notify the Parties of the total number of valid Requests for Exclusion forms within 10 calendar days after the deadline for receipt of the Request for Exclusion Forms. Defendant shall have 7 calendar days to notify Class Counsel in writing of Defendant's intent to revoke the Settlement Agreement, including conditional class certification. Defendant's failure to provide timely notice will result in waiver of this right.

61. Objection Procedure. Participating Class Members who wish to object to this settlement may either notify the Settlement Administrator in writing that they object to the settlement or appear at the Final Approval Hearing to object orally. Class Members who submit a valid Request for Exclusion cannot object the settlement. Participating Class Members shall be permitted to rescind their objections in writing by submitting a rescission statement to the Settlement Administrator not later than 1 business day before the Court's Final Approval hearing or as otherwise ordered by the Court.

62. Disputed Information on Notice of Settlement. Each Class Member shall have an opportunity to dispute the number of applicable Workweeks in the Class Period or the number of applicable PAGA Pay Periods in the PAGA Period attributed to the Class Member as identified

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1 in the Notice of Settlement. To the extent a Class Member disputes the number of Workweeks or
2 PAGA Pay Periods identified and listed in the Notice of Settlement, the Class Member may
3 produce evidence to the Settlement Administrator showing that such information is inaccurate by
4 no later than the Response Deadline. Absent evidence rebutting Defendant's records, Defendant's
5 records will be presumed determinative. The Settlement Administrator's decision on the number
6 of eligible Workweeks and/or PAGA Pay Periods shall be submitted to the Court for the Court's
7 review. The Court's decision on the disputes will be final.

8 63. The Settlement Terms Bind All Class Members Who Do Not Submit a Timely
9 and Valid Request for Exclusion. Any Class Member who does not affirmatively opt-out of the
10 Settlement Agreement by submitting a timely and valid Request for Exclusion as set forth above
11 and consistent with the terms of this Settlement Agreement shall be bound by all of its terms,
12 including those pertaining to the Class Release (as defined below), as well as any Final Judgment
13 that may be entered by the Court when it grants Final Approval of the settlement.

14 64. Settlement Administrator's Weekly Reports Regarding Requests for Exclusion,
15 Disputes, and Undeliverable Notices. The Settlement Administrator shall provide Defendant's
16 Counsel and Class Counsel weekly reports which certify: (a) the number of Class Members who
17 have submitted a valid or defective Request for Exclusion; (b) the number and content of any
18 objections submitted by Participating Class Members; (c) whether any Class Member has
19 submitted a challenge to any information contained in their Notice of Settlement; and (d) the
20 number of returned, undeliverable and/or re-mailed Notices of Settlement. Additionally, the
21 Settlement Administrator shall provide to Defendant's Counsel and Class Counsel any updated
22 reports regarding the administration of the Settlement Agreement as needed or requested.

23 65. Calculation of Individual Class Payments. The Settlement Administrator shall
24 determine the eligibility for, and the amounts of, any Individual Class Payments under the terms
25 of this Settlement Agreement. Should any question arise regarding the determination of
26 eligibility for participation in the settlement or the amount of any Individual Class Payment
27 under the terms of this Settlement Agreement, Class Counsel and Defendant's Counsel will meet
28 and confer and attempt to reach agreement to resolve the claim or dispute. If the Parties cannot

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1 agree, any unresolved disputes concerning the administration of the Settlement Agreement will
2 be resolved by the Court, under the laws of the State of California.

3 a. Individual Class Payments shall be calculated and apportioned from the
4 Net Settlement Amount based on the number of qualifying Workweeks in an non-exempt, hourly
5 paid position with Defendant worked by a Participating Class Member during the Class Period;

6 b. The Settlement Administrator will determine the total number of
7 qualifying Workweeks for each Class Member, which will be finalized after approval by
8 Defendant;

9 c. To compute the Individual Class Payment to be paid to each Participating
10 Class Member (i.e. those not properly excluded from the Settlement), the Net Settlement Amount
11 will be multiplied by a fraction, the numerator of which is the applicable number of Workweeks
12 attributed to each Participating Class Member and the denominator of which is the aggregated
13 Workweeks of all Class Members that do not exclude themselves from the Settlement;

14 d. Each Class Member who does not submit a valid and timely Request for
15 Exclusion (i.e., opt-out of the settlement) shall be paid an Individual Class Payment.

16 66. Calculation of Individual PAGA Payments. The Settlement Administrator shall
17 determine the eligibility for, and the amounts of, any Individual PAGA Payments under the
18 terms of this Settlement Agreement. Should any question arise regarding the determination of
19 eligibility for participation in the settlement or the amount of any Individual PAGA Payment
20 under the terms of this Settlement Agreement, Class Counsel and Defendant's Counsel will meet
21 and confer and attempt to reach agreement to resolve the claim or dispute. If the Parties cannot
22 agree, any unresolved disputes concerning the administration of the Settlement Agreement will
23 be resolved by the Court, under the laws of the State of California.

24 a. Individual PAGA Payments shall be calculated and apportioned from the
25 Net PAGA Amount based on the number of qualifying PAGA Pay Periods in an non-exempt,
26 hourly paid position with Defendant worked by a PAGA Member during the Class Period;

b. The Settlement Administrator will determine the total number of qualifying PAGA Pay Periods for each PAGA Member, which will be finalized after approval by Defendant;

c. To compute the Individual PAGA Payment to be paid to each PAGA Member, the Net PAGA Amount will be multiplied by a fraction, the numerator of which is the number of applicable PAGA Pay Periods attributed to each PAGA Member and the denominator of which is the aggregated PAGA Pay Periods of all PAGA;

d. Regardless of whether a Class Member submits a valid Request for Exclusion, if the Settlement Administrator determines that the Class Member is also a PAGA Member, the Settlement Administrator shall distribute an Individual PAGA Payment to that individual.

67. Allocation and Tax Treatment of Individual Class Payments and Individual PAGA Payments. Individual Class Payments shall be allocated as follows: 20% of each Individual Class Payment shall be taxable as wages, for which an IRS Form W-2 shall be issued and withholdings shall be made; 80% shall be taxable as statutory damages and interest, for which an IRS Form 1099 shall be issued and no withholdings will be made. Individual PAGA Payments shall be taxable as penalties for which an IRS Form 1099 shall be issued and no withholdings will be made. All settlement payments to Participating Class Members and PAGA Members will be subject to any applicable wage garnishments, liens, or other legally mandated treatment as required by law.

68. Payment of Individual Settlement Amounts. The Settlement Administrator shall have the authority and obligation to make all payments, credits and disbursements, calculated in accordance with the methodology set forth in this Settlement Agreement and orders of the Court. The Settlement Administrator's duties will include reporting payment of the Individual Class Payments and Individual PAGA Payments to all required taxing and other authorities, taking appropriate withholding from the Individual Class Payments, and issuing IRS Forms W-2 and 1099. No person shall have any claim against Defendant, Defendant's Counsel, Plaintiff, Class

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Counsel, the Settlement Administrator, or any Participating Class Member based on distributions and payments made in accordance with this Settlement Agreement.

69. Adjustment if Workweeks Exceed 10%. Defendant estimates that the total amount of Workweeks worked by the Class during the Class Period is 13,900. If the total number of Workweeks worked by the Class during the Class Period exceeds 10% or 15,290, the Gross Settlement Amount will increase at a rate of \$14.39 per workweek for each workweek above 15,290.

70. Non-Negotiated Settlement Checks. Participating Class Members and PAGA Members will receive a check for the amount of their Individual Class Payment and/or Individual PAGA Payment. Checks to Participating Class Members and PAGA Members shall remain valid and negotiable for 180 calendar days after the date of their issuance. Within 10 calendar days after the expiration of the 180-day period, the Settlement Administrator will cancel all checks issued to Participating Class Members and PAGA Members that have not been cashed or deposited within the 180-day period, and tender all funds associated with such checks that has not otherwise been distributed (together, Uncashed Funds) to the California State Controller, along with the identity of the Participating Class Members and PAGA Members to whom the funds belong. The Parties intend for the California State Controller to hold the funds for the Participating Class Members and PAGA Members pursuant to the California Unclaimed Property Law. The money paid to the State Controller will remain the property of the relevant Participating Class Members and PAGA Members. This will allow Participating Class Members and PAGA Members who did not cash their checks within the 180-day period described above to collect the funds related to their Individual Class Payments and Individual PAGA Payments at any time in the future. Thus, there will be no unpaid residue or unclaimed or abandoned class member funds and the California Code of Civil Procedure section 384 shall not apply.

71. Settlement Administrator's Final Report. Not less than 10 calendar days after the Response Deadline, the Settlement Administrator shall provide Defendant's Counsel and Class Counsel a report showing: (i) the names of Participating Class Members; (ii) the Individual Class Payments owed to each Participating Class Member; and (iii) the final number of Class Members

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1 who have submitted objections and/or valid Requests for Exclusion requests from the settlement.
2 Upon completion of administration of the settlement, the Settlement Administrator shall provide
3 written certification of such completion to counsel for all Parties and the Court, if requested by
4 the Parties.

5 72. Class Release. Upon the Effective Date of this Settlement Agreement, subject to
6 Defendant's full payment of all amounts due herein, and except as to such rights or claims as
7 may be created by this Settlement Agreement, each and every Participating Class Member, on
8 behalf of themselves and their heirs and assigns, hereby releases Defendant, its past, present,
9 and/or future owners, officers, directors, managing agents, trustees, payroll processors,
10 independent contractors, members, managers, employees, attorneys, insurers, assigns,
11 shareholders, successors, predecessors and agents, Defendant's past, present, and/or future
12 parent, subsidiary, or affiliated entities, including DBAs and franchisors, and each of their
13 owners, officers, directors, managing agents, trustees, payroll processors, independent
14 contractors, members, managers, employees, attorneys, insurers, assigns, shareholders,
15 successors, predecessors and agents (collectively the "Released Parties") from the rights or
16 claims (the "Released Class Claims") listed in this paragraph. All Participating Class Members,
17 on behalf of themselves and their respective former and present representatives, agents,
18 attorneys, heirs, administrators, successors, and assigns, release Released Parties from any and
19 all claims, damages, or causes of action that were alleged in the operative complaint or PAGA
20 Notice, or reasonably could have been alleged based on the facts alleged in the operative
21 complaint, and any and all claims, damages, or causes of actions alleged in, or claims, damages
22 or causes of action that could have been alleged in the operative complaint or PAGA Notice
23 based on the facts alleged in the operative complaint or PAGA Notice which occurred during or
24 arise out of the Class Period, including but not limited to, claims under state, or local law; claims
25 for unpaid wages, claims for the failure to pay minimum wages, claims for the failure to pay
26 overtime wages, claims related to missed meal and rest breaks or periods and nonpayment of
27 premium pay for such, failure to comply with itemized employee wage statement provisions,
28 failure to pay timely wages, failure to pay wages due at separation, and the failure to reimburse

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for employment-related expenses; California Labor Code sections 201, 202, 203, 210, 226, 226.7, 510, 512(a), 558, 558.1, 1174(d), 1194, 1197, 1197.1, and 2802; claims, damages, or causes of action arising under the applicable Industrial Welfare Commission Wage Orders; violates of California Business and Professions Code section 17200, et seq.; and claims, damages, interest, and claims for attorneys' fees. This Class Release does not extend to any claims for: (a) state disability insurance benefits pursuant to the terms of applicable state law; (b) any vested benefit entitlements, pursuant to written terms of any benefit plan; (c) continued participation in certain group benefit plans on a temporary basis pursuant to the federal Consolidated Omnibus Budget Reconciliation Act of 1985 (commonly known as COBRA); and (d) any other claims that may not be waived or released pursuant to statute or other applicable law.

73. PAGA Release. Upon the Effective Date of this Settlement Agreement, subject to Defendant's full payment of all amounts due herein, and except as to such rights or claims as may be created by this Settlement Agreement, each and every PAGA Member, on behalf of themselves and their heirs and assigns, hereby releases the Released Parties from the rights or claims (the "Released PAGA Claims") listed in this paragraph. All PAGA Members, even those who requested exclusion from the Class, are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from any and all claims for PAGA civil penalties, including under California Labor Code section 2698, et seq. that were alleged in the operative complaint or PAGA Notice, or reasonably could have been alleged based on the facts alleged in the operative complaint or in the PAGA Notice.

74. General Release by Class Representative. Upon the Effective Date of this Settlement Agreement, the Class Representative shall release the Released Class Claims and Released PAGA Claims against the Released Parties, and shall make the additional following General Release in favor of the Released Parties:

a. Plaintiff and his or her respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally,

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1 unconditionally and forever release, waive, and discharge all demands, damages, debts,
2 liabilities, contracts, obligations, actions, causes of action and claims of every kind, nature, and
3 description whatsoever, whether now known or unknown, suspected or unsuspected including in
4 equity or otherwise, which she ever had or now has against the Released Parties arising or
5 accruing at any time prior to the Effective Date, including, without limitation any matter, cause
6 or claim arising out or related to facts or events occurring prior to the execution of this
7 Settlement Agreement, related to Plaintiff's employment with Defendant. The claims released by
8 Plaintiff include but not limited to: (a) all claims that were, or reasonably could have been,
9 alleged, based on the facts contained, in the operative complaint and (b) all PAGA claims that
10 were, or reasonably could have been, alleged based on facts contained in the operative
11 complaint, Plaintiff's PAGA Notice, or ascertained during the Action and released under
12 paragraphs 72 and 73, above. Claims released by Plaintiff also include but are not limited to: (a)
13 any claims that were or could have been brought under California Labor Code sections 132a,
14 201, 202, 203, 204, 210, 216, 218, 218.5, 218.6, 225.5, 226, 226.3, 226.7, 432.5, 510, 512, 558,
15 1050, 1054, 1194, 1194.2, 1197, 1198, 2698 et seq., 2800, et seq., the applicable Industrial
16 Welfare Commission Wage Orders, the Fair Labor Standards Act (FLSA), and all related or
17 corresponding federal laws, and all implementing regulations and interpreting guidance; (b) any
18 claims that were or could have been brought under California Corporations Code, and California
19 Business and Professions Code, including but not limited to the California Business and
20 Professions Code section 17200 et seq.; (c) any other causes of action, including those seeking
21 premiums, statutory or civil penalties, interest, punitive damages, costs, attorneys' fees,
22 injunctive relief, declaratory relief, or accounting, whether such causes of action are in tort,
23 contract, equity, statute, or common law; (d) any claims under the Fair Employment and Housing
24 Act, Americans with Disabilities Act, Age Discrimination in Employment Act, and Title VII of
25 the Civil Rights Act of 1964, and (e) any other claims the Plaintiff could have made related to
26 her employment with Defendant. Plaintiff's Release does not extend to any claims or actions to
27 enforce this Agreement, or to any claims for: (a) state disability insurance benefits pursuant to
28 the terms of applicable state law; (b) any benefit entitlements vested as of the date of the

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1 Plaintiff's termination, pursuant to written terms of any benefit plan; (c) continued participation
2 in certain group benefit plans on a temporary basis pursuant to the federal Consolidated Omnibus
3 Budget Reconciliation Act of 1985 (commonly known as COBRA); and (d) any other claims that
4 may not be waived or released pursuant to statute or other applicable law. Plaintiff acknowledges
5 that Plaintiff may discover facts or law different from, or in addition to, the facts or law that
6 Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall
7 be and remain effective in all respects, notwithstanding such different or additional facts or
8 Plaintiff's discovery of them.

9 b. The Class Representative acknowledges that she has had the opportunity
10 to review, and has reviewed, California Civil Code section 1542, which provides:

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

18 Being fully informed of this provision of the Civil Code and understanding its provisions,
19 the Class Representative agrees to waive any rights under that section, and acknowledges that
20 this Settlement Agreement and the release contained herein extends to all claims that she has or
21 might have against the Released Parties, including those which are presently unknown to her or
22 that she does not know or suspect to exist, which, if known by Plaintiff, might have affected her
23 settlement with, and release of, the Released Parties or might have affected her decision.

24 75. Final Approval Hearing and Entry of Judgment. Pursuant to the Court's order and
25 authority, a Final Approval hearing shall be conducted to finally determine the fairness of the
26 settlement, along with the amounts properly payable for (a) Individual Class Payments; (b)
27 Individual PAGA Payments; (c) the Class Representative's Service Award; (d) Class Counsel's
28 attorneys' fees and litigation costs and expenses; (e) Settlement Administration Costs; and (f) the
payment to the LWDA. Class Counsel will be responsible for drafting the attorneys' fees and
costs application/motion to be heard at the Final Approval hearing.

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1 76. Judgment and Continued Jurisdiction. Upon Final Approval of the settlement by
2 the Court or at the time of or subsequent to the Final Approval hearing, the Parties shall present a
3 Final Judgment to the Court for approval and entry. After entry of the Final Judgment, the Court
4 shall have continuing jurisdiction under Cal. Rules of Court, Rule 3.769(h) to enforce the terms
5 of the judgment.

6 77. No Solicitation of Settlement Objections or Exclusions. The Parties agree to use
7 their best efforts to carry out the terms of this Settlement Agreement. At no time shall any of the
8 Parties or their counsel seek to solicit or otherwise encourage Class Members to submit either a
9 Request for Exclusion or written objections to the Settlement Agreement or to appeal from the
10 Court's Final Judgment.

11 78. Interim Stay of Proceedings. The Parties agree to refrain from further litigation of
12 this matter, except as to proceedings necessary to implement and obtain an Order granting Final
13 Approval of this Settlement Agreement and related Final Judgment.

14 79. Nullification of Settlement Agreement. In the event: (i) Defendant timely and
15 properly revokes this Settlement Agreement as set forth in Paragraph 60(i) above; (ii) the Court
16 does not finally approve the Settlement Agreement as provided herein; (iii) the Court does not
17 enter Final Judgment as provided herein, which becomes final as a result of the occurrence of the
18 Effective Date; or (iv) the Settlement Agreement does not become final for any other reason, this
19 Settlement Agreement shall be null and void and any order or judgment entered by the Court in
20 furtherance of this Settlement Agreement shall be treated as void from the beginning. In such a
21 case, the Parties shall be returned to their respective statuses as of the date and time immediately
22 prior to the execution of this Settlement Agreement and the Parties shall proceed in all respects
23 as if this Settlement Agreement had not been executed (and the terms and existence of the
24 Settlement Agreement will be confidential). In the event an appeal is filed from the Court's Final
25 Judgment, or any other appellate review is sought prior to the Effective Date, administration of
26 the Settlement Agreement shall be stayed pending final resolution of the appeal or other
27 appellate review (unless otherwise agreed to by the Parties).

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1 80. No Admission. Nothing contained herein, nor the consummation of this
2 Settlement Agreement, is to be construed or deemed an admission of liability, culpability,
3 negligence, or wrongdoing on the part of Defendant or any of the other Released Parties.
4 Defendant specifically denies any and all liability. Each of the Parties hereto has entered into this
5 Settlement Agreement with the intention of avoiding further disputes and litigation with the
6 attendant inconvenience and expenses. This Settlement Agreement is a settlement document and,
7 pursuant to California Evidence Code section 1152 and/or any other similar law, shall be
8 inadmissible in evidence in any proceeding, except an action or proceeding to approve the
9 settlement, and/or interpret or enforce this Settlement Agreement.

10 81. Construction. The Parties hereto agree that the terms and conditions of this
11 Settlement Agreement are the result of lengthy, intensive arms-length negotiations between the
12 Parties, and that this Settlement Agreement shall not be construed in favor of or against any party
13 Agreement among these Parties, and no oral or written representations, warranties or
14 inducements have been made to any Party concerning this Settlement Agreement or its exhibits
15 other than the representations, warranties and covenants contained and memorialized in such
16 documents.

17 82. Authorization to Enter into Settlement Agreement. The signatories hereto
18 represent that they are fully authorized to enter into this Settlement Agreement and bind the
19 Parties hereto to the terms and conditions hereof.

20 83. Mutual Full Cooperation. The Parties and their counsel will cooperate with each
21 other and use their best efforts to effect the implementation of the Settlement Agreement,
22 including but not limited to, execution of such documents and to take such other action as may
23 be reasonably be necessary to implement the terms of this Settlement Agreement. As soon as
24 practicable after execution of this Settlement Agreement, Class Counsel shall take all necessary
25 steps to secure the Court's preliminary and final approval of this Settlement Agreement. In the
26 event the Parties are unable to reach agreement on the form or content of any document needed
27 to implement the Settlement Agreement, or on any supplemental provisions that may become
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1 necessary to effectuate the terms of this Settlement Agreement, the Parties may seek the
2 assistance of the Court to resolve such disagreement.

3 84. No Prior Assignments. The Parties hereto represent, covenant, and warrant that
4 they have not directly or indirectly, assigned, transferred, encumbered, or purported to assign,
5 transfer, or encumber to any person or entity any portion of liability, claim, demand, action,
6 cause of action, or rights herein released and discharged except as set forth herein.

7 85. Binding on Successors and Assigns. This Settlement Agreement shall be binding
8 upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors,
9 administrators and successors.

10 86. California Law Governs. All terms of this Settlement Agreement shall be
11 governed by and interpreted according to the laws of the State of California, without giving
12 effect to any conflict of law principles or choice of law principles.

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

19 88. Class Representative's Waiver of Right to be Excluded and Object. The Class
20 Representative agrees that by signing this Settlement Agreement, the Class Representative is
21 bound by the terms herein stated and further agrees not to request to be excluded from the
22 settlement and agrees not to object to any of the terms of this Settlement Agreement. Any such
23 letter requesting to be excluded from the settlement or objection shall therefore be void and of no
24 force or effect. Efforts by the Class Representative to circumvent the terms of this paragraph
25 shall be void and of no force or effect.

26 89. Confidentiality Preceding Preliminary Approval. The Class Representative and
27 Class Counsel agree that the terms of this settlement (including, but not limited to, the Gross
28 Settlement Amount), the negotiations leading to this settlement, and all documents related to the

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1 settlement shall not be discussed with, publicized or promoted to the public, except as necessary
2 to effectuate and/or enforce the terms of this Settlement Agreement. The Class Representative
3 and Class Counsel will not publish or publicize the terms of this Settlement Agreement and will
4 not issue any press releases except that the Class Representative and Class Counsel may disclose
5 in legal proceedings a summary of the terms of the Settlement Agreement and may communicate
6 with Class Members regarding the settlement, its terms, its history (apart from settlement
7 negotiations), and the implications from participating in, opting out of, or objecting to it.

8 90. This is a binding and enforceable agreement. Notwithstanding anything else
9 contained herein, this agreement shall be enforceable under California Code of Civil Procedure
10 section 664.6 and admissible under California Evidence Code section 1123(a). Regardless of any
11 settlement privilege or other rules of evidence, this Agreement may be admitted in Court and
12 enforceable.

13 [SIGNATURES ARE TO FOLLOW ON THE NEXT PAGE]
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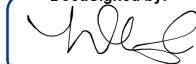
DIRECT RECONDITIONING, LLC

By: _____

Title: _____

Dated: 3/18/2024

NICOLE DROZ

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AGREED AS TO FORM.

Dated: _____

LAGASSE BRANCH BELL + KINKEAD LLP

By: _____

Michael W. Healy
Jenny Yu
Attorneys for Defendant
DIRECT RECONDITIONING, LLC

Dated: 3/18/2024

MOON LAW GROUP, PC

By:  _____

Kane Moon
Lilit Ter-Astvatsatryan
Linh H. Tran
Attorneys for Plaintiff
NICOLE E. DROZ

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1 Dated: Apr 17, 2024

DIRECT RECONDITIONING, LLC

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3 By: 
Dustin Nutter (Apr 17, 2024 17:54 CDT)
4 Dustin Nutter
Chief Financial Officer

5
6 Dated: _____

NICOLE DROZ

7
8
9
10 AGREED AS TO FORM.

11
12 Dated: APRIL 17, 2024

LAGASSE BRANCH BELL + KINKEAD LLP

13
14 By: 
Michael W. Healy
Jenny Yu
15 Attorneys for Defendant
16 DIRECT RECONDITIONING, LLC

17 Dated: _____

MOON LAW GROUP, PC

18
19 By: _____
Kane Moon
20 Lilit Ter-Astvatsatryan
Linh H. Tran
21 Attorneys for Plaintiff
22 NICOLE E. DROZ
23
24
25
26
27
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Exhibit 1

COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL

Droz v. Direct Reconditioning, LLC, Case No. 37-2021-00038970-CU-OE-CTL

The Superior Court for the State of California, County of San Diego, authorized this Notice. Read it carefully!
It's not junk mail, spam, an advertisement, or solicitation by a lawyer. You are not being sued.

You may be eligible to receive money from the above-referenced action ("Action") involving defendant Direct Reconditioning, LLC ("Defendant"). The Action was filed by former employee Nicole Droz ("Plaintiff") seeking alleged unpaid wages on behalf of herself and a class of hourly employees ("Class Members") who worked for Defendant during the Class Period (September 13, 2017 to February 1, 2021); and (2) penalties under the California Private Attorney General Act ("PAGA") for all hourly employees who worked for Defendant during the PAGA Period (September 13, 2020 to February 1, 2021) ("PAGA Members").

The proposed Settlement has two main parts: (1) a Class Settlement which will fund Individual Class Payments, and (2) a PAGA Settlement which will fund Individual PAGA Payments and payment to the California Labor and Workforce Development Agency ("LWDA").

Based on Defendant's records, and the Parties' current assumptions, your Individual Class Payment is estimated to be \$ [REDACTED] (before withholdings), and your Individual PAGA Payment is estimated to be \$ [REDACTED]. The actual amount you may receive likely will be different and will depend on a number of factors. (If no amount is stated for your Individual PAGA Settlement Payment, then according to Defendant's records you are not eligible for such a payment under the Settlement because you didn't work during the covered period.)

The above estimates are based on Defendant's records showing that you worked [REDACTED] workweeks during the Class Period, and you worked [REDACTED] pay periods during the PAGA Period. If you believe that you worked more workweeks or pay periods during any of the respective periods, you can submit a challenge by the deadline date. See Section 4 of this Notice.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or do not act. Read this Notice carefully. You will be deemed to have carefully read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiff and Plaintiff's attorneys ("Class Counsel"). The Court will also decide whether to enter a judgment that requires Defendant to make payments under the Settlement and requires Class Members and PAGA Members to give up their rights to assert certain claims against Defendant.

If you worked for Defendant during the Class Period and/or the PAGA Period, you have two basic options under the Settlement:

- (1) **Do Nothing.** You don't have to do anything to participate in the proposed Settlement and be eligible for an Individual Class Payment and/or an Individual PAGA Payment. As a Participating Class Member, though, you will give up your right to assert Class Period wage claims and PAGA Period penalty claims against Defendant.
- (2) **Opt-Out of the Class Settlement.** You can exclude yourself from the Class Settlement (opt-out) by submitting the written Request for Exclusion or otherwise notifying the Settlement Administrator in writing. If you opt-out of the Settlement, you will not receive an Individual Class Payment. You will, however, preserve your right to personally pursue wage claims against Defendant, and, if you are a PAGA Member, remain eligible for an Individual PAGA Payment. You cannot opt-out of the PAGA portion of the proposed Settlement.

Defendant will not retaliate against you for any actions you take with respect to the proposed Settlement.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don't Have to Do Anything to Participate in the Settlement	If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment, and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against Defendant that are covered by this Settlement (Released Class Claims and Released PAGA Claims).
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You Can Opt-out of the Class Settlement but not the PAGA Settlement The Opt-out Deadline is [REDACTED]	If you don't want to fully participate in the proposed Settlement, you can opt-out of the Class Settlement by sending the Settlement Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section 6 of this Notice. You cannot opt-out of the PAGA portion of the proposed Settlement. Defendant must pay Individual PAGA Payments to all PAGA Members and the PAGA Members must give up their rights to pursue Released PAGA Claims (defined below).
Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement Written Objections Must be Submitted by [REDACTED]	All Class Members who do not opt-out ("Participating Class Members") can object to any aspect of the proposed Settlement. The Court's decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Plaintiff who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiff, but every dollar paid to Class Counsel and Plaintiff reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiff if you think they are unreasonable. See Section 7 of this Notice.
You Can Participate in the [REDACTED] Final Approval Hearing	The Court's Final Approval Hearing is scheduled to take place on [REDACTED]. You don't have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court's virtual appearance platform. Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.
You Can Challenge the Calculation of Your Workweeks/PAGA Pay Periods Written Challenges Must be Submitted by [REDACTED]	The amount of your Individual Class Payment, and Individual PAGA Payment (if any) depend on how many Workweeks you worked at least one day during the Class Period, and how many PAGA Pay Periods you worked at least one day during the PAGA Period, respectively. The number Workweeks and number of PAGA Pay Periods you worked according to Defendant's records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by [REDACTED]. See Section 4 of this Notice.

1. WHAT IS THE ACTION ABOUT?

Plaintiff is a former employee. The Action alleges Defendant of violating California labor laws by (1) failing to pay all wages; (2) failing to properly calculate overtime; (3) failing to provide meal breaks (including without limitation first and second meal breaks) each day based on the hours worked by each employee, including meal breaks that were short, late, interrupted, and/or missed altogether; (4) failing to authorize and permit legally compliant rest breaks each day based on the hours worked by each employee, including rest breaks that were short, late, interrupted, and/or missed altogether; (5) failing to timely pay wages during employment for each pay period for every employee; (6) failing to timely pay wages upon discharging employees; and (7) conducting unfair business practices. Based on the same claims, Plaintiff has also asserted a claim for civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698, et seq.) ("PAGA"). Plaintiff is represented by attorneys in the Action: MOON LAW GROUP, PC ("Class Counsel").

Defendant strongly denies violating any laws or failing to pay any wages and contends it complied with all applicable laws.

2. WHAT DOES IT MEAN THAT THE ACTION HAS SETTLED?

So far, the Court has made no determination whether Defendant or Plaintiff are correct on the merits. In the meantime, Plaintiff and Defendant hired an experienced, neutral mediator, Judge Carl J. West (Ret.), in an effort to resolve the Action by negotiating and to end the case by agreement (settle the case) rather than continuing the expensive and time-consuming process of litigation. The negotiations were unsuccessful. After Lagasse Branch Bell + Kinkead filed a substitution of attorney to assume representation of Defendant, counsel for Plaintiff and Defendant engaged in

further negotiations and reached an agreement to resolve all claims. By signing a lengthy written settlement agreement (“Agreement”) and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement, Plaintiff and Defendant have negotiated a proposed Settlement that is subject to the Court’s Final Approval. Both sides agree the proposed Settlement is a compromise of disputed claims. By agreeing to settle, Defendant does not admit any violations or concede the merit of any claims.

Plaintiff and Class Counsel strongly believe the Settlement is a good deal for you because they believe that: (1) Defendant has agreed to pay a fair, reasonable and adequate amount considering the strength of the claims and the risks and uncertainties of continued litigation; and (2) Settlement is in the best interests of the Class Members and PAGA Members. The Court preliminarily approved the proposed Settlement as fair, reasonable and adequate, authorized this Notice, and scheduled a hearing to determine Final Approval.

3. WHAT ARE THE IMPORTANT TERMS OF THE PROPOSED SETTLEMENT?

1. Defendant will pay \$200,000.00 as the Gross Settlement Amount (Gross Settlement). Defendant has agreed to deposit the Gross Settlement into an account maintained by the Settlement Administrator of the Settlement. The Settlement Administrator will use the Gross Settlement to pay the Individual Class Payments, Individual PAGA Payments, Class Representative’s Service Award, Class Counsel’s attorney’s fees and expenses, the Settlement Administrator’s expenses, and penalties to be paid to the California Labor and Workforce Development Agency (“LWDA”). Assuming the Court grants Final Approval, Defendant will fund the Gross Settlement Amount not more than 15 calendar days after the Effective Date. The “Effective Date” means the date 60 days after the notice of the order granting final approval of this settlement is served if no appeal is filed. If an appeal is timely filed, the Effective Date shall be the date that this settlement and any ensuring order or judgment can no longer be appealed or challenged, and this Settlement Agreement has become final and binding.

2. Court Approved Deductions from Gross Settlement Amount. At the Final Approval Hearing, Plaintiff and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement, the amounts of which will be decided by the Court at the Final Approval Hearing:

A. Up to \$66,666.67 (one-third of the Gross Settlement Amount) to Class Counsel for attorneys’ fees and up to \$20,000.00 for their litigation expenses. To date, Class Counsel have worked and incurred expenses on the Action without payment.

B. Up to \$7,500.00 for Class Representative’s Service Award for filing the Action, working with Class Counsel and representing the Class. A Class Representative’s Service Award will be the only monies Plaintiff will receive other than Plaintiff’s Individual Class Payment, and any Individual PAGA Payment.

C. Up to an estimated \$10,000.00 to the Settlement Administrator for services administering the Settlement.

D. \$10,000.00 for PAGA Award, allocated 75% to the LWDA and 25% to the PAGA Members based on their PAGA Pay Periods.

Participating Class Members have the right to object to any of these deductions. The Court will consider all objections.

3. Net Settlement Distributed to Class Members. After making the above deductions in amounts approved by the Court, the Settlement Administrator will distribute the rest of the Gross Settlement (the “Net Settlement”) by making Individual Class Payments to Participating Class Members based on their Workweeks.

4. Taxes Owed on Payments to Class Members. Plaintiff and Defendant are asking the Court to approve an allocation of 20% of each Individual Class Payment to taxable wages (“Wage Portion”) and 80% to interest and penalties (“Non-Wage Portion”). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. Defendant will separately pay employer payroll taxes it owes on the Wage portion. The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Settlement Administrator will report the Individual PAGA Payments and the Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms.

Although Plaintiff and Defendant have agreed to these allocations, neither side is giving you any advice on whether your Payments are taxable or how much you might owe in taxes. You are responsible for paying all taxes (including penalties and interest on back taxes) on any Payments received from the proposed Settlement. You should consult a tax advisor if you have any questions about the tax consequences of the proposed Settlement.

5. Need to Promptly Cash Payment Checks. The front of every check issued for Individual Class Payments and Individual PAGA Payments will show the date when the check expires (the void date). If you don’t cash it by the void

date, your check will be automatically cancelled, and the monies will be deposited with the California Controller's Unclaimed Property Fund in your name. If the monies represented by your check is sent to the Controller's Unclaimed Property, you should consult the rules of the Fund for instructions on how to retrieve your money.

6. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you notify the Settlement Administrator in writing, not later than [REDACTED], that you wish to opt-out. To opt out, you must send a written and signed Request for Exclusion to the Settlement Administrator by the [REDACTED] Response Deadline. The Request for Exclusion must be a signed letter from a Class Member setting forth a Class Member's name, present address, telephone number, last four digits of the Class Member's Social Security Number, and a simple statement electing to be excluded from the Settlement. Excluded Class Members (i.e., Non-Participating Class Members) will not receive Individual Class Payments, but will preserve their rights to personally pursue wage and hour claims against Defendant.

You cannot opt-out of the PAGA portion of the Settlement. Class Members who exclude themselves from the Class Settlement (Non-Participating Class Members) remain eligible for Individual PAGA Payments and are subject to the release of PAGA claims against Defendant based on the facts alleged in the Action within the PAGA Period.

7. The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the Court will decline to grant Final Approval of the Settlement or decline to enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiff and Defendant have agreed that, in either case, the Settlement will be void. Defendant will not pay any money and Class Members will not release any claims against Defendant.

8. Settlement Administrator. The Court has appointed a neutral company, ILYM Group, Inc. (the "Settlement Administrator") to send this Notice, calculate and make payments, and process Class Members' Requests for Exclusion. The Settlement Administrator will also decide Class Member Challenges over Workweeks and/or PAGA Pay Periods, mail and re-mail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Settlement Administrator's contact information is contained in Section 9 of this Notice.

9. Participating Class Members' Release. After the Effective Date and Defendant has fully funded the Gross Settlement Amount and separately paid all employer payroll taxes, Participating Class Members will be legally barred from asserting any of the claims released under the Settlement. This means that unless you opted out by validly excluding yourself from the Class Settlement, you cannot sue, continue to sue, or be part of another lawsuit against Defendant or related entities for wages based on the Class Period facts and PAGA penalties based on PAGA Period facts, as alleged in the Action and resolved by this Settlement.

The Participating Class Members will be bound by the following release:

Each and every Participating Class Member, on behalf of themselves and their heirs and assigns, hereby releases Defendant, its past, present, and/or future owners, officers, directors, managing agents, trustees, payroll processors, independent contractors, members, managers, employees, attorneys, insurers, assigns, shareholders, successors, predecessors and agents, Defendant's past, present, and/or future parent, subsidiary, or affiliated entities, including DBAs and franchisors, and each of their owners, officers, directors, managing agents, trustees, payroll processors, independent contractors, members, managers, employees, attorneys, insurers, assigns, shareholders, successors, predecessors and agents (collectively the "Released Parties") from the rights or claims (the "Released Class Claims") listed in this paragraph. All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from any and all claims, damages, or causes of action that were alleged in the operative complaint or PAGA Notice, or reasonably could have been alleged based on the facts alleged in the operative complaint, and any and all claims, damages, or causes of actions alleged in, or claims, damages or causes of action that could have been alleged in the operative complaint or PAGA Notice based on the facts alleged in the operative complaint or PAGA Notice which occurred during or arise out of the Class Period, including but not limited to, claims under state, or local law; claims for unpaid wages, claims for the failure to pay minimum wages, claims for the failure to pay overtime wages, claims related to missed meal and rest breaks or periods and nonpayment of premium pay for such, failure to comply with itemized employee wage statement provisions, failure to pay timely wages, failure to pay wages due at separation, and the failure to reimburse for employment-related expenses; California Labor Code sections 201, 202, 203, 210, 226, 226.7, 510, 512(a), 558, 558.1, 1174(d), 1194, 1197, 1197.1, and 2802; claims, damages, or causes of action arising under the applicable Industrial Welfare Commission Wage Orders; violates of California Business and Professions Code section 17200, et seq.; and claims, damages, interest, and claims for attorneys' fees. This Class Release does not extend to any claims for: (a) state disability insurance benefits pursuant to the terms of applicable state law; (b) any vested benefit entitlements, pursuant to written terms of any benefit plan; (c) continued participation in certain group benefit plans on a temporary basis pursuant to the

federal Consolidated Omnibus Budget Reconciliation Act of 1985 (commonly known as COBRA); and (d) any other claims that may not be waived or released pursuant to statute or other applicable law.

Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

10. **PAGA Members' PAGA Release.** After the Effective Date and Defendant has fully funded the Gross Settlement Amount and separately paid all employer payroll taxes, all PAGA Members will be barred from asserting PAGA claims against Defendant, whether or not they exclude themselves from the Settlement. This means that all PAGA Members, including those who are Participating Class Members and those who opt-out of the Class Settlement, cannot sue, continue to sue, or participate in any other PAGA claim against Defendant or its related entities based on the PAGA Period facts alleged in the Action and resolved by this Settlement.

The PAGA Release for Participating and Non-Participating Class Members are as follows:

Each and every PAGA Member, on behalf of themselves and their heirs and assigns, hereby releases the Released Parties from the rights or claims (the "Released PAGA Claims") listed in this paragraph. All PAGA Members, even those who requested exclusion from the Class, are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from any and all claims for PAGA civil penalties, including under California Labor Code section 2698, et seq. that were alleged in the operative complaint or PAGA Notice, or reasonably could have been alleged based on the facts alleged in the operative complaint or in the PAGA Notice.

4. HOW WILL THE SETTLEMENT ADMINISTRATOR CALCULATE MY PAYMENT?

1. **Individual Class Payments.** The Settlement Administrator will calculate Individual Class Payments by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members, and (b) multiplying the result by the number of Workweeks worked by each individual Participating Class Member.

2. **Individual PAGA Payments.** The Settlement Administrator will calculate Individual PAGA Settlement Payments by (a) dividing \$2,500.00 by the total number of PAGA Pay Periods worked by all PAGA Members and (b) multiplying the result by the number of PAGA Pay Periods worked by each individual PAGA Member.

3. **Workweek/Pay Period Challenges.** The number of Class Workweeks you worked during the Class Period and the number of PAGA Pay Periods you worked during the PAGA Period, as recorded in Defendant's records, are stated in the first page of this Notice. If you desire, you have until [REDACTED] to challenge the number of Workweeks and/or PAGA Pay Periods credited to you. You can submit your challenge by signing and sending a letter to the Settlement Administrator via mail, email or fax. Section 9 of this Notice has the Settlement Administrator's contact information.

If you submit a challenge, you will need to support your challenge by sending copies of pay stubs or other records. The Settlement Administrator will accept Defendant's calculation of Workweeks and/or PAGA Pay Periods based on Defendant's records as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because the documents will not be returned to you. The Settlement Administrator will resolve Workweek and/or Pay Period challenges based on your submission, input from Class Counsel (who will advocate on behalf of Class Members), and input from Defendant's Counsel. The Settlement Administrator's decision on the number of eligible Workweeks and/or PAGA Pay Periods shall be submitted to the Court for the Court's review. The Court's decision on the disputes will be final.

5. HOW WILL I GET PAID?

1. **Participating Class Members.** The Settlement Administrator will send, by U.S. mail, a single check to every Participating Class Member (i.e., every Class Member who doesn't opt-out) and all Class Members who qualify as PAGA Members, whether they opt out or not. The single check will combine the Individual Class Payment and the Individual PAGA Payment, if any.

2. **Non-Participating Class Members.** The Settlement Administrator will send, by U.S. mail, a single Individual PAGA Payment check to every PAGA Member who opts out of the Class Settlement (i.e., every Non-Participating Class Member who is eligible as an PAGA Member).

Your check will be sent to the same address as this Notice. If you change your address, be sure to notify the Settlement Administrator as soon as possible. Section 9 of this Notice has the Settlement Administrator's contact information.

6. HOW DO I OPT-OUT OF THE CLASS SETTLEMENT?

Submit a written and signed letter with your name, present address, telephone number, and a simple statement that you do not want to participate in the Settlement. The Settlement Administrator will exclude you based on any writing communicating your request be excluded. Be sure to personally sign your request, identify the Action as *Droz v. Direct Reconditioning, LLC* case, and include your identifying information (full name, address, telephone number, approximate dates of employment, and the last four digits of your social security number for verification purposes). You must make the request yourself. If someone else makes the request for you, it will not be valid. The Settlement Administrator must be sent your request to be excluded by [REDACTED], or it will be invalid. Section 9 of the Notice has the Settlement Administrator's contact information.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement. Before deciding whether to object, you may wish to see what Plaintiff and Defendant are asking the Court to approve. At least 16 court days before the Final Approval Hearing, Class Counsel and/or Plaintiff will file in Court a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair, and a request for awards of Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and Class Representative's Service Award stating (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; and (ii) the amount Plaintiff is requesting as Class Representative's Service Award. Upon reasonable request, Class Counsel (whose contact information is in Section 9 of this Notice) will send you copies of these documents at no cost to you. You can also view them on the Court's by going to <https://www.sdcourt.ca.gov/sdcourt/generalinformation/courtrecords2/onlinecasesearch> and entering the Case Number for the Action, 37-2021-00038970-CU-OE-CTL. If you obtain documents through the Court's website, you will be required to pay for them.

A Participating Class Member who disagrees with any aspect of the Agreement, the Motion for Final Approval and for awards of Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and Class Representative's Service Award may wish to object, for example, that the proposed Settlement is unfair, or that the amounts requested by Class Counsel or Plaintiff are too high or too low. The deadline for sending written objections to the Settlement Administrator is [REDACTED]. Any objections should tell the Settlement Administrator what you object to, why you object, and any facts that support your objection. Make sure you identify the Action as the *Droz v. Direct Reconditioning, LLC* case and include your name, current address, telephone number, and approximate dates of employment for Defendant and sign the objection. Section 9 of this Notice has the Settlement Administrator's contact information.

Alternatively, a Participating Class Member can object (or personally retain a lawyer to object at your own cost) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection. See Section 8 of this Notice (immediately below) for specifics regarding the Final Approval Hearing.

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing on [REDACTED] at [REDACTED] in Department C-64 of the San Diego Superior Court, located at 1100 Union St, San Diego, CA 92101. At the Hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement Amount will be paid to Class Counsel, Plaintiff, and the Settlement Administrator. The Court will invite comment from objectors, Class Counsel and Defense Counsel before making a decision. You can attend (or hire a lawyer to attend) either personally or virtually via <https://www.sdcourt.ca.gov/virtualhearings>. Check the Court's website for the most current information.

If you intend to appear at the Final Approval Hearing, please check the Court's website for the most current requirements for masks and social distancing. The most recent Order of San Diego Superior Court can be found at <https://www.sdcourt.ca.gov/news/information-regarding-coronavirus-covid-19-and-court-operations>. Updated information may be available at <https://www.sdcourt.ca.gov/>. Currently, face masks are recommended but not required.

It's possible the Court will reschedule the Final Approval Hearing. You should contact Class Counsel to verify the date and time of the Final Approval Hearing if you are planning to attend the hearing or have your own lawyer attend.

9. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything Plaintiff and Defendant have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Judgment or any other Settlement documents is to go to _____'s website at _____. You can also telephone or send an email to Class Counsel or the Settlement Administrator using the contact information listed below, or consult the Superior Court website by going to <https://www.sdcourt.ca.gov/sdcourt/generalinformation/courtrecords2/onlinecasesearch> and entering the Case Number for the Action, 37-2021-00038970-CU-OE-CTL.

DO NOT TELEPHONE THE SUPERIOR COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT.

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mhealy@lbbklaw.com
jyu@lbbklaw.com

Settlement Administrator:

Name of Company: ILYM Group, Inc.
Email Address:
Mailing Address:
Telephone:
Fax Number:

10. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Settlement Administrator will replace it as long as you request a replacement before the void date on the face of the original check. If your check is already void you should consult the California Unclaimed Property Fund (<https://ucpi.sco.ca.gov/>) for instructions on how to retrieve the funds.

11. WHAT IF I CHANGE MY ADDRESS?

To receive your check, you should immediately notify the Settlement Administrator if you move or otherwise change your mailing address.