Patrick R. Co (SBN 200160)
THE CO LAW FIRM
201 Spear Street, Suite 1100
San Francisco, CA 94105
t: 415.426.3553 f: 415.477.4032
pco@colawfirmsf.com

G. Martin Velez (SBN 168315)
LAW OFFICE OF G. MARTIN VELEZ
3558 Round Barn Boulevard, Suite 200
Santa Rosa, CA 95403
t: 415.342.4125 f: 415.532.2492
martinvelez@comcast.net

Attorneys for Plaintiff Jackson Chou, on behalf of himself, the
Labor Workforce Development Agency, and similarly situated aggrieved
current and former employees

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN FRANCISCO – UNLIMITED JURISDICTION

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| JACKSON CHOU, aka JACKSON CHOM, on behalf of himself and on behalf of all persons similarly situated, and on behalf of himself, the Labor Workforce Development Agency, and similarly situated aggrieved current and former employees<br><br>Plaintiff<br>vs.<br><br>THE DING DOCTOR, INC., doing business as DANNY'S DEALER SOLUTIONS and DANNY'S DETAIL; DANIEL MICHAEL CHAVES; GARY MICHAEL CHAVES; and DOES 1 through 20 inclusive<br><br>Defendants | Case Number: CGC-22-597414<br><br>CLASS AND REPRESENTATIVE ACTION<br><br>[Assigned for all purposes to the Honorable Ethan P. Schulman, Department 304]<br><br>DECLARATION OF G. MARTIN VELEZ IN SUPPORT OF PLAINTIFF'S NOTICE OF MOTION AND MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION AND REPRESENTATIVE ACTION SETTLEMENT<br><br>Date: June, 2025<br>Time: 11:00 a.m.<br>Dept.: 304<br><br>[Date and Time Approved by Department 304]<br>Action Filed:<br>Trial Date: None Set |

I, G. Martin Velez, hereby declare if called as a witness in this matter I could and would competently testify based upon personal knowledge of the following:

1. I am an attorney licensed to practice in the State of California since December 14, 1993 and am a member in good standing of the California State Bar.

2. Patrick R. Co, Esq., of the Co Law Firm, and I are the attorneys of record for Plaintiff Jackson Chou in the matter of *Jackson Chou v. The Ding Doctor, Inc. et al.*, Superior Court of the State of California, County of San Francisco, Case Number CGC-22-597414.

CASE BACKGROUND

3. This is a wage and hour class action and Private Attorneys General Act ("PAGA") representative action. Plaintiff and putative class members have worked for The Ding Doctor as location managers, regional managers, area managers, supervisors, car washers and car detailers during the class period.

4. On October 25, 2021, Plaintiff submitted a PAGA claim notice to the Labor & Workforce Development Agency ("LWDA") and Defendants The Ding Doctor, Daniel Michael Chaves, and Gary Michael Chaves pursuant to Labor Code section 2699.3 et seq., attached hereto as Exhibit A.

5. On January 3, 2022, Plaintiff filed a Class Action and Representative Action Complaint in the Superior Court of the State of California, County of San Francisco alleging claims for (1) failure to pay overtime wages, (2) failure to provide rest periods, (3) failure to provide accurate wage statements, (4) failure to pay all wages due upon separation, (5) violation of Business and Professions Code, and (6) violation of Private Attorneys General Act.

6. Upon learning that Plaintiff had signed an arbitration agreement with a class action waiver, Plaintiff filed a First Amended Private Attorneys General Act Complaint on February 28, 2022 alleging claims for (1) PAGA penalties for failure to pay overtime wages, (2) PAGA penalties for failure to provide rest periods and rest period premium pay, (3) PAGA penalties for failure to provide accurate wage statements, (4) PAGA penalties for failure to timely pay wages owed, and (5) declaratory relief.

7. Defendants filed a motion to compel arbitration, which the trial court granted in part

on September 2, 2022, ordering Plaintiff's individual claims to arbitration and staying Plaintiff's representative claims pending arbitration.

8. Thereafter, Plaintiff arbitrated his individual claims before the Honorable Fred K. Morrison, Judge (Ret.) with JAMS, and in and around April 2024 Plaintiff's individual claims that were the subject of the arbitration were resolved without prejudice to Plaintiff's right to pursue the PAGA representative claims.

9. On May 24, 2024, the trial court issued an order lifting the stay placed on Plaintiff's representative PAGA claims.

10. Concurrent with the filing of this motion, Plaintiff filed a Joint Stipulation for the filing of a Second Amended Complaint in which Plaintiff filed a Second Amended Class Action and Representative Action Complaint alleging claims for (1) failure to pay overtime wages, (2) failure to pay minimum wage, (3) failure to provide meal periods, (4) failure to provide rest periods, (5) failure to reimburse business expenses, (6) failure to pay sick leave, (7) failure to provide accurate wage statements, (8) failure to pay all wages due upon separation, (9) violation of Business and Professions Code, and (10) violation of Private Attorneys General Act, which is the operative complaint. The Ding Doctor is named as a defendant in all ten causes of action and Daniel Michael Chaves and Gary Michael Chaves are named as defendants in the tenth cause of action, i.e., the PAGA action pursuant to Labor Code sections 558, subdivision (a) and 558.1, subdivision (a).

11. Throughout this entire litigation, The Ding Doctor has denied all liability and has denied that this action is suitable for class certification.

DISCOVERY AND INVESTIGATION

12. Following the filing of this action, Mr. Co and I conducted formal and informal discovery. Plaintiff served three sets of requests for production of documents seeking documents responsive to 53 separate categories, two sets of special interrogatories with 17 requests, and general and employment form interrogatories. Additionally, Plaintiff responded to two sets of requests for production of documents seeking documents responsive to 46 separate categories, responded to general and employment form interrogatories, and sat through a full-day deposition. Through both formal and informal discovery, The Ding Doctor produced 283 pages of documents and eight Excel

spreadsheets in response to Plaintiff's request for a twenty-five percent sampling size of putative class members. The eight Excel spreadsheets contain wage statement information and time sheet information, equivalent to approximately 60,000 pages. Plaintiff retained a private investigator and, through the efforts of the private investigator and Plaintiff's counsel, Plaintiff interviewed approximately two dozen current and former employees of The Ding Doctor in both Southern California and Northern California regarding the wage and hour allegations raised in this action.

13. I reviewed and analyzed the formal and informal discovery in this matter, and I conferred with Mr. Co on a continuous basis as we evaluated the success on the merits, the potential maximum recovery for all claims, the effect of the United States Supreme Court's decision in *Viking Rivers Cruises, Inc. v. Moriana* (2022) 596 U.S. 639, and litigation strategy following the *Viking Rivers Cruises* decision. I researched the applicable law regarding the claims and potential defenses. Additionally, I personally interviewed approximately a dozen former employees of The Ding Doctor regarding their experiences working for The Ding Doctor, including The Ding Doctor's wage and hour practices.

SETTLEMENT NEGOTIATIONS

14. During the course of this litigation, Mr. Co and I had several discussions with Bret Martin, Esq., of Fisher & Phillips LLP, counsel for The Ding Doctor. Following the trial court's order granting The Ding Doctor's motion to compel arbitration, all Parties agreed to engage in an informal exchange of information and to participate in mediation in an effort to reach a global resolution. In preparation for mediation, Mr. Co and I requested wage statements and time sheet records for a twenty-five percent sample size of The Ding Doctor's employees at various locations in California and in response received detailed wage statement and time sheet information in eight Excel spreadsheets, equivalent to approximately 60,000 pages.

15. On August 8, 2023, the Parties participated in a mediation with Michael Young, Esq., an experienced wage and hour mediator who is currently affiliated with Judicate West. The Parties, however, were unable to reach a resolution at the mediation.

16. After resolving Plaintiff's individual claims in the arbitration proceeding, the Parties re-engaged in settlement discussions, which Mr. Young helped facilitate. Initially, the settlement

discussions involved resolving the representative PAGA claims. As settlement discussions progressed, the Parties agreed to attempt to resolve this action as a class action and representative PAGA action, and ultimately reached an agreement to resolve this matter as a class action and PAGA representative action for the sum of $650,000.00. Throughout this litigation, all settlement discussions conducted by the Parties were at arm's length. Attached as Exhibit B is the Stipulation of Settlement of Class and PAGA Action Claims and Release of Claims ("Stipulation of Settlement") signed by the Parties.

17. As part of the Stipulation of Settlement and for purposes of effectuating the settlement, Plaintiff agreed to file a Second Amended Class Action and Representative Action Complaint, which restated the class action allegations contained in the original complaint and added causes of action for failure to pay minimum wage, failure to provide meal periods, failure to reimburse business expenses, and failure to pay sick leave. Previously, Mr. Chou had not alleged in this action or in the arbitration proceeding, nor had he settled, claims for failure to provide meal periods, failure to reimburse business expenses, and failure to pay sick leave. The Second Amended Class Action and Representative Action Complaint was filed pursuant to the Joint Stipulation, as described in paragraph 10 above. Additionally, Plaintiff agreed to file an amended PAGA notice with the LWDA, which Plaintiff filed on March 10, 2025, attached hereto as Exhibit C.

18. On April 3, 2025, I submitted the Stipulation of Settlement to the LWDA on behalf of Plaintiff.

SUMMARY OF SETTLEMENT TERMS

19. The Stipulation of Settlement has the following key settlement terms:

- Class - all persons within the State of California who are or were employed by The Ding Doctor as non-exempt employees, or exempt employees working as location managers, regional managers, area managers, and on-site supervisors during the Class Period.
- Class Period - Class Period of October 25, 2020, to January 31, 2025.
- Settlement Amount - The Ding Doctor will pay the Gross Settlement Amount of $650,000.00 to a Settlement Fund to provide settlement payments (including PAGA penalty payments) to the Class, an Enhancement Award to the Plaintiff, settlement administration fees and costs, and attorneys' fees, costs, litigation expenses incurred by class counsel. The Ding Doctor shall separately pay all required employer payroll contributions for the portion of the Gross Settlement Amount allocated to wages.

- Allocation of the Net Settlement Amount - 10 percent of the Net Settlement Amount shall be allocated as wages and the remaining 90 percent of the Net Settlement Amount shall be allocated as penalties and pre-judgment interest.

- PAGA Allocation - $40,000.00 of the Gross Settlement Amount shall be allocated to penalties under PAGA, with $30,000.00, representing 75 percent of the amount allocated to penalties under PAGA, paid to the State of California by the Settlement Administrator and the remaining 25 percent to be included as part of the Net Settlement Amount and paid to class members proportionately based on their respective work weeks during the PAGA period.

- Service Award - subject to court approval, a sum of $10,000.00 out of the Settlement Fund shall be paid to Plaintiff Jackson Chou for a service award.

- Settlement Administration Fees - all settlement administration fees and costs shall be paid out of the Settlement Fund, and are not to exceed $30,000.00.

- Attorneys' Fees and Costs - class counsel will request, by way of motion, attorneys' fees in an amount not to exceed $216,645.00, which represents one-third of the Gross Settlement Amount, plus reimbursement of reasonable costs not to exceed $500.00, to be paid from the Settlement Fund.

- Funding Date – The Ding Doctor shall pay the Gross Settlement Amount in two installments. The first installment of $500,000.00 shall be paid the later of April 23, 2025 or within twenty-one calendar days after the Parties approve the Settlement Administrator's final calculations of the settlement payments and The Ding Doctor's employer side payroll taxes. The second installment of $150,000.00 shall be paid the later of July 23, 2025 or within twenty-one calendar days after the Parties approve the settlement administrator's final calculations of the settlement payments and The Ding Doctor's employer side payroll taxes.

THE PROPOSED SETTLEMENT IS FAIR AND REASONABLE

20. Patrick Co and I have conducted a thorough investigation into the facts of this case. Based on our informal investigation and the formal discovery we conducted, I believe that the settlement set forth in the Stipulation of Settlement is fair, reasonable, and adequate and in the best interests of the putative class members in light of all the known facts and circumstances, the risk of significant delay, the defenses that could be asserted by The Ding Doctor both to certification and the merits, trial risk, and appellate risk. I have no adverse interests to the proposed class in this action.

21. The Ding Doctor operates car washing and car detailing services across California at car dealerships, and employs individuals to wash and detail vehicles.

22. Plaintiff worked for The Ding Doctor as a car washer, car detailer, supervisor, and location manager at various locations in both Southern California and Northern California from on or about September 2016 through August 2021. During his employment as a location manager, The Ding Doctor classified Plaintiff as an exempt employee. In this action, Plaintiff alleges that The Ding Doctor misclassified Plaintiff as an exempt employee, as Plaintiff spent the vast majority of his workday detailing and washing cars, i.e., performing the exact same work that non-exempt hourly car detailers and car washers performed, making Plaintiff a non-exempt hourly employee. (See *Heyen v. Safeway Inc.* (2013) 216 Cal.App.4th 795, 817 [to fall within the executive exemption, an employee must be "primarily engaged" in managerial duties, i.e., the employee must spend "'more than one-half [his] work time' engaged in such duties"].) Plaintiff worked in excess of eight hours in workdays and in excess of 40 hours in workweeks, for which he did not receive overtime wages or minimum wages. At his deposition, The Ding Doctor conducted detailed questioning of Plaintiff regarding his job duties and the time he allocated to those job duties. The Ding Doctor has denied that it misclassified Plaintiff and location managers, regional managers, and area managers as exempt employees, and I anticipate that The Ding Doctor will vigorously contest this claim in the event this action is litigated. Although I believe that Plaintiff would prevail on his misclassification claim, I also believe that The Ding Doctor would be able to use Plaintiff's deposition testimony and coworker testimony to assert that Plaintiff, and other managers, did not spend more than fifty percent of his time performing non-exempt job duties.

23. In this action, Plaintiff also contends that The Ding Doctor maintained a meal and rest period policy whereby car washers, car detailers, supervisors, locations managers, regional managers, and area managers were required to take a one hour break mid-shift, which purportedly encompassed an unpaid 30 minute lunch period and two unpaid rest breaks. Other than the one hour break mid-shift, The Ding Doctor did not authorize and permit rest breaks for its employees. By doing so, Plaintiff asserts that The Ding Doctor failed to authorize and permit Plaintiff and proposed class members to take rest periods as mandated by statute and regulation. (See *Rodriguez v. E.M.E., Inc.* (2016) 246 Cal.App.4th 1027, 1030 [an employer must make a good faith effort to authorize and permit rest break in the middle four hours of work or major fraction thereof, absent factors rendering

such schedule impracticable], citing *Brinker Restaurant Corp. v. Superior Court* (2012) 53 Cal.4th 1004, 1031, 1036.) Additionally, Plaintiff maintains that The Ding Doctor failed to pay Plaintiff and proposed class members an additional hour of pay for each workday in which a rest break violation occurred. The Ding Doctor has denied that it failed to provide statutory compliant rest breaks.

24. I have thoroughly reviewed the documents and Excel spreadsheets produced both formally and informally by The Ding Doctor. The documents and information produced by The Ding Doctor, in particular the documents showing clock-out and clock-in times, help support Plaintiff's allegation that The Ding Doctor required employees to take a one hour break mid-shift. However, in my experience in wage and hour cases, employers generally do not require employees to clock-out and clock-in for rest breaks. As such, although the documents and information produced by The Ding Doctor do not show clock-out and clock-in times for rest breaks, the lack of clock-out and clock-in times for rest breaks is not dispositive as to whether The Ding Doctor authorized and permitted employees to take rest breaks. Consequently, I believe the best evidence related to whether rest break violations occurred rests in the personal experiences of location managers, regional managers, area managers, supervisors, car washers, and car detailers. Moreover, because The Ding Doctor operates car washing and car detailing services at car dealerships throughout the State of California, I believe it is possible that the practices at The Ding Doctor's numerous locations with respect to rest breaks may have varied, with some locations requiring employees to take a one hour break mid-shift, which purportedly encompassed an unpaid 30 minute lunch and two unpaid rest breaks, and other locations possibly providing and authorizing statutory compliant rest breaks. Indeed, based on my work in this case, I am informed and believe that The Ding Doctor will deny that it maintains a company policy and practice at all of its locations that requires a one hour break mid-shift with no other rest breaks provided during the workday. While the investigation Mr. Co and I have conducted has revealed witnesses who support Plaintiff's allegations regarding rest breaks, I am further informed and believe that The Ding Doctor may be able to produce employees who will testify that The Ding Doctor authorized and permitted its employees to take statutory compliant rest breaks. The Ding Doctor has denied all liability in this action with respect to Plaintiff's rest break claim and I anticipate that The Ding Doctor will

vigorously contest this claim in the even this action is litigated. Although I believe Plaintiff will prevail on this issue, the outcome is uncertain and will rest on the testimony and credibility of countless witnesses.

25. In preparation for the August 8, 2023 mediation, The Ding Doctor represented that there were a total of 1,785 putative class members, including 701 current employees and 1,084 former employees, for the period of October 25, 2020 to July 24, 2023. As indicated in the Stipulation of Settlement, there are approximately 57,000 pay periods during the Class Period.

26. Based on an analysis of the facts and legal contentions in this case, the information and documents obtained through discovery, and our own informal investigation, Mr. Co and I have evaluated The Ding Doctor's maximum exposure. Based on our review and analysis, Mr. Co and I estimate that the potential maximum damages in this action for wage and hour violations totals $22,830,000.00 based on the following:

a. Rest Break Violations - Plaintiff's theory regarding rest break violations rests upon Plaintiff's allegations that The Ding Doctor required car washers, car detailers, supervisors, location managers, regional managers, and area managers to take a one hour break mid-shift, and did not provide any other breaks during the workday. The estimated total premium pay for rest break violations was based on 57,000 pay periods, an average hourly rate of $16.00, and 10 rest break violations per pay period. The estimated potential maximum damages for unpaid premium pay for rest break violations totals $9,120,000.00, calculated as follows: 57,000 (pay periods during class period) x $16.00 (average hourly rate) x 10 (rest break violations per pay period) = $9,120,000.00.

b. Meal Period Violations - The time sheet records and our informal discovery showed that the number of meal period violations were de minimis such as not to show a systematic policy and practice of denying meal periods, making class certification on this claim difficult. In my interview of witnesses, I learned that on certain occasions location managers or supervisors would have their meal break interrupted to attend to issues the car dealerships may have raised, but this occurred on an infrequent basis.

c. Off the Clock Work Violations - The occasions in which location managers or supervisors had their meal break interrupted to attend to issues raised by car dealerships also resulted in off the clock work. As with meal period violations, off the clock work violations were de minimis such as not to show a systematic policy and practice of off the clock work, making class certification on this claim difficult.

d. Overtime and Minimum Wage Violations - Plaintiff's theory of overtime and minimum wage violations rests upon Plaintiff's allegation that The Ding Doctor misclassified Plaintiff and location managers as exempt employees. As discussed above, The Ding Doctor conducted detailed questioning of Plaintiff at his deposition regarding his job duties and time allocated to those job duties, and was in a position to contest vigorously the misclassification issue, although I believe Plaintiff would be able to establish that The Ding Doctor misclassified him. Based on my investigation, including witness interviews I conducted, I am informed and believe that The Ding Doctor would be able to assert that not all location managers performed primarily non-exempt job duties, even if Plaintiff is able to show he was misclassified. The Ding Doctor represents that there are 80 location management positions. Based on our investigation, I estimate location managers, on average, worked five hours of unpaid overtime and earned on average $30 per hour. The estimated potential maximum damages for unpaid overtime totals $3,996,000.00, and is calculated as follows: 80 x 5 hours x $30 x 1.5 x 222 (workweeks in class period) = $3,996,000.00.

e. Unreimbursed Business Expenses - In discovery, The Ding Doctor requested that Plaintiff produce documents, including text messages, related to communications with any employees of The Ding Doctor and related to Plaintiff's employment with The Ding Doctor. In response, Plaintiff produced text messages from his personal cell phone, equivalent to between one and two text messages a month from his personal cell phone during his employment with The Ding Doctor. At his deposition, Plaintiff testified that The Ding Doctor provided him with a company cell phone. Additionally, in our investigation, I did not become aware of issues involving personal cell phone use for business purposes by employees or issues involving other unreimbursed business expenses. Based on Plaintiff's discovery responses and deposition testimony and our investigation into the claims in this action, I believe that the amount of unreimbursed business expenses is de minimis such as not to show a systematic policy and practice of failing to reimburse business expenses, making class certification on this claim difficult.

f. Sick Pay Violations - Labor Code section 246 provides that employees working for 30 or more days within a year of commencement of employment shall receive one hour of paid sick leave for every 30 hours worked at the regular rate of pay for the workweek. Generally, the regular rate of pay includes adjustments to straight time pay, such as nondiscretionary bonuses. In reviewing the wage statement information and time sheet information contained in the Excel spreadsheets, I did not identify issues involving incorrect hours of sick pay or bonuses which affected the regular rate of pay. Plaintiff's wage statements produced by The Ding Doctor showed Plaintiff occasionally received a bonus. On the occasions Plaintiff received a bonus, I did not identify instances in which he also took sick leave, and as such I did not identify instances in which Plaintiff was paid sick pay at an incorrect rate. To the extent any violations occurred regarding sick pay, I believe they are de minimis, making class certification on this issue difficult.

g. Wage Statement Violations - The wage statement information produced in discovery did not show that The Ding Doctor paid Plaintiff and putative class members premium pay for rest break violations or meal period violations, which Plaintiff contends makes the wage statements issued inaccurate. The damages for non-compliant wage statements total $7,140,000.00, and is calculated as follows: $4,000 (maximum statutory recovery under Labor Code section 226) x 1,785 (putative class members) = $7,140,000.00.

h. Waiting Time Penalties - The waiting time penalties (which arise from the failure to pay premium wages for rest break violations) are calculated as follows: $16.00 x 8 hours x 30 days x 715 (former employees) = $2,574,000.00.

i. Business and Professions Code - The Business and Professions Code cause of action is derivative of the other claims and thus recovery for this cause of action has already been factored into the analysis of the derivative claims.

27. Based on our review and analysis of the discovery and our investigation and caselaw indicating that the issue of stacking PAGA penalties is unresolved (see *Merante v. American Institute for Foreign Study, Inc.* (2022) 2022 WL 2918896, * 6 ["California law is unsettled as to whether PAGA penalties may be stacked"]), Mr. Co and I have estimated that the potential

maximum recovery for PAGA penalties for Labor Code violations totals $5,700,000.00, calculated as follows: 57,000 (pay periods) x $100.00 (civil penalty) = $5,700,000.00.

28. Because the arbitration agreement contains a class action waiver, Plaintiff, absent an agreement by the Parties, would not be able to obtain class certification and thus would not be able to obtain recovery for class claims. Additionally, because The Ding Doctor would contest Plaintiff's alleged Labor Code violations and because the trial court has discretion to reduce an award of PAGA penalties if an award is unjust, arbitrary and oppressive or confiscatory (see Lab. Code, § 2699, subd., (e)(2)), it is unlikely that Plaintiff and aggrieved employees would receive PAGA penalties as high as $5,700,000.00. In light of this, Mr. Co and I estimate that the reasonable maximum recovery in this action is $2,850,000.00, which represents fifty percent recovery of the estimated maximum potential recovery of PAGA penalties. The $650,000.00 settlement amount represents 22.8 percent of the reasonable maximum recovery in this action. Additionally, the $650,000.00 settlement amount represents a gross recovery of $11.40 per workweek for the putative class members, calculated as follows: $650,000.00 ÷ 57,000 = $11.40.

29. While I have a good faith belief in the merits of the claims in this action, I recognize a legitimate controversy exists as to each cause of action and as to class certification. As discussed above, absent an agreement by the Parties, Plaintiff would not be able to obtain class certification due to the class action waiver in the arbitration agreement, which Mr. Co and I have been mindful of in settlement negotiations.

30. The Ding Doctor is represented by Fisher & Phillips LLP, a highly respected national employment law defense firm. Throughout this litigation, The Ding Doctor has denied liability and has raised meritorious arguments regarding Plaintiff's claims. Plaintiff recognizes that litigating and proving the amount of damages and penalties for each member of the class and for each aggrieved employee would be timely and costly. I am informed and believe that The Ding Doctor was prepared vigorously to challenge Plaintiff's allegations and I anticipated that The Ding Doctor would assert that it properly classified exempt employees and provided employees with statutory compliant rest breaks, and, to the extent any violations occurred, those violations were sporadic and were not related to a company-wide policy and practice at The Ding Doctor's various locations of operations.

Additionally, I am informed and believe that The Ding Doctor conducted its own informal investigation, including interviews of employees, and that Plaintiff would have been confronted with employee declarations and testimony attesting that The Ding Doctor authorized and permitted rest breaks and that Plaintiff and exempt employees were properly classified.

31. This settlement avoids the risks and accompanying expenses of further litigation. Although Plaintiff has engaged in significant amount of discovery and analysis, the Parties have not completed formal written discovery and no depositions have been taken, other than Plaintiff's deposition. Plaintiff intended to take the depositions of corporate officers and managers of The Ding Doctor, person(s) most knowledgeable of The Ding Doctor's wage and hour policies, and countless location managers, regional managers, area managers, supervisors, car detailers and car washers at various locations. Additionally, had a settlement not been reached, Plaintiff would have had to prepare for a potential motion for summary judgment and a subsequent trial, as well as a potential appeal. As a result, the Parties would incur considerably more attorneys' fees and costs through trial and possible appeal.

32. The proposed settlement of $650,000.00 represents a substantial recovery when compared to Plaintiff's reasonably forecasted recovery. When considering the risks of litigation, the scope of discovery, the class action waiver, the burdens of proof necessary to establish liability, the probability of appeal of a favorable judgment, I believe that the settlement amount of $650,000.00 is within the "ballpark" of reasonableness, and preliminary settlement approval is necessary.

ENHANCEMENT AWARD FOR PLAINTIFF IS REASONABLE

33. Plaintiff spent a significant amount of time assisting me and Mr. Co in prosecuting this action. As a long-time employee of The Ding Doctor, Plaintiff provided important factual information regarding his and his co-workers' experiences at The Ding Doctor regarding overtime, rest breaks, and meal periods, and he provided the names of potential witnesses. Plaintiff assisted counsel in understanding The Ding Doctor's policies and practices and in understanding documents produced by The Ding Doctor. Plaintiff remained in frequent contact with counsel throughout this litigation and remained available and cooperated in assisting counsel in this action.

34. During the August 8, 2023 mediation, Plaintiff remained available throughout the day to assist counsel at the mediation, which commenced at 9:30 a.m.

35. Plaintiff prepared for and sat for a full-day deposition on October 12, 2023.

36. Plaintiff's assistance in this litigation was instrumental in our prosecuting this action and the recovery provided in the Stipulation of Settlement would not have been possible without Plaintiff's participation.

37. In agreeing to act as the named plaintiff in the class action and PAGA representative action, Plaintiff faced actual risks, including the stigma associated with bringing a class action against an employer and financial risks in the event of an unfavorable outcome.

38. Plaintiff's participation in this litigation has benefited the putative class members, who now have the opportunity to receive a settlement for the alleged wage and hour violations they may have never known about on their own or had been unwilling to pursue on their own. If these putative class members would have tried to pursue their legal remedies on their own, the putative class members would have had to devote significant time and resources, which were made unnecessary by Plaintiff's participation in this action.

39. This class action would not have been possible without the assistance of Plaintiff, and his willingness to take on the risk associated with this action. The requested enhancement award of $10,000.00 for Plaintiff for his service as the class representative is a relatively small amount of money for the time, effort, and risk Plaintiff undertook.

THE REQUEST FOR ATTORNEYS' FEES AND COSTS IS REASONABLE

40. The settlement provides for an attorneys' fees award not to exceed $216,645.00, representing approximately up to one-third of the total settlement amount. Additionally, the settlement provides for reasonable litigation costs not to exceed $500.00.

41. I am informed and believe that the requested attorneys' fees award and costs are reasonable. The fee percentage is less than that the amount I charge in single plaintiff employment cases. Additionally, I have invested significant time and resources into this litigation, with payment deferred to the end of the case and contingent upon the outcome.

42. The risk I have undertaken in this litigation is significant, particularly if this action resulted in a negative outcome. In the event of a negative outcome, I would have not received any compensation for the work I performed in this action.

SETTLEMENT ADMINISTRATION FEES

43. Phoenix Class Action Administration Solutions has agreed to act as the settlement administrator in this action. Attached hereto as Exhibit D is a true and correct copy of the settlement administration quote Phoenix provided in this action.

MY EXPERIENCE AND QUALIFICATIONS

44. I graduated from the University of California, Berkeley in May 1986 with a Bachelor of Arts degree in Economics. I graduated from the University of Iowa College of Law in May 1993, where I was a member of the Moot Court Board and the *Iowa Law Review*. I was admitted to the California State Bar on December 14, 1993 and I have 31 years' experience as an attorney. I worked as a deputy district attorney with the Santa Cruz County District Attorney's Office from 1994 to 1995 and as a deputy public defender with the Sonoma County Public Defender's Office from 1995 to 1998. After two years in private practice, I worked as an associate for a civil litigation defense firm in Daly City from 2000 to 2006 and as an associate for an employment litigation defense firm in San Francisco from 2006 to 2007. I have practiced in the area of employment law since 1998. Since 2007, I have been a solo practitioner, handling cases throughout the San Francisco Bay Area, including superior courts in Alameda County, Marin County, Napa County, San Francisco County, San Mateo County, Santa Clara County, and Solano County, and district courts for the Northern District of California and the Central District of California. Approximately 80 percent of my cases are plaintiff's employment law cases, which are taken on a contingency fee basis in which I incur the litigation expenses.

45. In the past years, I have been plaintiff's counsel in the following class action and representative action cases: *Socorro Mata Cruz v. RTSF Ventures, Inc.*, Contra Costa County Superior Court Case Number C22-00538, in which Mr. Co and I were appointed class counsel, *Henderson v. Amazon.com, Inc.*, Alameda County Superior Court Case Number 22CV018987, and *Ayala v. Watt Petroleum, LLC*, Contra Costa County Superior Court Case Number C2402331. I

have also been plaintiff's counsel in the following single or multi-plaintiff cases which have involved wage and hour claims: *Louie v. Amazon.com, Inc. et al.*, Alameda County Superior Court Case Number RG17849022; *Hardy v. CDK Fremont LLC*, Alameda County Superior Court Case Number RG189117364; *Ronquillo v. Koreana Plaza Market Sacramento, Inc.*, Sacramento County Superior Court Case Number 34-2016-00198438; *Hart v. Bettencourt Transport, Inc.*, Yolo County Superior Court Case Number CV16-1859; *Gasmin v. Comcast Cable Communications Management, LLC*, JAMS Case Number 1100109833; *Nigro-Sanchez v. Foothill Health Center, Inc.*, Santa Clara County Superior Court Case Number 19CV350448; *Machado v. Ducky's Car Wash, LLC*, San Mateo County Superior Court Case Number 18CIV02457; *Royee v. Casino 580, LLC*, RG14744802; *Andrews v. Stanford Properties, Inc.*, Marin County Superior Court Case Number CV800630; *Pierre-Sanchez v. Elan Fitness Center Inc.*, Marin County Superior Court Case Number CIV909090; *Sachdev v. Bayshore Ambulance, Inc.*, San Mateo County Superior Court Case Number CIV476107; *Nunez v. Solage Calistoga Service Corporation,* Napa County Superior Court Case Number 26-51813.

46. In my career, I have had 43 jury trials, eight of which have involved civil matters in superior court (unlimited jurisdiction) and district court and 35 of which have involved criminal matters. I have acted as lead counsel on all of the jury trials, with the exception of three cases in which I have acted as second chair.

47. My hourly rate is $700.00, which is based on my 31 years of experience as an attorney and is reflective of the market rate for attorneys of similar experience and skill level in the San Francisco Bay Area. In 2020, I was awarded attorneys' fees based on an hourly rate of $500.00 in *Gayton v. PRA*, American Arbitration Association Case Number 01-18-0004-2509, San Francisco County Superior Court Case Number CPF-20-517069, a pregnancy discrimination case. Since then, I have increased my hourly rate to $700.00, which is based on my experience practicing employment law in the San Francisco Bay Area, my discussions with colleagues practicing employment law regarding fee awards, and my knowledge of verdicts and fee awards in employment cases. I believe that my hourly rate of $700.00 is well within the reasonable range of rates charged by attorneys and approved by courts for those at my level of experience who specialize in representing employees in

the San Francisco Bay Area. I intend to submit a declaration with the motion for final approval addressing the hours I have billed in this action.

I declare under penalty of perjury under the laws of the State of California and of the United States of America that the foregoing is true and correct. Executed this 30th day of April 2025 in Santa Rosa, California.

Martin Velez

G. Martin Velez

# Exhibit A

# THE CO LAW FIRM

201 Spear Street, Suite 1100
San Francisco, California 94105

**Patrick R. Co**
Attorney At Law

tel. (415)-426-3553
fax (415)-477-4032
email: info@colawfirmsf.com


October 25, 2021

***Via Online Submission***

PAGA Administrator
Labor & Workforce Development Agency
800 Capitol Mall, Suite 5000
Sacramento, CA 95814

Re: **Jackson Chou, aka Jackson Chom v. Ding Doctor, Inc., doing business as Danny's Dealer Solutions and Danny's Detail, Daniel Michael Chaves, and Gary Michael Chaves**

Dear PAGA Administrator:

G. Martin Velez, Esq. of the Law Firm of G. Martin Velez and I have been retained to represent Jackson Chou, aka Jackson Chom, individually and on behalf of all other similarly aggrieved current and former employees, in his potential action against his former employer, Ding Doctor, Inc., doing business as Danny's Dealer Solutions and Danny's Detail (hereinafter "Danny's Detail"), Daniel Michael Chaves, and Gary Michael Chaves. Pursuant to Labor Code section 2699.3, this letter constitutes written notice of Danny's Detail's Labor Code violations and of Mr. Chou's intent to recover statutory penalties under California's Private Attorneys General Act of 1994. (See Labor Code, §§ 2698 et seq.)

1. Relevant Facts

Danny's Detail provides car washing and detailing services to car dealerships throughout California. Daniel Michael Chaves is the chief executive officer and secretary of Danny's Detail. Gary Michael Chaves is the chief financial officer of Danny's Detail. According to its website, Danny's Detail has over 500 employees.

Mr. Chou worked for Danny's Detail as a location manager at various locations in both Southern and Northern California for approximately five years. During his employment, Danny's Detail misclassified Mr. Chou as an exempt employee. Although he was provided with the title of location manager, Mr. Chou spent a vast majority of his workday detailing and washing cars, i.e., performing the exact same work as nonexempt hourly detailers and car washers, making Mr. Chou a nonexempt hourly employee. (See *Heyen v. Safeway, Inc.* (2013) 216 Cal.App.4th 795, 822 ["work of the same kind performed by a supervisor's nonexempt employees generally is 'nonexempt,' even when that work is performed by the supervisor" and "if such work takes up a large part of supervisor's time, the supervisor likely is a 'nonexempt' employee"].)

Mr. Chou typically worked Mondays through Saturdays, nine to ten hours a day and over 40 hours a week. Mr. Chou did not receive wages for overtime hours worked and his wage statements did not accurately show overtime hours worked and wages earned for pay periods. Mr. Chou is informed and believes that similarly situated current and former employees also did not receive wages for overtime hours worked and did not receive accurate wage statements.

Mr. Chou and hourly car wash and detailing employees were denied rest breaks. Under its policy, Danny's Detail required its hourly employees, including Mr. Chou, to take a one hour break mid-shift, which purportedly encompassed an unpaid half hour lunch and two unpaid rest breaks. Danny's Detail did not pay Mr. Chou an additional hour of pay for each workday that a rest break was not provided, i.e., premium pay. Mr. Chou is informed and believes that similarly situated current and former employees also did not receive premium pay for rest periods denied.

Upon separating from Danny's Detail, Danny's Detail failed to pay Mr. Chou all wages due at the time of separation, as Mr. Chou's final paycheck did not include unpaid overtime wages and unpaid premium pay for rest break violations. Mr. Chou is informed and believes that similarly situated former employees also were not paid unpaid overtime wages and unpaid premium pay for rest break violations at the time of discharge or separation.

2. Labor Code Violations

a. Rest Break Violations

Labor Code section 226.7 states that an employer shall not require that an employee work during a rest break mandated pursuant to an applicable statute or order of the Industrial Welfare Commission. (Lab. Code, § 226.7, subd. (b); see also Industrial Welfare Commission Wage Order 7-2001, ¶ 12; Industrial Welfare Commission Wage Order 9-2001, ¶ 12; Cal. Code Regs., tit. 8, § 11070, ¶ 12; Cal Code Regs., tit. 8, § 11090, ¶ 12.) The applicable Wage Order for Danny's Detail's industry provides, "[e]very employer shall authorize and permit all employees to take rest periods, which insofar as practicable shall be in the middle of each work period." (Wage Order 7-2001, ¶ 12; Wage Order 9-2001, ¶ 12; Cal. Code Regs., tit. 8, § 11070, ¶ 12; Cal. Code Regs., tit. 8, § 11090, ¶ 12.) For each workday that a rest break is not provided, an employer shall pay an employee one additional hour of pay. (Lab. Code, 226, 7, subd. (c).)

By combining rest breaks with lunch breaks into a one hour period in the middle of the shift, Danny's Detail failed to authorize and permit its hourly employees, including Mr. Chou, to take rest periods in the middle of each work period, in violation of Labor Code sections 226.7 and 1198, Wage Order 7, ¶ 12, Wage Order 9, ¶ 12, California Code of Regulations, title 8, section

11070, ¶ 12, and California Code of Regulations, title 8, section 11090, ¶ 12. (See also Rodriguez v. E.M.E., Inc. (2016) 246 Cal.App.4th 1027, 1036 [employers have an obligation "to make a good faith effort to authorize and permit rest breaks in the middle of each work period . . . ."].)

Additionally, Danny's Detail failed to pay Mr. Chou and similarly situated current and former employees an additional hour of pay for each workday in which a rest break violation occurred. As a consequence of these violations, Danny's Detail is subject to civil penalties under Labor Code sections 558 and 2699, subdivision (a), and prejudgment interest pursuant to Labor Code section 218.6. Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section (see Lab. Code, §§ 558, subd. (a), 558.1, subd. (a)) and are subject to the same civil penalties.

b. Overtime Violations

Labor Code section 510 requires employers to compensate employees at the rate of no less than one and one-half times the regular rate of pay for work in excess of eight hours in one workday and any work in excess of 40 hours in any workweek. (Lab. Code, § 510, subd. (a); see also Lab. Code, §§ 1194, 1198.) Labor Code section 204 provides that all wages earned are due and payable twice during each calendar month. (Lab. Code, § 204, subd. (a).) Labor Code sections 201 and 202 require employers to pay its employees all wages due immediately at the time of discharge, layoff, or resignation made with at least 72 hours' notice, or within 72 hours of resignation made without 72 hours' notice. (Lab. Code, §§ 201, subd. (a), 202, subd. (a).)

Mr. Chou and similarly situated current and former employees often worked in excess of eight hours in a workday and in excess of 40 hours in a workweek without receiving one and one-half times or more the regular rate of pay for all overtime hours worked. By not paying Mr. Chou and other similarly situated current and former employees overtime wages, Danny's Detail violated Labor Code sections 201, 202, 204, 510, 1194, and 1198 and is subject to civil penalties under Labor Code sections 558 and 2699, subdivision (a), attorney fees and costs pursuant to Labor Code sections 218.5 and 1194, and prejudgment interest pursuant to Labor Code section 218.6. Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section (see Lab. Code, §§ 558, subd. (a), 558.1, subd. (a)) and are subject to the same civil penalties.

c. Wage Statement Violations - Labor Code section 226

Wage statements issued to Mr. Chou by Danny's Detail were inaccurate in that the wage statements did not provide an additional hour of pay for each workday in which he was not provided a rest break and did not provide overtime wages for all hours worked in excess of the statutory amount. Mr. Chou is informed and believes that Danny's Detail did not provide accurate wage statements to similarly situated current and former employees.

Labor Code section 226 requires employers, at the time of each payment of wages, to furnish each employee with an accurate itemized wage statement. (Lab. Code, § 226, subd. (a).) By failing to provide accurate itemized wage statements to Mr. Chou and similarly situated current and former employees, Danny's Detail violated Labor Code section 226 and is subject to civil penalties under Labor Code sections 226, subdivision (e), 226.3, 558, and 2699, subdivision (a), and attorney fees and costs pursuant to Labor Code section 226, subdivision (e)(1). Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section (see Lab. Code, §§ 558, subd. (a), 558.1, subd. (a)) and are subject to the same civil penalties.

d. Waiting Time Penalties

Mr. Chou's final paycheck did not contain all wages due as it did not include unpaid premium pay for rest break violations and unpaid overtime wages. Mr. Chou is informed and believes that Danny's Detail failed to pay all wages due at separation to similarly situated former employees.

Labor Code sections 201 and 202 specify that an employer must pay its employees all wages due immediately at the time of discharge, layoff, or resignation made with at least 72 hours' notice, or within 72 hours of resignation made without 72 hours' notice. (Lab. Code, §§ 201, 202.) When an employer fails to do so, the employer is required to pay waiting time penalties of up to 30 days' wages. (Lab. Code, § 203.)

By not paying Mr. Chou and similarly situated former employees all wages due at the time of separation, Danny's Detail violated Labor Code sections 201, 202, and 203 and is subject to civil penalties under Labor Code sections 558 and 2699, subdivision (a), attorney fees and costs pursuant to Labor Code sections 218.5 and 1194, and prejudgment interest pursuant to Labor Code section 218.6. Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section (see Lab. Code, §§ 558, subd. (a), 558.1, subd. (a)) and are subject to the same civil penalties.

3. Conclusion

Danny's Detail's unlawful actions, as set forth above, violate numerous sections of the Labor Code, in addition to Wage Order 7, Wage Order 9, California Code of Regulations, title 8, section 11070, and California Code of Regulations, title 8, section 11090. Additionally, Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section. (See Lab. Code, §§ 558, subd. (a), 558.1, subd. (a).) Accordingly, Mr. Chou respectfully requests that the Labor and Workforce Development Agency initiate enforcement with respect to the aforementioned violations. If the LWDA declines to pursue enforcement, Mr. Chou will pursue these claims for statutory penalties on behalf of himself and all current and former similarly situated employees. If you have any questions or concerns regarding this matter, please do not hesitate to contact me. Thank you for your time and consideration of this matter.

Very truly yours,

Patrick R. Co

cc: Ding Doctor, Inc.
Daniel Chaves - Agent for Service of Process
3502 S. Susan Street
Santa Ana, CA 92704
[Via Certified U.S. Mail (Receipt Acknowledgment with Signature Requested)]

| | |
|---|---|
| Daniel Michael Chaves<br>3502 S. Susan Street<br>Santa Ana, CA 92704 | Gary Michael Chaves<br>3502 S. Susan Street<br>Santa Ana, CA 92704 |
| Daniel Chaves<br>22 Mount Charm<br>Toquerville, UT 84774 | Gary Michael Chaves<br>P.O. Box 527<br>Toquerville, UT 84774 |

**Exhibit B**

Patrick R. Co (SBN 200160)
THE CO LAW FIRM
201 Spear Street, Suite 1100
San Francisco, CA 94105
t: 415.426.3553 f: 415.477.4032
pco@colawfirmsf.com

G. Martin Velez (SBN 168315)
LAW OFFICE OF G. MARTIN VELEZ
3558 Round Barn Boulevard, Suite 200
Santa Rosa, CA 95403
t: 415.342.4125 f: 415.532.2492
martinvelez@comcast.net

Attorneys for Plaintiff JACKSON CHOU, aka JACKSON CHOM, on behalf of himself, the Labor Workforce Development Agency, and similarly situated aggrieved current and former employees

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN FRANCISCO – UNLIMITED JURISDICTION

| | |
|---|---|
| JACKSON CHOU, aka JACKSON CHOM, on behalf of himself and on behalf of all persons similarly situated, and on behalf of himself, the Labor Workforce Development Agency, and similarly situated aggrieved current and former employees<br><br>Plaintiff<br><br>vs.<br><br>THE DING DOCTOR, INC., doing business as DANNY'S DEALER SOLUTIONS and DANNY'S DETAIL; DANIEL MICHAEL CHAVES; GARY MICHAEL CHAVES; and DOES 1 through 20 inclusive<br><br>Defendants | Case Number: CGC-22-597414<br><br>**STIPULATION OF SETTLEMENT OF CLASS AND PAGA ACTION CLAIMS AND RELEASE OF CLAIMS**<br><br>Complaint Filed: January 3, 2022<br><br>ASSIGNED FOR ALL PURPOSES TO THE HONORABLE ETHAN P. SCHULMAN – DEPARTMENT 304 |

This Stipulation of Settlement of Class and PAGA Action Claims and Release of Claims is entered into by and between Plaintiff Jackson Chou (hereinafter "Plaintiff"), an individual, on behalf of himself, and on behalf of all persons similarly situated, and in his representative capacity on behalf of the State of California and the Aggrieved Employees, and Defendant The Ding Doctor, Inc., a California corporation, doing business as Danny's Dealer Solutions and Danny's Detail ("Defendant"):

## I. DEFINITIONS

A. "Action" shall mean the putative class and representative action lawsuit designated *Jackson Chou v. The Ding Doctor, Inc., et al.*, San Francisco County Superior Court, Case No. CGC-22-597414, filed on or about January 3, 2022.

B. "Agreement" or "Settlement Agreement" means this Stipulation of Settlement of Class and PAGA Action Claims and Release of Claims.

C. "Aggrieved Employees" means all persons within the State of California who are or were employed by Defendant as non-exempt employees, or exempt employees working as location managers, regional managers, area managers, and on-site supervisors during the Class Period.

D. "Aggrieved Employee Payment" shall mean the twenty-five percent (25%) of the PAGA Payment ($40,000.00) that will be distributed to the Aggrieved Employees as described in this Agreement.

E. "Class" or the "Class Members" means all persons within the State of California who are or were employed by Defendant as non-exempt employees, or exempt employees working as location managers, regional managers, area managers, and on-site supervisors during the Class Period.

F. "Class Counsel" means Patrick R. Co of The Co Law Firm, , and G. Martin Velez of Law Office of G. Martin Velez.

G. "Class Counsel Award" means the award of fees and expenses that the Court authorizes to be paid to Class Counsel for the services they have rendered to Plaintiff, the Class Members and the Aggrieved Employees in the Action, consisting of attorneys' fees currently not to exceed one-third of the Gross Settlement Amount currently estimated to be $216,645.00 out of $650,000.00 plus costs of up to $500.00. Class Counsel shall be responsible for division of the Class Counsel Award included in the Gross Settlement amongst themselves.

H. "Class Data" means information regarding Class Members that Defendant will in good faith compile from its records and provide to the Settlement Administrator. It shall be formatted as a Microsoft Excel spreadsheet and shall include: each Class Member's full name; last known address; e-mails, Social Security Number; start dates and end dates of employment and/or number of Pay Periods worked during the Class Period.

I. "Class Period" means the period beginning October 25, 2020, to January 31, 2025.

J. "Class Representative" shall mean plaintiff Jackson Chou.

K. "Court" means the Superior Court for the State of California, County of San Francisco currently presiding over the Action.

L. "Defendant" shall mean The Ding Doctor, Inc.

M. "Effective Date" means the first date upon which all of the following events have occurred:

1. this Agreement has been executed by all Parties and by Class Counsel and Defense Counsel;
2. the Court has preliminarily approved the Settlement;
3. notice has been properly given to Class Members, providing them an opportunity to opt out of the Class and Settlement as described in this Agreement;
4. the Court has held a Final Fairness and Approval Hearing and entered the Final Order and Judgment approving the Settlement; and,
5. the later of: (a) the date sixty (60) days after the entry of the Final Order and Judgment, if no motions for reconsideration and no appeals or other efforts to obtain review have been filed; or (b) in the event that a motion for

reconsideration, an appeal or other effort to obtain review of the Final Order and Judgment, the date sixty (60) days after such reconsideration, appeal or review has been finally concluded. In this regard, it is the intention of the Parties that the Effective Date of Settlement shall not be a date before the Court's order approving the Settlement has become completely final, and there is no timely recourse by any person who seeks to object to or otherwise contest the Settlement.

N. "First Amended Complaint" or "FAC" means the first amended complaint entitled *Jackson Chou v. The Ding Doctor, Inc., et al.*, San Francisco County Superior Court, Case No. CGC-22-597414, filed on or about February 28, 2022.

O. "Funding Date" shall mean the date by which Defendant has paid the entire Gross Settlement Amount to the Settlement Administrator in accordance with the terms of this Agreement. Defendant will pay the Gross Settlement Amount in up to two installments. The "First Installment" in the amount of Five Hundred Thousand Dollars ($500,000.00) shall be paid the later of April 23, 2025, or within twenty-one (21) calendar days after the Parties approve the Settlement Administrator's final calculations of the Settlement payments and Defendant's employer side payroll taxes, which the Settlement Administrator shall provide within fourteen (14) calendar days of notice of entry of the Court's order granting final approval, or if an objection to the settlement is made but no appeal is filed, then Defendant shall pay the Gross Settlement Amount to the Settlement Administrator within twenty-one (21) days of the expiration of the appeal period. The "Second Installment" in the amount of One Hundred Fifty Thousand Dollars ($150,000.00), plus the employer side payroll taxes, shall be paid the later of July 23, 2025, or within twenty-one (21) calendar days after the Parties approve the Settlement Administrator's final calculations of the Settlement payments and Defendant's employer side payroll taxes, or if an objection to the settlement is made but no appeal is filed, then Defendant shall pay the Gross Settlement Amount to the Settlement Administrator within twenty-one (21) days of the expiration of the appeal period. Neither party shall unreasonably withhold their approval of the Settlement Administrator's final calculation of the Settlement payments and Defendant's employer side payroll taxes. If an appeal is filed, Defendant shall pay the Gross Settlement Amount to the Settlement Administrator within twenty-one (21) days of when the applicable appellate court has rendered a final decision or opinion affirming the Court's final approval order and judgment without material modification, and the applicable date for seeking further appellate review has passed, or the date that any such appeal has been either dismissed or withdrawn by the appellant.

P. "Gross Settlement Amount" means Six Hundred Fifty Thousand Dollars and Zero Cents ($650,000.00) that Defendant must pay into the Qualified Settlement Fund (defined below) in connection with this Settlement, inclusive of the sum of Settlement Administration Costs, Class Counsel Award, Service Award, and the PAGA Payment. The Gross Settlement Amount is all-in with no reversion and ***exclusive*** of the employer's share of payroll tax triggered by any payment under this Settlement.

Q. "Individual Settlement Payments" means the amount payable from the Net Settlement Amount to each Settlement Class Member and excludes any amounts distributed to Aggrieved Employees pursuant to PAGA.

R. "LWDA" shall mean the Labor and Workforce Development Agency.

S. "LWDA Payment" shall mean the seventy-five percent (75%) of the PAGA Payment ($30,000.00) payable to the to the LWDA.

T. "Net Settlement Amount" or "NSA" means the Gross Settlement Amount, less Class Counsel Award, Service Award, PAGA Payment, and Settlement Administration Costs.

U. "Notice Packet" means the Class Notice to be provided to the Class Members by the Settlement Administrator in the form set forth as **Exhibit A** to this Agreement (other than formatting changes to facilitate printing by the Settlement Administrator).

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V. "Operative Complaint" shall mean the Second Amended Complaint entitled *Jackson Chou v. The Ding Doctor, Inc.*, et al., San Francisco County Superior Court, Case No. CGC-22-597414, which is to be filed concurrently with Plaintiff's Preliminary Approval Motion for purposes of effectuating the Settlement.

W. "PAGA" means the California Labor Code Private Attorneys General Act of 2004, Labor Code § 2698 *et seq.*

X. "PAGA Payment Ratio" means the respective Pay Periods during the PAGA Period for each Aggrieved Employee divided by the total Pay Periods for all Aggrieved Employees during the PAGA Period.

Y. "PAGA Pay Periods," for purposes of calculating the distribution of the Aggrieved Employee Payment, as defined herein, means the number of pay periods of employment during the PAGA Period that each Aggrieved Employee worked in California.

Z. "PAGA Period" means the period from October 25, 2020 to January 31, 2025.

AA. "PAGA Payment" shall mean Forty Thousand Dollars and Zero Cents ($40,000.00) to be allocated from the Gross Settlement Amount for settlement of PAGA Claims asserted in the Action.

BB. "Parties" means Plaintiff and Defendant, collectively, and "Party" shall mean either Plaintiff or Defendant, individually.

CC. "Payment Ratio" means the respective Pay Periods for each Class Member divided by the total Pay Periods for all Class Members.

DD. "Plaintiff" shall mean Jackson Chou.

EE. "Plaintiff's Release" means all claims that were or could have been made by Plaintiff in his individual capacity against the Released Parties (as defined below), including a waiver of any and all provisions of California Civil Code section 1542, except only for claims by law cannot be waived by private agreement.

FF. "Qualified Settlement Fund" or "QSF" means the fund established, designated, and maintained by the Settlement Administrator to fund the Gross Settlement Amount.

GG. "Released Class Claims" shall mean the release from the Settlement Class Members of any and all claims relating to any and all facts and claims asserted in the Action or any other claims, based on the facts alleged in the Operative Complaint, including but not limited to any and all claims, violations, or damages relating to minimum wages, overtime and double time wages; meal periods and rest breaks; failure to maintain accurate employment records; wage statement violations; failure to timely pay wages; separation pay violations; failure to reimburse business expenses; paid sick leave; and unfair business practices; which arose during the Class Period, and any related claims for attorneys' fees, costs, or interest resulting therefrom, and, expressly excluding claims for vested benefits, wrongful termination, unemployment insurance, disability, social security, workers' compensation, and class claims outside of the Class Period.

HH. "Released PAGA Claims" shall mean the release from the Aggrieved Employees of any and all claims relating to any and all facts and claims asserted in the Action or any other claims, under PAGA, based on the facts alleged in the Operative Complaint and/or Plaintiff's PAGA notice to the LWDA (including any amended PAGA notice), including but not limited to any and all claims for PAGA penalties for violations of the California Labor Code governing: minimum wages, overtime and double time wages; meal periods and rest breaks; failure to maintain accurate employment records; wage statement violations; failure to timely pay wages; separation pay violations; failure to reimburse business expenses; paid sick leave; unfair business practices; and including violations arising from the following California Labor Code sections: 201, 202, 203, 204, 226, 226.3, 226.7, 227, 227.3, 245.5, 246, 510, 512, 558, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2800, and 2802, which arose during the PAGA Period, and any related claims for attorneys' fees, costs, or interest resulting therefrom.

II. "Released Parties" means Defendant The Ding Doctor, Inc., and all persons, agents, servants, representatives, current and former officers (including, but not limited to, named defendants Daniel Michael Chaves and Gary Michael Chaves), directors, stockholders, employees, associations, joint ventures, corporations, parent corporations, subsidiaries, affiliates, partners, members, predecessors and successors in interest, insurers, re-insurers, assigns, all other legal entities with whom Defendant has been, are now, or may hereafter be affiliated with, as well as any individual or entity that could be alleged to be jointly liable with Defendant.

JJ. "Response Deadline" means the date forty-five (45) calendar days after the Settlement Administrator mails Notice Packets to Class Members and the last date on which Class Members may submit requests for exclusion or objections to the Settlement. Neither side shall encourage any Class Member to opt out.

KK. "Service Award" means an award in the amount of $10,000.00 or in an amount that the Court authorizes to be paid to the Class Representative, in addition to his Individual Settlement Payment and his individual Aggrieved Employee Payment, in recognition of his efforts and risks in assisting with the prosecution of the Action.

LL. "Settlement" means the disposition of the Action pursuant to this Agreement.

MM. "Settlement Administration Costs" shall mean the amount paid to the Settlement Administrator from the Gross Settlement Amount for administering the Settlement pursuant to this Agreement estimated not to exceed Thirty Thousand Dollars and Zero Cents ($30,000.00). The parties agree to split (50/50) any and all Settlement Administration Costs in excess of $30,000 equally.

NN. "Settlement Administrator" means **Phoenix Class Action Administration Solutions**. The Settlement Administrator establishes, designates, and maintains, as a QSF under Internal Revenue Code section 468B and Treasury Regulation section 1.468B-1, into which the amount of the Gross Settlement Amount is deposited for the purpose of resolving the claims of Settlement Class Members. The Settlement Administrator shall maintain the funds until distribution in an account(s) segregated from the assets of Defendant and any person related to Defendant. ***All accrued interest shall be paid and distributed to the Settlement Class Members as part of their respective Individual Settlement Payment.***

OO. "Settlement Class Members" or "Settlement Class" means all Class Members who have not submitted a timely and valid request for exclusion as provided in this Agreement.

PP. "Pay Periods," for purposes of calculating the distribution of the Net Settlement Amount, shall mean any pay period in which a Class Member is employed and performed at least one day's work for Defendant. The Pay Periods will be calculated based on Defendant's records and will be presumed to be correct, unless a particular Class Member proves otherwise to the Settlement Administrator by credible written evidence. All Pay Period disputes will be resolved and decided by the Settlement Administrator, and the Settlement Administrator's decision on all Pay Periods disputes will be final and non-appealable.

## II. RECITALS

A. On October 25, 2021, Plaintiff filed a Notice of Violations with the Labor and Workforce Development Agency (LWDA) asserting claims for civil penalties pursuant to PAGA stemming from alleged violations of the California Labor Code.

B. On January 3, 2022, Plaintiff filed a class and representative action complaint against Defendant entitled *Jackson Chou v. The Ding Doctor, Inc., et al.*, San Francisco County Superior Court, Case No. CGC-22-597414, asserting the following causes of action:

1. Failure To Pay Overtime Wages In Violation Of Cal. Lab. Code §§ 510, *et seq*;
2. Failure To Provide Required Rest Periods In Violation Of Cal. Lab. Code §§ 226.7 & 512 and the Applicable IWC Wage Order;
3. Failure To Provide Accurate Itemized Statements In Violation Of Cal. Lab. Code § 226;
4. Failure To Provide Wages When Due In Violation Of Cal. Lab. Code §§ 201, 202 and 203;

/ / /

5. Unfair Competition In Violation Of Cal. Bus. & Prof. Code §17200 *et seq*.; and

6. Violations of the Private Attorney General Act pursuant to Labor Code section 2698, *et seq*.

C. On February 28, 2022, Plaintiff filed the First Amended Complaint in the Action, removing the cause of action for Unfair Competition In Violation Of Cal. Bus. & Prof. Code §17200 *et seq.*, as well as Plaintiff's class claims pursuant to the arbitration agreement Plaintiff executed during his employment with Defendant.

D. On July 20, 2022, Defendant filed a Motion to Compel Arbitration and Stay the Proceedings ("Motion to Compel"). On September 2, 2022, the Court conducted a hearing on Defendant's Motion to Compel and the Court subsequently granted the Motion in part, ordering Plaintiff's individual claims to arbitration and staying Plaintiff's representative claims under PAGA pending the outcome of the arbitration.

E. On October 11, 2022, Plaintiff served a Demand for Arbitration alleging individual Labor Code violations and individual PAGA claims.

F. On August 8, 2023, the Parties attended private mediation with mediator Michael D. Young, an experienced mediator of wage and hour class and PAGA actions, which was unsuccessful.

G. In and around April 2024 Claimant's individual claims that were the subject of the arbitration were resolved without prejudice to Plaintiff's right to pursue the PAGA claim.

H. On May 24, 2024, the Parties filed a joint stipulation to lift the stay of Plaintiff's representative PAGA claim, which the Court granted.

I. In or around August 2024, the Parties re-engaged mediator Michael D. Young to facilitate renewed settlement discussions, and with the assistance of Mr. Young, the Parties agreed to fully and finally resolve, subject to Court approval, the Class and PAGA Released Claims as to Plaintiff, the Class, and the Aggrieved Employees. The Parties accepted a Mediator's settlement proposal, which was subsequently memorialized in the form of a Memorandum of Understanding.

J. On March 10, 2025, Plaintiff filed an amended PAGA notice with the LWDA in order to facilitate the Parties' Settlement.

K. Defendant denies any liability or wrongdoing of any kind associated with the claims alleged in the Action, disputes any wages, damages and penalties claimed alleged in the Operative Complaint and/or alleged in the Class Representative's PAGA notices to the LWDA, and further contends that, for any purpose other than settlement, the Action is not appropriate for class or representative action treatment. Defendant contends, among other things, that at all times it complied with the California Labor Code and the Industrial Welfare Commission Wage Orders.

L. The Class Representative is represented by Class Counsel. Class Counsel investigated the facts relevant to the Action, including conducting an independent investigation as to the allegations, reviewing documents and information exchanged through formal and informal discovery, and reviewing documents and information provided by Defendant. Defendant produced for the purpose of settlement negotiations certain employment data concerning the Class, which Class Counsel reviewed and analyzed . Based on their own independent investigation and evaluation, Class Counsel are of the opinion that the Settlement with Defendant is fair, reasonable, and adequate, and is in the best interest of the Class considering all known facts and circumstances, including the risks of significant delay, defenses asserted by Defendant, uncertainties regarding class certification, and numerous potential appellate issues. Although it denies any liability, Defendant agrees to this Settlement solely to avoid the inconveniences and cost of further litigation. The Parties and their counsel have agreed to settle the claims on the terms set forth in this Agreement.

M. This Agreement replaces and supersedes the Memorandum of Understanding and any other agreements, understandings, or representations between the Parties. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or will be construed as an admission by

Defendant that the claims in the Action of Plaintiff or the Class Members have merit or that Defendant bears any liability to Plaintiff or the Class on those claims or any other claims, or as an admission by Plaintiff that Defendant's defenses in the Action have merit.

N. The Parties believe that the Settlement is fair, reasonable, and adequate. The Settlement was arrived at through arm's-length negotiations, considering all relevant factors. The Parties recognize the uncertainty, risk, expense, and delay attendant to continuing the Action through trial and any appeal. Accordingly, the Parties desire to settle, compromise and discharge all disputes and claims arising from or relating to the Action fully, finally, and forever.

O. The Parties agree to certification of the Class for purposes of this Settlement only. If for any reason the settlement does not become effective, the Second Amended Complaint filed concurrently herewith shall be deemed stricken, void, and of no effect, and the First Amended Complaint shall continue as the operative complaint in this Action. Defendant reserves all available defenses to the claims in the Action and Plaintiff's PAGA letter (and any amended PAGA letter). The Settlement, this Agreement, and the Parties' willingness to settle the Action will have no bearing on and will not be admissible in connection with any litigation.

Based on these Recitals that are a part of this Agreement, the Parties agree as follows:

## III. <u>TERMS OF AGREEMENT</u>

A. <u>Settlement Consideration and Settlement Payments by Defendant</u>.

1. <u>Settlement Consideration</u>. In full and complete settlement of the Action, and in exchange for the releases set forth below, Defendant will pay the sum of the Individual Settlement Payments, the Service Award, the Class Counsel Award, PAGA Payment, and the Settlement Administration Costs, as specified in this Agreement, equal to the Six Hundred Fifty Thousand Dollars and Zero Cents ($650,000.00). The Parties agree that this is a non-reversionary Settlement and that no portion of the Gross Settlement Amount

shall revert to Defendant. Other than the Defendant's share of employer payroll taxes and as provided in Section III.A.2 below, Defendant shall not be required to pay more than the Gross Settlement Amount.

2. Class Size. Defendant represents that the Class collectively worked approximately 57,000 Pay Periods during the Class Period. If the final accounting of the number of Pay Periods during the Class Period is more than 10% higher than the estimated 57,000 Pay Periods, Defendant shall notify Plaintiff that it will, at Defendant's sole discretion, either (i) increase the Gross Settlement Amount by a proportional amount over the 10% grace; or (ii) Defendant can elect to have the Class Period be deemed to end on the date that the total number of Pay Periods in the Class Period exceeds 57,000 by 10%. For example, if the total number of Pay Periods in the Class Period is 11% more than 57,000 (i.e. 63,270 Pay Periods), then Defendant agrees to increase the Gross Settlement Amount by 1%, unless Defendant exercises the right to end the Class Period on the date that the Pay Periods in the Class Period totaled 10% more than 57,000 Pay Periods.

3. Settlement Payment. Defendant shall deposit the Gross Settlement Amount into the QSF, through the Settlement Administrator on or before the Funding Date. Any interest accrued will be added to the NSA and distributed to the Settlement Class Members except that if final approval is reversed on appeal, then Defendant is entitled to prompt return of the principal and all interest accrued.

4. Defendant's Share of Payroll Taxes. Defendant's share of employer side payroll taxes is in addition to the Gross Settlement Amount and shall be paid together with the Gross Settlement Amount on the Funding Date.

B. Release by Settlement Class Members. As of the Funding Date, in exchange for the consideration set forth in this Agreement, Plaintiff and the Settlement Class Members release the Released Parties from the Released Class Claims for the Class Period. As a result of this release, the Settlement Class Members shall be precluded from bringing claims against Released Parties for the Released Class Claims.

C. Release by the Aggrieved Employees. As of the Funding Date, in exchange for the consideration set forth in this Agreement, the Plaintiff, the LWDA and the State of California release the Released Parties from the Released PAGA Claims for the PAGA Period. As a result of this release, the Aggrieved Employees shall be precluded from bringing claims against Released Parties for the Released PAGA Claims.

D. General Release by the Parties. As of the Funding Date, for the consideration set forth in this Agreement, the Plaintiff waives, releases, acquits and forever discharges the Released Parties, and Defendant waives, releases, acquits and forever discharges Plaintiff, from any and all claims, whether known or unknown, which exist or may exist on each respective Party's behalf as of the date of this Agreement, including but not limited to any and all tort claims, contract claims, unfair competition claims, wage claims, wrongful termination claims, disability claims, benefit claims, public policy claims, retaliation claims, statutory claims, personal injury claims, emotional distress claims, invasion of privacy claims, defamation claims, fraud claims, quantum meruit claims, and any and all claims arising under any federal, state or other governmental statute, law, regulation or ordinance, including, but not limited to claims for violation of the Fair Labor Standards Act, the California Labor Code, the Wage Orders of California's Industrial Welfare Commission, other state wage and hour laws, the Americans with Disabilities Act, the Age Discrimination in Employment Act (ADEA), the Employee Retirement Income Security Act, Title VII of the Civil Rights Act of 1964, the California Fair Employment and Housing Act, the California Family Rights Act, the Family Medical Leave Act, California's Whistleblower Protection Act, California Business & Professions Code Section 17200 et seq., and any and all claims arising under any federal, state or other governmental statute, law, regulation or ordinance. Plaintiff also waives and relinquishes any and all claims, rights or benefits that he may have under California Civil Code § 1542, which provides as follows:

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

Thus, notwithstanding the provisions of section 1542, and to implement a full and complete release and discharge of the Released Parties and Plaintiff, the Parties expressly acknowledge this Settlement Agreement is intended to include in its effect, without limitation, all claims the Parties do not know or suspect to exist in each Party's favor at the time of signing this Settlement Agreement, and that this Settlement Agreement contemplates the extinguishment of any such claims.

E. Conditions Precedent: This Settlement will become final and effective only upon the occurrence of all of the following events:

1. The Court enters an order granting preliminary approval of the Settlement;
2. The Court enters an order granting final approval of the Settlement and a Final Judgment;
3. If an objector appears at the final approval hearing, the time for appeal of the Final Judgment and Order Granting Final Approval of Class Action Settlement expires; or, if an appeal is timely filed, there is a final resolution of any appeal from the Judgment and Order Granting Final Approval of Class Action Settlement; and
4. Defendant fully funds the Gross Settlement Amount.

F. Nullification of Settlement Agreement. If the Court does not preliminarily or finally approve this Settlement Agreement, fails to become effective, or is reversed, withdrawn, or modified by the Court, or in any way prevents or prohibits Defendant from obtaining a complete resolution of the Released Class Claims and Released PAGA Claims, or if Defendant fails to fully fund the Gross Settlement Amount:

1. This Settlement Agreement shall be void *ab initio* and of no force or effect, and shall not be admissible in any judicial, administrative, or arbitral proceeding for any purpose or with respect to any issue, substantive or procedural;

2. The conditional class certification (obtained for any purpose) shall be void *ab initio* and of no force or effect, and shall not be admissible in any judicial, administrative, or arbitral proceeding for any purpose or with respect to any issue, substantive or procedural;

3. The Second Amended Complaint filed concurrently herewith shall be void *ab initio* and the First Amended Complaint shall resume being the operative complaint in the Action; and

4. None of the Parties to this Settlement will be deemed to have waived any claims, objections, defenses, or arguments in the Action.

G. In the event that Defendant fails to fund the Gross Settlement Amount contrary to the terms of this Stipulation Defendant shall bear the sole responsibility for any cost to issue or reissue any curative notice to the Settlement Class Members and all Settlement Administration Costs incurred to the date of nullification.

H. <u>Certification of the Class</u>. The Parties stipulate to conditional class certification of the Class for the Class Period for purposes of settlement only. In the event that this Settlement is not approved by the Court, fails to become effective, or is reversed, withdrawn or modified by the Court, or in any way prevents or prohibits Defendant from obtaining a complete resolution of the Released Class Claims and Released PAGA Claims, the conditional class certification (obtained for any purpose) shall be void *ab initio* and of no force or effect, and shall not be admissible in any judicial, administrative or arbitral proceeding for any purpose or with respect to any issue, substantive or procedural.

I. <u>Tax Liability</u>. The Parties make no representations as to the tax treatment or legal effect of the payments called for, and Class Members and/or Aggrieved Employees are not relying on any statement or representation by the Parties in this regard. Class Members and/or Aggrieved Employees understand and agree that they will be responsible for the payment of any taxes and penalties assessed on the Individual Settlement Payments and/or Aggrieved Employees' individual shares of the Aggrieved Employee Payment described and will be solely responsible for any penalties or other obligations resulting from their personal tax reporting of Individual Settlement Payments and/or Aggrieved Employees' individual shares of the Aggrieved Employee Payment.

J. Circular 230 Disclaimer. Each Party to this Agreement (for purposes of this section, the "acknowledging party" and each Party to this Agreement other than the acknowledging party, an "other party") acknowledges and agrees that: (1) no provision of this Agreement, and no written communication or disclosure between or among the Parties or their attorneys and other advisers, is or was intended to be, nor shall any such communication or disclosure constitute or be construed or be relied upon as, tax advice within the meaning of United States Treasury Department circular 230 (31 CFR part 10, as amended); (2) the acknowledging party (a) has relied exclusively upon his, her or its own, independent legal and tax counsel for advice (including tax advice) in connection with this Agreement, (b) has not entered into this Agreement based upon the recommendation of any other Party or any attorney or advisor to any other Party, and (c) is not entitled to rely upon any communication or disclosure by any attorney or adviser to any other party to avoid any tax penalty that may be imposed on the acknowledging party, and (3) no attorney or adviser to any other Party has imposed any limitation that protects the confidentiality of any such attorney's or adviser's tax strategies (regardless of whether such limitation is legally binding) upon disclosure by the acknowledging party of the tax treatment or tax structure of any transaction, including any transaction contemplated by this Agreement.

K. Preliminary Approval Motion. As soon thereafter as practicable after the execution of this Agreement, Plaintiff shall file with the Court a Motion for Order Granting

Preliminary Approval and supporting papers, which shall include this Settlement Agreement. Plaintiff will provide Defendant with a draft of the Motion at least three (3) business days prior to the filing of the Motion to give Defendant an opportunity to review and comment upon the Motion.

L. Settlement Administrator. The Settlement Administrator shall be responsible for: establishing and administering the QSF; calculating, processing and mailing payments to the Class Representative, Class Counsel, LWDA and Class Members; printing and mailing the Notice Packets to the Class Members as directed by the Court; receiving and reporting the objections and requests for exclusion; calculating, deducting and remitting all legally required taxes from Individual Settlement Payments and distributing tax forms for the Wage Portion, the Penalties Portion and the Interest Portion of the Individual Settlement Payments and/or Aggrieved Employees' individual shares of the Aggrieved Employee Payment; processing and mailing tax payments to the appropriate state and federal taxing authorities; providing declaration(s) as necessary in support of preliminary and/or final approval of this Settlement; and other tasks as the Parties mutually agree or the Court orders the Settlement Administrator to perform. The Settlement Administrator shall keep the Parties timely apprised of the performance of all Settlement Administrator responsibilities by among other things, sending a weekly status report to the Parties' counsel stating the date of the mailing, the of number of opt outs from the Settlement it receives (including the numbers of valid and deficient), and number of objections received.

M. Notice Procedure.

1. Class Data. No later than ten (10) business days after the Preliminary Approval Date, Defendant shall provide the Settlement Administrator with the Class Data for purposes of preparing and mailing Notice Packets to the Class Members.

2. Notice Packets.

a) The Notice Packet shall contain the Notice of Class Action Settlement in a form substantially similar to the form attached as **Exhibit A**. The Notice of Class Action Settlement shall inform Class Members and Aggrieved Employees that they need not do anything in order to receive an Individual Settlement Payment and/or Aggrieved Employees' individual shares of the Aggrieved Employee Payment and to keep the Settlement Administrator apprised of their current mailing address, to which the Individual Settlement Payments and/or Aggrieved Employees' individual shares of the Aggrieved Employee Payment will be mailed following the Funding Date. The Notice of Class Action Settlement shall set forth the release to be given by all members of the Class who do not request to be excluded from the Settlement Class and/or Aggrieved Employees in exchange for an Individual Settlement Payment and/or Aggrieved Employees' individual shares of the Aggrieved Employee Payment, the number of Pay Periods worked by each Class Member during the Class Period, and number of PAGA Periods worked by each Aggrieved Employee during the PAGA Period, if any, and the estimated amount of their Individual Settlement Payment if they do not request to be excluded from the Settlement and each Aggrieved Employees' share of the Aggrieved Employee Payment, if any. The Settlement Administrator shall use the Class Data to determine Class Members' Pay Periods and PAGA Pay Periods. The Notice will also advise the Aggrieved Employees that they will release the Released PAGA Claims and will receive their share of the Aggrieved Employee Payment regardless of whether they request to be excluded from the Settlement.

b) The Notice Packet's mailing envelope shall include the following language: "IMPORTANT LEGAL DOCUMENT - YOU MAY BE

ENTITLED TO PARTICIPATE IN A CLASS ACTION SETTLEMENT; A PROMPT REPLY TO CORRECT YOUR ADDRESS IS REQUIRED AS EXPLAINED IN THE ENCLOSED NOTICE."

3. Notice by First Class U.S. Mail. Upon receipt of the Class Data, the Settlement Administrator will perform a search based on the National Change of Address Database to update and correct any known or identifiable address changes. No later than twenty-one (21) calendar days after preliminary approval of the Settlement, the Settlement Administrator shall mail copies of the Notice Packet to all Class Members via regular First-Class U.S. Mail and electronic mail. The Settlement Administrator shall exercise its best judgment to determine the current mailing address for each Class Member. The address identified by the Settlement Administrator as the current mailing address shall be presumed to be the best mailing address for each Class Member.

4. Undeliverable Notices. Any Notice Packets returned to the Settlement Administrator as non-delivered on or before the Response Deadline shall be re-mailed to any forwarding address provided within seven (7) days of receiving the returned notice. If no forwarding address is provided, the Settlement Administrator shall promptly attempt to determine a correct address by lawful use of skip-tracing, or other search using the name, address and/or Social Security number of the Class Member involved, and shall then perform a re-mailing, if another mailing address is identified by the Settlement Administrator. In addition, if any Class Member who is currently employed by Defendant, is returned to the Settlement Administrator, as non-delivered and no forwarding address is provided, the Settlement Administrator shall notify Defendant. Defendant will request that the currently employed Class Member provide a corrected address and transmit to the Settlement Administrator any corrected address provided by the Class Member. Class

Members who received a re-mailed Notice Packet shall have their Response Deadline extended fifteen (15) days from the original Response Deadline.

5. Disputes Regarding Individual Settlement Payments. Class Members will have the opportunity, should they disagree with Defendant's records regarding the start and end dates of employment, to provide documentation and/or an explanation to show contrary dates. If there is a dispute, the Settlement Administrator will consult with the Parties to determine whether an adjustment is warranted. The Settlement Administrator shall determine the eligibility for, and the amounts of, any Individual Settlement Payments under the terms of this Agreement. The Settlement Administrator's determination of the eligibility for and amount of any Individual Settlement Payment shall be binding upon the Class Member and the Parties.

6. Disputes Regarding Administration of Settlement. Any disputes not resolved by the Settlement Administrator concerning the administration of the Settlement will be resolved by the Court under the laws of the State of California. Before any such involvement of the Court, counsel for the Parties will confer in good faith to resolve the disputes without the necessity of involving the Court.

7. Exclusions. The Notice of Class Action Settlement contained in the Notice Packet shall state that Class Members who wish to exclude themselves from the Settlement must submit a signed copy of the Request for Exclusion form to the Settlement Administrator by the Response Deadline. A Request for Exclusion form will be mailed together with the Notice Packet to all Class Members. The Request for Exclusion will not be valid if it is not timely submitted, if it is not signed by the Class Member, or if it does not contain the name and address and last four digits of the Social Security number of the Class Member. The date of the postmark on the mailing envelope or fax stamp on the Request for Exclusion shall be the exclusive means used to determine

whether the request for exclusion was timely submitted. Any Class Member who submits a timely Request for Exclusion shall be excluded from the Settlement Class will not be entitled to an Individual Settlement Payment and will not be otherwise bound by the terms of the Settlement or have any right to object, appeal, or comment thereon. However, any Class Member that submits a timely Request for Exclusion that is also an Aggrieved Employee will still receive his/her pro rata share of the Aggrieved Employee Payment, as specified below, and in consideration, will be bound by the Release by the PAGA Class as set forth herein. Class Members who fail to submit a valid and timely Request for Exclusion on or before the Response Deadline shall be bound by all terms of the Settlement and any final judgment entered in this Action if the Court approves the Settlement. No later than seven (7) calendar days after the Response Deadline, the Settlement Administrator shall provide counsel for the Parties with a final list of the Class Members who have timely submitted timely Requests for Exclusion. Defendant retains the right, in the exercise of its sole discretion, to nullify the settlement within twenty-one (21) days after expiration of the exclusion period, if five percent (5%) or more of Class Members exclude themselves from the Settlement. At no time shall any of the Parties or their counsel seek to solicit or otherwise encourage members of the Class to submit Requests for Exclusion from the Settlement.

8. Objections. The Notice of Class Action Settlement contained in the Notice Packet shall state that Class Members who wish to object to the Settlement may submit to the Settlement Administrator a written statement of objection ("Notice of Objection") by the Response Deadline. The postmark date of mailing shall be deemed the exclusive means for determining that a Notice of Objection was served timely. The Notice of Objection, if in writing, must be signed by the Settlement Class Member and state: (1) the case name and number; (2) the name of the Settlement Class Member; (3) the address of the

Settlement Class Member; (4) the last four digits of the Settlement Class Member's Social Security number; (5) the basis for the objection; and (6) if the Settlement Class Member intends to appear at the Final Approval/Settlement Fairness Hearing. Settlement Class Members who fail to make objections in writing in the manner specified above may still make their objections orally at the Final Approval/Settlement Fairness Hearing with the Court's permission. Settlement Class Members will have a right to appear at the Final Approval/Settlement Fairness Hearing to have their objections heard by the Court regardless of whether they submitted a written objection. At no time shall any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to file or serve written objections to the Settlement or appeal from the Order and Final Judgment. Class Members who submit a written request for exclusion may not object to the Settlement. Class Members may not object to the PAGA Payment.

N. Allocation of the Gross Settlement Amount.

1. Calculation of Individual Settlement Payments. Individual Settlement Payments shall be paid from the Net Settlement Amount and shall be paid pursuant to the formula set forth herein. Using the Class Data, the Settlement Administrator shall add up the total number of Pay Periods for all Class Members. The respective Pay Periods for each Class Member will be divided by the total Pay Periods for all Class Members, resulting in the Payment Ratio for each Class Member. Each Class Member's Payment Ratio will then be multiplied by the Net Settlement Amount to calculate each Class Member's estimated Individual Settlement Payments. Each Individual Settlement Payment will be reduced by any legally mandated employee tax withholdings (e.g., employee payroll taxes, etc.). Individual Settlement Payments for Class Members who submit valid and timely requests for exclusion will be redistributed to Settlement Class Members who do not submit valid and timely

requests for exclusion on a pro rata basis based on their respective Payment Ratios.

2. Calculation of Individual Payments to the Aggrieved Employees. Using the Class Data, the Settlement Administrator shall add up the total number of PAGA Pay Periods for all Aggrieved Employees during the PAGA Period. The respective PAGA Pay Periods for each Aggrieved Employees will be divided by the total PAGA Pay Periods for all Aggrieved Employees, resulting in the "PAGA Payment Ratio" for each Aggrieved Employee. Each Aggrieved Employee's PAGA Payment Ratio will then be multiplied by the Aggrieved Employee Payment to calculate each Aggrieved Employee's estimated share of the Aggrieved Employee Payment.

3. Allocation of Individual Settlement Payments. For tax purposes, Individual Settlement Payments shall be allocated and treated as 10% wages ("Wage Portion") and 90% penalties and pre-judgment interest ("Penalties and Interest Portion"). The Wage Portion of the Individual Settlement Payments shall be reported on IRS Form W-2 and the Penalties and Interest Portion of the Individual Settlement Payments shall be reported on IRS Form 1099 issued by the Settlement Agreement.

4. Allocation of Aggrieved Employee Payments. For tax purposes, Aggrieved Employee Settlement Payments shall be allocated and treated as 100% penalties and shall be reported on IRS Form 1099.

5. No Credit Toward Benefit Plans. The Individual Settlement Payments and individual shares of the PAGA Payment made to Settlement Class Members and/or Aggrieved Employees under this Settlement Agreement, as well as any other payments made pursuant to this Settlement Agreement, will not be utilized to calculate any additional benefits under any benefit plans to which any Class Members may be eligible, including, but not limited to profit-sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans,

sick leave plans, PTO plans, and any other benefit plan. Rather, it is the Parties' intention that this Settlement Agreement will not affect any rights, contributions, or amounts to which any Class Members may be entitled under any benefit plans.

6. All monies received by Settlement Class Members under the Settlement which are attributable to wages shall constitute income to such Settlement Class Members solely in the year in which such monies are received by the Settlement Class Members. It is the intent of the Parties that Individual Settlement Payments and individual shares of the PAGA Payment provided for in this Settlement agreement are the sole payments to be made by Defendant to Settlement Class Members and/or Aggrieved Employees in connection with this Settlement Agreement, with the exception of Plaintiff, and that the Settlement Class Members and/or Aggrieved Employees are not entitled to any new or additional compensation or benefits as a result of having received the Individual Settlement Payments and/or their shares of the Aggrieved Employee Payment.

7. <u>Mailing</u>. Individual Settlement Payments and Aggrieved Employee Payments shall be mailed by regular First-Class U.S. Mail to Settlement Class Members' and/or Aggrieved Employees' last known mailing address no later than fifteen (15) business days after the Funding Date.

8. <u>Expiration</u>. Any checks issued to Settlement Class Members and Aggrieved Employees shall remain valid and negotiable for one hundred and eighty (180) days from the date of their issuance. If a Settlement Class Member and/or Aggrieved Employees does not cash his or her settlement check within ninety (90) days, the Settlement Administrator will send a letter to such persons, advising that the check will expire after the 180$^{th}$ day, and invite that Settlement Class Member and/or Aggrieved Employees to request reissuance in the event the check was destroyed, lost, or misplaced. In the event an Individual Settlement Payment and/or Aggrieved Employees' individual

share of the PAGA Payment check has not been cashed within one hundred and eighty (180) days, all funds represented by such uncashed checks, plus any interest accrued thereon, shall be transmitted to the Unclaimed Property Fund of the State Controller's office in the name of the Settlement Class Member or Aggrieved Employee, leaving no "unpaid residue," subject to the requirements of California Code of Civil Procedure § 384(b) .

9. Service Award. In addition to the Individual Settlement Payment as a Settlement Class Member and his individual share of the Aggrieved Employee Payment, Plaintiff will apply to the Court for an award of not more than $10,000.00, as the Service Award. Defendant will not oppose a Service Award of not more than $10,000.00 for Plaintiff. The Settlement Administrator shall pay the Service Award, either in the amount stated herein if approved by the Court or some other amount as approved by the Court, to Plaintiff from the Gross Settlement Amount no later than fifteen (15) calendar days after the Funding Date. Any portion of the requested Service Award that is not awarded to the Class Representative shall be part of the Net Settlement Amount and shall be distributed to Settlement Class Members as provided in this Agreement. The Settlement Administrator shall issue an IRS Form 1099 — MISC to Plaintiff for his Service Award. Plaintiff shall be solely and legally responsible to pay any and all applicable taxes on his Service Award and shall completely indemnify and hold harmless the Released Parties from any claim or liability for taxes, penalties, or interest arising as a result of the Service Award. Approval of this Settlement shall not be conditioned on Court approval of the requested amount of the Service Award. If the Court reduces or does not approve the requested Service Award, Plaintiff shall not have the right to revoke the Settlement, and it will remain binding.

10. Class Counsel Award. Defendant understands, and will not oppose, a motion for Attorneys' Fees not to exceed one-third of the Gross Settlement Amount

currently estimated to be Two Hundred Sixteen Thousand and Six Hundred Forty-Five Dollars and Zero Cents ($216,645.00) ***and*** Attorneys' Expenses supported by declaration not to exceed Five Hundred Dollars and Zero Cents ($500.00). Any awarded Class Counsel Award shall be paid from the Gross Settlement Amount. Any portion of the requested Attorneys' Fees and/or Attorneys' Expenses that are not awarded to Class Counsel shall be part of the Net Settlement Amount and shall be distributed to Settlement Class Members as provided in this Agreement. The Settlement Administrator shall allocate and pay the Attorneys' Fees to Class Counsel from the Gross Settlement Amount no later than fifteen (15) calendar days after the Funding Date. Class Counsel shall be solely and legally responsible to pay all applicable taxes on the payment made pursuant to this paragraph. The Settlement Administrator shall issue an IRS Form 1099 — MISC to Class Counsel for the payments made pursuant to this paragraph. If the Court reduces or does not approve the requested Attorneys' Fees, Plaintiff and Class Counsel shall not have the right to revoke the Settlement, or to appeal such order, and the Settlement will remain binding.

11. <u>PAGA Payment</u>. Forty Thousand Dollars and Zero Cents ($40,000.00) shall be allocated from the Gross Settlement Amount for settlement of claims for civil penalties under the Private Attorneys General Act of 2004 ("PAGA Payment"). The Settlement Administrator shall pay seventy-five percent (75%) of the PAGA Payment ($30,000.00) to the California Labor and Workforce Development Agency no later than fifteen (15) calendar days after the Effective Date (hereinafter "LWDA Payment"). Twenty-five percent (25%) of the PAGA Payment ($10,000.00) will be distributed to the Aggrieved Employees as described in this Agreement (hereinafter "Aggrieved Employee Payment"). For purposes of distributing the PAGA Payment to the Aggrieved Employees, each Aggrieved Employee shall receive their pro-rata

share of the Aggrieved Employee Payment using the PAGA Payment Ratio as defined above.

12. Settlement Administration Costs. The Settlement Administrator shall be paid for the costs of administration of the Settlement from the Gross Settlement Amount. The estimate of the Settlement Administration Costs is $30,000.00. The Settlement Administrator shall be paid the Settlement Administration Costs no later than fifteen (15) calendar days after the Effective Date.

O. Final Approval Motion. Class Counsel and Plaintiff shall use best efforts to file with the Court a Motion for Order Granting Final Approval and Entering Judgment, within twenty-eight (28) days following the expiration of the Response Deadline, which motion shall request final approval of the Settlement and a determination of the amounts payable for the Service Award, the Class Counsel Award, the PAGA Payment, and the Settlement Administration Costs. Plaintiff will provide Defendant with a draft of the Motion at least three (3) business days prior to the filing of the Motion to give Defendant an opportunity to propose changes or additions to the Motion.

1. Declaration by Settlement Administrator. No later than seven (7) days after the Response Deadline, the Settlement Administrator shall submit a declaration in support of Plaintiff's motion for final approval of this Settlement detailing the number of Notice Packets mailed and re-mailed to Class Members, the number of undeliverable Notice Packets, the number of timely requests for exclusion, the full names of any Class Members who opt out of the Settlement, the number of objections received, the amount of the average, lowest, and highest Individual Settlement Payments, the amount of the average, lowest, and highest Aggrieved Employee Payments, the Settlement Administration Costs, and any other information as the Parties mutually agree or the Court orders the Settlement Administrator to provide.

2. Final Approval Order and Judgment. Class Counsel shall present an Order Granting Final Approval of Class Action Settlement to the Court for its approval, and Judgment thereon, at the time Class Counsel files the Motion for Final Approval.

N. Review of Motions for Preliminary and Final Approval. Class Counsel will provide an opportunity for Counsel for Defendant to review the Motions for Preliminary and Final Approval, including the Order Granting Final Approval of Class Action Settlement, and Judgment at least three (3) business days in advance of filing with the Court. The Parties and their counsel will cooperate with each other and use their best efforts to affect the Court's approval of the Motions for Preliminary and Final Approval of the Settlement, and entry of Judgment.

O. Notice to LWDA of Settlement. Class Counsel will comply with Cal. Lab. Code § 2699(l) and notify the LWDA of the Settlement, including but not limited to, all Court orders and judgments related to the Settlement, within the required statutory and/or Court-prescribed deadlines.

P. Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts to implement the Settlement.

Q. Interim Stay of Proceedings. The Parties agree to stay all proceedings in the Action, except such proceedings necessary to implement and complete the Settlement, pending the Final Approval/Settlement Fairness Hearing to be conducted by the Court.

R. Amendment or Modification. This Agreement may be amended or modified only by a written instrument signed by counsel for all Parties.

S. Entire Agreement. This Agreement and any attached Exhibit constitute the entire Agreement among these Parties, and no oral or written representations, warranties or inducements have been made to any Party concerning this Agreement or its Exhibit other than the representations, warranties and covenants contained and memorialized in this Agreement and its Exhibit.

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T. Authorization to Enter into Settlement Agreement. Counsel for all Parties warrant and represent they are expressly authorized by the Parties whom they represent to negotiate this Agreement and to take all appropriate Action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents required to effectuate the terms of this Agreement. The persons signing this Agreement on behalf of Defendant represents and warrants that he/she is authorized to sign this Agreement on behalf of Defendant. Plaintiff represents and warrants that he is authorized to sign this Agreement and that he has not assigned any claim, or part of a claim, covered by this Settlement to a third-party.

U. No Public Comment: The Parties and their counsel agree not to issue any press releases, initiate any contact with the press, respond to any press inquiry or make any public communication about the fact, amount or terms of the settlement, except however that this does not prohibit disclosures required by law and/or within Plaintiff and Plaintiff's counsel and expert, Defendant and Defendant's counsel and expert, and those within Defendant's organization or financial advisors/accountants with a need to know in order to approve or execute the terms of this Settlement Agreement. Plaintiff's Counsel shall not report the settlement or its content in any medium or in any publication, shall not post or report anything regarding the claims of Plaintiff or the Settlement Class on their website, and shall not contact any reporters or media regarding the settlement, the Action, or their content. However, Plaintiff's Counsel is authorized to make disclosure to the Court and the LWDA for the purposes of obtaining the approval of the settlement, concluding any superior court or appellate court proceedings in the Action, and complying with any California Rules of Court or ethical requirements. Nothing in this provision is intended to prohibit: (i) Plaintiff from discussing this settlement with their spouses, attorneys, tax advisors, or taxing authorities; (ii) Plaintiff's counsel from citing the settlement in this case as evidence supporting their competence as counsel in wage/hour and/or class action matters in public court filings; or (iii) Plaintiff's counsel from communicating with the settlement administrator, Plaintiff in this case, the LWDA, or with the court in which this action is pending; (iv) Plaintiff's counsel to report on the settlement in other courts as may be required by the California Rules of Court or when responding to any inquiry from another court; (v) Plaintiff's counsel from discussing the settlement with the Settlement Class if contacted with questions.

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

W. California Law Governs. All terms of this Agreement and the Exhibit and any disputes shall be governed by and interpreted according to the laws of the State of California.

X. Counterparts. This Agreement may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument provided that counsel for the Parties to this Agreement shall exchange among themselves copies or originals of the signed counterparts.

Y. This Settlement Is Fair, Adequate and Reasonable. The Parties believe this Settlement is a fair, adequate and reasonable settlement of this Action and have arrived at this Settlement after extensive arms-length negotiations, taking into account all relevant factors, present and potential.

Z. Jurisdiction of the Court. The Parties agree that the Court shall retain jurisdiction with respect to the interpretation, implementation and enforcement of the terms of this Agreement and all orders and judgments entered in connection therewith, and the Parties and their counsel submit to the jurisdiction of the Court for purposes of interpreting, implementing and enforcing the settlement and all orders and judgments entered in connection with this Agreement.

AA. Invalidity of Any Provision. Before declaring any provision of this Agreement invalid, the Court shall first attempt to construe the provisions valid to the fullest extent possible consistent with applicable precedents so as to define all provisions of this Agreement valid and enforceable.

/ / /

BB. No Admissions by the Parties. Plaintiff has claimed and continues to claim that the Released Claims have merit and give rise to liability on the part of Defendant. Defendant claims that the Released Claims have no merit and do not give rise to liability. This Agreement is a compromise of disputed claims. Nothing contained in this Agreement and no documents referred to and no action taken to carry out this Agreement may be construed or used as an admission by or against the Defendant or Plaintiff or Class Counsel as to the merits or lack thereof of the claims asserted. Other than as may be specifically set forth herein, each Party shall be responsible for and shall bear its/his own attorney's fees and costs.

IT IS SO AGREED, FORM AND CONTENT, BY PLAINTIFF:

DATED: 4/1/2025

DocuSigned by:

C2A8E675522E4B3...

JACKSON CHOU

IT IS SO AGREED, FORM AND CONTENT, BY DEFENDANT:

DATED: Mar 31, 2025

Daniel Chaves (Mar 31, 2025 19:27 CDT)

THE DING DOCTOR, INC.

Daniel Chaves

Printed Name

Pres/CEO

Title

IT IS SO AGREED AS TO FORM BY COUNSEL:

DATED: 4/1/2025

THE CO LAW FIRM

DocuSigned by:

By: ______________________

E0B3736091524B3...

Attorneys for Plaintiff and the Settlement Class Members

DATED: 4/1/2025

LAW OFFICE OF G. MARTIN VELEZ

DocuSigned by:

By: Martin Velez

68826F5061AE4AE...

Attorneys for Plaintiff and the Settlement Class Members

DATED: March 31, 2025

FISHER & PHILLIPS LLP.

By: ______________________

Danielle Hultenius Moore
Bret Martin
Julia A. Sherwood

Attorneys for Defendant

# **EXHIBIT A**

**NOTICE OF PENDENCY OF CLASS AND REPRESENTATIVE ACTION SETTLEMENT AND FINAL HEARING DATE**

***(Jackson Chou v. The Ding Doctor, Inc., et al.*, San Francisco County Superior Court, Case No. CGC-22-597414)**

**YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR DO NOT ACT. PLEASE READ THIS NOTICE CAREFULLY.**

| **SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:** | |
|---|---|
| **Do Nothing and Receive a Payment** | To receive a cash payment from the Settlement, you do **not** have to do anything.<br>**Your estimated Individual Settlement Payment is: $<<___>>. See the explanation below.**<br>After final approval by the Court, the payment will be mailed to you at the same address as this notice. If your address has changed, please notify the Settlement Administrator as explained below. In exchange for the settlement payment, you will release claims against the Defendant as detailed below. |
| **Exclude Yourself** | If you wish to exclude yourself from the Class Settlement, you must send a written request for exclusion to the Settlement Administrator as provided below. If you request exclusion, you will receive **no money from the Settlement**.<br>Instructions are set forth below. |
| **Object** | You may write to the Court about why you believe the settlement should not be approved.<br>Directions are provided below. |

## 1. Why did I get this Notice?

A proposed class action and Private Attorneys General Act ("PAGA") settlement (the "Settlement") of this lawsuit pending in the Superior Court for the State of California, County of San Francisco (the "Court") has been reached between Plaintiff Jackson Chou ("Plaintiff") and Defendant The Ding Doctor, Inc. ("Defendant"). The Court has granted preliminary approval of the Settlement. **You may be entitled to receive money from this Settlement.**

**You have received this Class Notice because you have been identified as a member of the Class and PAGA Group, which is defined as:**

> All employees who are or previously were employed by Defendant in the State of California as non-exempt employees, or exempt employees working as location managers, regional managers, area managers, and on-site supervisors, from October 25, 2020 to January 31, 2025 ("Class Period").

This Class Notice explains the lawsuit, the Settlement, and your legal rights. It is important that you read this Notice carefully as your rights may be affected by the Settlement.

## 2. What is this class action lawsuit about?

On October 25, 2021, Plaintiff filed a Notice of Violations with the Labor and Workforce Development Agency (LWDA). On January 3, 2022, Plaintiff filed a Complaint against Defendant, Daniel Michael Chaves, and Gary Michael Chaves, in the Superior Court of the State of California, County of San Francisco (the "Action"). On [DATE], Plaintiff filed a Second Amended Complaint (the "Operative Complaint") asserting the following causes of action: [INSERT].

Defendant expressly denies any liability or wrongdoing of any kind associated with the claims alleged in the Action, dispute any wages, damages and penalties claimed by the Class Representative are owed, and further contend that, for any purpose other than settlement, the Action is not appropriate for class or representative action treatment. Defendant contends, among other things, that at all times it complied with the California Labor Code and the Industrial Welfare Commission Wage Orders.

On August 8, 2023, the Parties participated in an all-day mediation with Michael D. Young, an experienced mediator of wage and hour class and PAGA actions. Although the mediation was unsuccessful, the Parties resumed negotiations facilitated by Mr. Young in August 2024 and ultimately accepted a Mediator's settlement proposal and reached an agreement for settlement. The Court granted preliminary approval of the Settlement on <<INSERT PRELIMINARY APPROVAL DATE>>. At that time, the Court also preliminarily approved the Plaintiff to serve as the Class Representative, and the law firms of The Co Law Firm, APC, and Law Office of G. Martin Velez to serve as Class Counsel.

## 3. What are the terms of the Settlement?

Gross Settlement Amount. Defendant have agreed to pay an "all in" amount of Six Hundred Fifty Thousand Dollars and Zero Cents ($650,000.00) (the "Gross Settlement Amount") to fund the settlement. The Gross Settlement Amount includes the payment of all Individual Settlement Payments, Settlement Administration Costs, Class Counsel Award, Service Award, and the PAGA Payment.

After the Judgment becomes Final, Defendant will pay the Gross Settlement Amount by depositing the money with the Settlement Administrator. "Final" means the date the Judgment is no longer subject to appeal, or if an appeal is filed, the date the appeal process is completed, and the Judgment is affirmed.

Amounts to be Paid from the Gross Settlement Amount. The Settlement provides for certain payments to be made from the Gross Settlement Amount, which will be subject to final Court approval, and which will be deducted from the Gross Settlement Amount before settlement payments are made to Class Members, as follows:

- Settlement Administration Costs. Payment to the Settlement Administrator, estimated not to exceed $30,000.00 for expenses, including expenses of sending this Notice, processing opt outs, and distributing settlement payments.

- Class Counsel Award. Payment to Class Counsel of an award of attorneys' fees of no more than 1/3 of the Gross Settlement Amount (currently $216,645.00) and actually incurred litigation expenses of not more than $500.00 for all expenses incurred as documented in Class Counsel's billing records, both subject to Court approval. Class Counsel have been prosecuting the Action on behalf of Plaintiff and the Class on a contingency fee basis (that is, without being paid any money to date) and have been paying all litigation costs and expenses.

- Service Award. A Service Award of up to Ten Thousand Dollars and Zero Cents ($10,000.00) to Plaintiff, or such lesser amount as may be approved by the Court, to compensate him for services on behalf of the Class in initiating and prosecuting the Action, and for the risks he undertook.

- PAGA Payment. A payment of $40,000.00 relating to Plaintiff's claim under the PAGA, $30,000.00 of which will be paid to the State of California's Labor and Workforce Development Agency ("LWDA") and the remaining $10,000.00 will be distributed to Aggrieved Employees as part of the PAGA Payment.

- Calculation of Payments to Settlement Class Members. After all the above payments of the court-approved Class Counsel Award, the Service Award, the PAGA Payment, and the Settlement Administration Costs are deducted from the Gross Settlement Amount, the remaining portion, called the "Net Settlement Amount," shall be distributed to class members who do **not** request exclusion ("Settlement Class Members"). The Individual Settlement Payment for each Settlement Class Member will be calculated by dividing the Net Settlement Amount by the total number of Pay Periods for all Settlement Class Members that occurred during the Class Period and multiplying the result by each individual Settlement Class Member's pay periods that occurred during the Class Period. A "Pay Period" shall mean any pay period during the Class Period in which a Class Member is employed and performed at least one day's work for Defendant.

- Calculation of Aggrieved Employees Payments to Aggrieved Employees. The PAGA Payment shall be distributed to Aggrieved Employees irrespective of whether they exclude themselves or opt-out. The PAGA Payment will be divided by the total number of pay periods worked by all Aggrieved Employees during the PAGA Period, and then taking that number and multiplying it by the number of pay periods worked by each respective Aggrieved Employee during the PAGA Period. "Aggrieved Employee" means all persons within the State of California who are or were employed by Defendant as non-exempt employees, or exempt employees working as location managers, regional managers, area managers, and on-site supervisors during the period beginning October 25, 2020 to January 31, 2025 ("PAGA Period").

**If the Settlement is approved by the Court, you will automatically be mailed a check for your Individual Settlement Payment to the same address as this Class Notice. You do not have to do anything to receive a payment.** If your address has changed, you must contact the Settlement Administrator to inform them of your correct address to ensure you receive your payment.

Tax Matters. Ten percent (10%) of each Individual Settlement Payment is allocated to wages ("Wages Portion"). Taxes are withheld from this amount, and each Settlement Class Member will be issued an Internal Revenue Service Form W-2 for such payment. Ninety percent (90%) of each Individual Settlement Payment is allocated to penalties and pre-judgment interest ("Penalties and Interest Portion"). Each Settlement Class Member will be issued an Internal Revenue Service Form 1099 for Penalty Portion and Interest Portion of the Individual Settlement Payments. In addition, no taxes will be withheld from the PAGA Payment paid to Aggrieved Employees, and each Aggrieved Employee will be issued an Internal Revenue Service Form 1099 for such payment. Neither Class Counsel nor Defendant's counsel intend anything contained in this Settlement to constitute advice regarding taxes or taxability. You may wish to consult a tax advisor concerning the tax consequences of the payments received under the Settlement.

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

Conditions of Settlement. This Settlement is conditioned upon the Court entering an order granting final approval of the Settlement and entering judgment.

## 4. What Do I Release Under the Settlement?

Released Claims. Upon entry of final judgment and funding in full of the Gross Settlement Amount by Defendant, Plaintiff and the Settlement Class Members shall release the Released Parties of any and all claims relating to any and all facts and claims asserted in the Action or any other claims, based on the facts alleged in the operative pleading, including but not limited to any and all claims violations or damages relating minimum wages, overtime and double time wages; meal and rest breaks; failure to maintain accurate employment records; wage statement violations; failure to timely pay wages; separation pay violations; failure to reimburse business expenses; paid sick leave; unfair business practices, which arose during the Class Period, and any related claims for attorneys' fees, costs, or interest resulting therefrom.

As of the Effective Date and upon funding of the Gross Settlement Amount by Defendant, all Aggrieved Employees shall release all Released PAGA Claims, irrespective of whether they opted-out of the class settlement and will be bound by this PAGA Release (the "PAGA Release"). "Released PAGA Claims" shall mean the release from the Aggrieved Employees of any and all claims relating to any and all facts and claims asserted in the Action or any other claims, under PAGA, based on the facts alleged in the operative pleading and/or Plaintiff's PAGA notice to the LWDA, including but not limited to any and all claims for PAGA penalties for violations of the California Labor Code governing: minimum wages, overtime and double time wages; meal and rest breaks; failure to maintain accurate employment records; wage statement violations; failure to timely pay wages; separation pay violations; failure to reimburse business expenses; paid sick leave; unfair business practices; and including violations arising from the following California Labor Code sections: 201, 202, 203, 204, 226, 226.3, 226.7, 227, 227.3, 245.5, 246, 510, 512, 558, 1174, 1174.5, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2800, and 2802, which arose during the PAGA Period, and any related claims for attorneys' fees, costs, or interest resulting therefrom.

This means that, if you do not timely and formally exclude yourself from the settlement, you cannot sue, continue to sue, or be part of any other lawsuit against Defendant about the legal issues resolved by this Settlement. It also means that all of the Court's orders in this Action will apply to you and legally bind you.

## 5. How much will my payment be?

**Defendant's records reflect that you have <<_____>> Pay Periods worked during the Class Period (October 25, 2020, to January 31, 2025).**

**Based on this information, your estimated Individual Settlement Payment is <<_______>>.**

**Defendant's records reflect that you have <<_____>> Pay Periods worked during the PAGA Period (October 25, 2020, to January 31, 2025).**

**Based on this information, your estimated Aggrieved Employee Payment is <<_______>>.**

If you wish to challenge the information set forth above, then you must submit a written, signed dispute challenging the information along with supporting documents, to the Settlement Administrator at the address provided in this Notice no later than _______________ [forty-five (45) days after the Notice or fifteen (15) days after the re-mailed Notice].

## 6. How can I get a payment?

**To get money from the settlement, you do not have to do anything**. A check for your settlement payment will be mailed automatically to the same address as this Notice. If your address is incorrect or has changed, you must notify the Settlement Administrator. The Settlement Administrator is: ______________.

The Court will hold a hearing on __________________ to decide whether to finally approve the Settlement. If the Court approves the Settlement and there are no objections or appeals, payments will be mailed within a few months after this hearing. If there are objections or appeals, resolving them can take time, perhaps more than a year. Please be patient. After entry of the Judgment, the Settlement Administrator will provide notice of the final judgment to the Class Members by posting a copy of the Judgment on the administrator's website at www.__________________.com.

## 7. What if I don't want to be a part of the Settlement?

If you do not wish to participate in the Settlement, you may exclude yourself from the Settlement or "opt out." **If you opt out, you will receive NO money from the Settlement, and you will not be bound by its terms, except as provided as follows**. Irrespective of whether you exclude yourself from the Settlement or "opt out," you will be bound by the PAGA Release, you will be deemed to have released the Released PAGA Claims, and you will receive a share of the PAGA Payment.

To opt out, you must submit to the Settlement Administrator, by First Class Mail, a written, signed and dated request for exclusion postmarked no later than ______________. The address for the Settlement Administrator is _______________________________________. The request for exclusion must state in substance that the Class Member has read the Class Notice and that he or she wishes to be excluded from the settlement of the class action lawsuit entitled *Jackson Chou v. The Ding Doctor, Inc., et al.*, San Francisco County Superior Court, Case No. CGC-22-597414. The request for exclusion must contain your name, address, signature and the last four digits of your Social Security Number for verification purposes. The request for exclusion must be signed by you. No other person may opt out for a member of the Class.

Written requests for exclusion that are postmarked after _____________, or are incomplete or unsigned will be rejected, and those Class Members will remain bound by the Settlement and the release described above.

## 8. How do I tell the Court that I would like to challenge the Settlement?

Any Class Member who has not opted out and believes that the Settlement should not be finally approved by the Court for any reason, may object to the proposed Settlement. Objections may be in writing and state the Class Member's name, current address, telephone number, and describe why you believe the Settlement is unfair and whether you intend to appear at the final approval hearing. All written objections or other correspondence must also state the name and number of the case, which is ***Jackson Chou v. The Ding Doctor, Inc., et al.*, San Francisco County Superior Court, Case No. CGC-22-597414**. You may also object without submitting a written objection by appearing at the final approval hearing scheduled as described in Section 9 below.

To object to the Settlement, you cannot opt out. If the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Class Members who do not object. Any Class Member who does not object in the manner provided in this Class Notice shall have waived any objection to the Settlement, whether by appeal or otherwise.

**Written objections must be delivered or mailed to the Settlement Administrator no later than _______________.** The address for the Settlement Administrator is ________________________.

The addresses for the Parties' counsel are as follows:

**Class Counsel**:
Patrick R. Co
THE CO LAW FIRM
201 Spear Street, Suite 1100
San Francisco, CA 94105
t: 415.426.3553
f: 415.477.4032
pco@colawfirmsf.com

**Class Counsel:**
G. Martin Velez
LAW OFFICE OF G. MARTIN VELEZ
3558 Round Barn Boulevard, Suite 200
Santa Rosa, CA 95403
t: 415.342.4125
f: 415.532.2492
martinvelez@comcast.net

**Counsel for Defendant**:
Bret Martin
Fisher & Phillips LLP
4747 Executive Drive, Suite 1000
San Diego, CA 92121
t: 858.597.9600
f: 858.597.9601
bmartin@fisherphillips.com

## 9. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Final Approval Hearing at 00:00 AM/PM on _______________, at the San Francisco County Superior Court, Department 304, located at 400 McAllister Street, San Francisco, CA 94102, before Judge Ethan P. Schulman. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. The purpose of this hearing is for the Court to determine whether to grant final approval to the Settlement. If there are objections, the Court will consider them. The Court will listen to people who have made a timely written request to speak at the hearing or who appear at the hearing to object. This hearing may be rescheduled by the Court without further notice to you. **You are not required to attend** the Final Approval Hearing, although any Class Member is welcome to attend the hearing.

## 10. How do I get more information about the Settlement?

You may call the Settlement Administrator at ____________ or write to ***Jackson Chou v. The Ding Doctor, Inc., et al.*****, San Francisco County Superior Court, Case No. CGC-22-597414**, ________________________ c/o __________________.

This notice summarizes the proposed settlement. More details are in the Settlement Agreement. You may receive a copy of the Settlement Agreement, the Final Judgment or other Settlement documents by writing to The Co Law Firm, APC, 201 Spear Street, Suite 1100, San Francisco, CA 94105 or by visiting the administrator's website at www.__________________.com.

**PLEASE DO NOT CALL THE COURT ABOUT THIS NOTICE.**

IMPORTANT:

- You must inform the Settlement Administrator of any change of address to ensure receipt of your settlement payment.

- Settlement checks will be null and void 180 days after issuance if not deposited or cashed. In such event, the Settlement Administrator shall pay all funds from such uncashed checks to the Unclaimed Property Fund of the State Controller's office in the name of the Settlement Class Member or Aggrieved Employee. If your check is lost or misplaced, you should contact the Settlement Administrator immediately to request a replacement.

# Exhibit C

**LAW OFFICE OF G. MARTIN VELEZ**

3558 Round Barn Boulevard, Suite 200
Santa Rosa, CA 95403
t: 415.342.4125 f: 415.532.2492
martinvelez@comcast.net

March 10, 2025

*Via Online*

PAGA Administrator
Labor & Workforce Development Agency
800 Capitol Mall, Suite 5000
Sacramento, CA 95814

Re: *Jackson Chou, aka Jackson Chom v. Ding Doctor, Inc., doing business as Danny's Dealer Solutions and Danny's Detail, Daniel Michael Chaves, and Gary Michael Chaves*
LWDA Case Number LWDA-CM-831913-21
Amended PAGA Notice

Dear PAGA Administrator:

Patrick Co, Esq., of the Co Law Firm, P.C., and I have been retained to represent Jackson Chou, aka Jackson Chom, individually and on behalf of all other similarly aggrieved current and former employees, in his action against his former employer, Ding Doctor, Inc., doing business as Danny's Dealer Solutions and Danny's Detail (hereinafter "Danny's Detail"), Daniel Michael Chaves, and Gary Michael Chaves. Pursuant to Labor Code section 2699.3, this letter amends the PAGA Notice Mr. Chou filed on May 11, 2021 and constitutes written notice of Danny's Detail's Labor Code violations and of Mr. Chou's intent to recover statutory penalties under California's Private Attorneys General Act of 1994. (See Labor Code, §§ 2698 et seq.)

1. *Relevant Facts*

Danny's Detail provides car washing and detailing services to car dealerships throughout California. Daniel Michael Chaves is the chief executive officer and secretary of Danny's Detail. Gary Michael Chaves is the chief financial officer of Danny's Detail. According to its website, Danny's Detail has over 500 employees.

Mr. Chou worked for Danny's Detail as a location manager at various locations in both Southern and Northern California for approximately five years. During his employment, Danny's Detail misclassified Mr. Chou as an exempt employee. Although he was provided with the title of location manager, Mr. Chou spent a vast majority of his workday detailing and washing cars, i.e., performing the exact same work as nonexempt hourly detailers and car washers, making Mr. Chou a nonexempt hourly employee. (See *Heyen v. Safeway, Inc.* (2013) 216 Cal.App.4th 795, 822 ["work of the same kind performed by a supervisor's nonexempt employees generally is 'nonexempt,' even when that work is performed by the supervisor" and "if such work takes up a large part of supervisor's time, the supervisor likely is a 'nonexempt' employee"].)

Mr. Chou typically worked Mondays through Saturdays, nine to ten hours a day and over 40 hours a week. Mr. Chou did not receive wages for overtime hours worked and his wage statements did not accurately show overtime hours worked and wages earned for pay periods. Mr. Chou is informed and believes that similarly situated current and former employees also did not receive wages for overtime hours worked and did not receive accurate wage statements.

Mr. Chou and hourly car wash and detailing employees were denied rest breaks. Under its policy, Danny's Detail required its hourly employees, including Mr. Chou, to take a one hour break mid-shift, which purportedly encompassed an unpaid half hour lunch and two unpaid rest breaks. Danny's Detail did not pay Mr. Chou an additional hour of pay for each workday that a rest break was not provided, i.e., premium pay. Mr. Chou is informed and believes that similarly situated current and former employees also did not receive premium pay for rest periods denied.

Upon separating from Danny's Detail, Danny's Detail failed to pay Mr. Chou all wages due at the time of separation, as Mr. Chou's final paycheck did not include unpaid overtime wages and unpaid premium pay for rest break violations. Mr. Chou is informed and believes that similarly situated former employees also were not paid unpaid overtime wages and unpaid premium pay for rest break violations at the time of discharge or separation.

*2. Labor Code Violations*

*a. Rest Break Violations*

Labor Code section 226.7 states that an employer shall not require that an employee work during a rest break mandated pursuant to an applicable statute or order of the Industrial Welfare Commission. (Lab. Code, § 226.7, subd. (b); see also Industrial Welfare Commission Wage Order 7-2001, ¶ 12; Industrial Welfare Commission Wage Order 9-2001, ¶ 12; Cal. Code Regs., tit. 8, § 11070, ¶ 12; Cal Code Regs., tit. 8, § 11090, ¶ 12.) The applicable Wage Order for Danny's Detail's industry provides, "[e]very employer shall authorize and permit all employees to take rest periods, which insofar as practicable shall be in the middle of each work period." (Wage Order 7-2001, ¶ 12; Wage Order 9-2001, ¶ 12; Cal. Code Regs., tit. 8, § 11070, ¶ 12; Cal. Code Regs., tit. 8, § 11090, ¶ 12.) For each workday that a rest break is not provided, an employer shall pay an employee one additional hour of pay. (Lab. Code, 226, 7, subd. (c).)

By combining rest breaks with lunch breaks into a one hour period in the middle of the shift, Danny's Detail failed to authorize and permit its hourly employees, including Mr. Chou, to take rest periods in the middle of each work period, in violation of Labor Code sections 226.7 and 1198, Wage Order 7, ¶ 12, Wage Order 9, ¶ 12, California Code of Regulations, title 8, section 11070, ¶ 12, and California Code of Regulations, title 8, section 11090, ¶ 12. (See also *Rodriguez* *v. E.M.E., Inc.* (2016) 246 Cal.App.4th 1027, 1036 [employers have an obligation "to make a good faith effort to authorize and permit rest breaks in the middle of each work period . . . ."].)

Additionally, Danny's Detail failed to pay Mr. Chou and similarly situated current and former employees an additional hour of pay for each workday in which a rest break violation occurred. As a consequence of these violations, Danny's Detail is subject to civil penalties under Labor Code sections 558 and 2699, subdivision (a), and prejudgment interest pursuant to Labor Code section 218.6. Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section (see Lab. Code, §§ 558, subd. (a), 558.1, subd. (a)) and are subject to the same civil penalties.

*b.* *Overtime Violations*

Labor Code section 510 requires employers to compensate employees at the rate of no less than one and one-half times the regular rate of pay for work in excess of eight hours in one workday and any work in excess of 40 hours in any workweek. (Lab. Code, § 510, subd. (a); see also Lab. Code, §§ 1194, 1198.) Labor Code section 204 provides that all wages earned are due and payable twice during each calendar month. (Lab. Code, § 204, subd. (a).) Labor Code sections 201 and 202 require employers to pay its employees all wages due immediately at the time of discharge, layoff, or resignation made with at least 72 hours' notice, or within 72 hours of resignation made without 72 hours' notice. (Lab. Code, §§ 201, subd. (a), 202, subd. (a).)

Mr. Chou and similarly situated current and former employees often worked in excess of eight hours in a workday and in excess of 40 hours in a workweek without receiving one and one-half times or more the regular rate of pay for all overtime hours worked. By not paying Mr. Chou and other similarly situated current and former employees overtime wages, Danny's Detail violated Labor Code sections 201, 202, 204, 510, 1194, 1198, and 1199 and is subject to civil penalties under Labor Code sections 558 and 2699, subdivision (a), attorney fees and costs pursuant to Labor Code sections 218.5 and 1194, and prejudgment interest pursuant to Labor Code section 218.6. Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section (see Lab. Code, §§ 558, subd. (a), 558.1, subd. (a)) and are subject to the same civil penalties.

*c.* *Wage Statement Violations - Labor Code section 226*

Wage statements issued to Mr. Chou by Danny's Detail were inaccurate in that the wage statements did not provide an additional hour of pay for each workday in which he was not provided a rest break and did not provide overtime wages for all hours worked in excess of the statutory amount. Mr. Chou is informed and believes that Danny's Detail did not provide accurate wage statements to similarly situated current and former employees.

Labor Code section 226 requires employers, at the time of each payment of wages, to furnish each employee with an accurate itemized wage statement. (Lab. Code, § 226, subd. (a).) By failing to provide accurate itemized wage statements to Mr. Chou and similarly situated current and former employees, Danny's Detail violated Labor Code section 226 and is subject to civil penalties under Labor Code sections 226, subdivision (e), 226.3, 558, and 2699, subdivision (a), and attorney fees and costs pursuant to Labor Code section 226, subdivision (e)(1). Daniel

Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section (see Lab. Code, §§ 558, subd. (a), 558.1, subd. (a)) and are subject to the same civil penalties.

*d. Waiting Time Penalties*

Mr. Chou's final paycheck did not contain all wages due as it did not include unpaid premium pay for rest break violations and unpaid overtime wages. Mr. Chou is informed and believes that Danny's Detail failed to pay all wages due at separation to similarly situated former employees.

Labor Code sections 201 and 202 specify that an employer must pay its employees all wages due immediately at the time of discharge, layoff, or resignation made with at least 72 hours' notice, or within 72 hours of resignation made without 72 hours' notice. (Lab. Code, §§ 201, 202.) When an employer fails to do so, the employer is required to pay waiting time penalties of up to 30 days' wages. (Lab. Code, § 203.)

By not paying Mr. Chou and similarly situated former employees all wages due at the time of separation, Danny's Detail violated Labor Code sections 201, 202, and 203 and is subject to civil penalties under Labor Code sections 558 and 2699, subdivision (a), attorney fees and costs pursuant to Labor Code sections 218.5 and 1194, and prejudgment interest pursuant to Labor Code section 218.6. Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section (see Lab. Code, §§ 558, subd. (a), 558.1, subd. (a)) and are subject to the same civil penalties.

*e. Failure to Pay All Wages Due for All Hours Worked*

Labor Code section 1194 requires employers to pay employees no less than the minimum wage and, where such a violation has occurred, Labor Code section 1194.2 provides for liquidated damages in an amount equal to unlawfully unpaid wages. Labor Code section 204 provides that all wages earned are due and payable twice during each calendar month. (Lab. Code, § 204, subd. (a).) Mr. Chou is informed and believes that Danny's Detail paid similarly situated current and former employees less than minimum wage in violation of Labor Code sections 204, subdivision (a), 1194, 1197, 1197.1, 1199, and 1194.2, Wage Order 7-2001, ¶ 4 and Wage Order 9-2001 ¶ 4, and is subject to civil penalties under Labor Code sections 558, 1197.1, and 2699, subdivision (a), and attorney fees and costs pursuant to Labor Code sections 218.5, 1194, subdivision (a), and 2699, subdivision (g)(1). Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section (see Lab. Code, §§ 558, subd. (a), 558.1, subd. (a)) and are subject to the same civil penalties.

*f. Failure to Indemnify for Necessary Business Expenses – Labor Code sections 2800 and 2802*

Labor Code sections 2800 and 2802 require an employer to reimburse employees for all necessary business expenses. Mr. Chou is informed and believes that Danny's Detail failed to reimburse similarly situated current and former employees for all necessary business expenses in violation of Labor Code sections 2800 and 2802 and is subject to civil penalties under Labor Code sections 558 and 2699, subdivision (a), and attorney fees and costs pursuant to Labor Code sections 218.5, 2802, subdivision (c), and 2699, subdivision (g)(1). Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section (see Lab. Code, §§ 558, subd. (a), 558.1, subd. (a)) and are subject to the same civil penalties.

*g. Failure to Remit Withholdings*

Labor Code section 227 makes it unlawful for an employer willfully or with the intent to defraud to fail to remit withholdings to the proper agency. Mr. Chou is informed and believes that Danny's Detail failed to remit withholdings to the proper agency willfully or with the intent to defraud for similarly situated current and former employees and is subject to civil penalties under Labor Code sections 558 and 2699, subdivision (a), and attorney fees and costs pursuant to Labor Code sections 218.5 and 2699, subdivision (g)(1). Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section (see Lab. Code, §§ 558, subd. (a), 558.1, subd. (a)) and are subject to the same civil penalties.

*h. Failure to Pay Vested Vacation Wages*

Labor Code section 227.3 requires employers to pay employees all vested vacation as wages upon termination. Mr. Chou is informed and believes that Danny's Detail failed to pay similarly situated current and former employees all vested vacation as wages upon termination in violation of Labor Code section 227.3 and is subject to civil penalties under Labor Code sections 558 and 2699, subdivision (a), and attorney fees and costs pursuant to Labor Code sections 218.5 and 2699, subdivision (g)(1). Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section (see Lab. Code, §§ 558, subd. (a), 558.1, subd. (a)) and are subject to the same civil penalties.

*i. Failure to Maintain Records*

Labor Code section 1174 and 1174.5 require an employer to maintain records showing the names and addresses of all employees and payroll records showing the hours worked daily by and the wages paid to employees. Mr. Chou is informed and believes that Danny's Detail failed to maintain records for similarly situated current and former employees in violation of Labor Code sections 1174 and 1174.5 and Wage Order 7-2001, ¶ 7 and Wage Order 9-2001, ¶ 7, and is subject to civil penalties under Labor Code sections 558, 1174.5, and 2699, subdivision (a), and attorney fees and costs pursuant to Labor Code sections 218.5 and 2699, subdivision (g)(1). Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section (see Lab. Code, §§ 558, subd. (a), 558.1, subd. (a)) and are subject to the same civil penalties.

*j. Failure to Provide Paid Sick Leave*

Labor Code sections 245.5 and 246 require an employer to provide paid sick leave to employees who work 30 or more days within a year from the start of employment. Mr. Chou is informed and believes that Danny's Detail failed to provide paid sick leave to similarly situated current and former employees in violation of Labor Code sections 245.5 and 246 and is subject to civil penalties under Labor Code sections 558 and 2699, subdivision (a), and attorney fees and costs pursuant to Labor Code sections 218.5 and 2699, subdivision (g)(1). Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section (see Lab. Code, §§ 558, subd. (a), 558.1, subd. (a)) and are subject to the same civil penalties.

*k. Failure to Provide Meal Periods*

Labor Code section 512 provides that "an employer shall not employ an employee for a work period of more than five hours per day without providing the employee with a period of not less than 30 minutes," nor shall an employer "employ an employee for a work period of more than 10 hours per day without providing the employee with a second meal period of not less than 30 minutes," with a limited exception. (Lab. Code, § 512, subd. (a).) Labor Code section 226.7 provides that an employer shall not require an employee to work during a meal period mandated pursuant to an applicable statute or order of the Industrial Welfare Commission. (Lab. Code, § 226.7, subd. (b); Wage Order 7-2001, ¶ 11; Wage Order 9-2001, ¶ 11.) Further, if an employer fails to provide an employee a meal period in accordance with a state law, the employer shall pay the employee one additional hour of pay at the employee's regular rate of pay for each workday that the meal period violation occurred. (Lab. Code, § 226.7, subd. (c); Wage Order 7-2001, ¶ 11; Wage Order 9-2001, ¶ 11.)

Mr. Chou is informed and believes that Danny's Detail failed to provide similarly situated current and former employees an uninterrupted meal period of not less than 30 minutes and failed to provide premium pay in violation of Labor Code sections 226.7, 512 and 1198, Wage Order 7, ¶ 11, Wage Order 9, ¶ 11, California Code of Regulations, title 8, section 11070, ¶ 11, and California Code of Regulations, title 8, section 11090, ¶ 11. As a consequence of these violations, Danny's Detail is subject to civil penalties under Labor Code sections 558 and 2699, subdivision (a), and attorney fees and costs pursuant to Labor Code sections 218.5 and 2699, subdivision (g)(1). Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section (see Lab. Code, §§ 558, subd. (a), 558.1, subd. (a)) and are subject to the same civil penalties.

*3. Conclusion*

Danny's Detail's unlawful actions, as set forth above, violate numerous sections of the Labor Code, in addition to Wage Order 7, Wage Order 9, California Code of Regulations, title 8, section 11070, and California Code of Regulations, title 8, section 11090. Additionally, Daniel Michael Chaves and Gary Michael Chaves qualify as other persons acting on behalf of an employer who violated or caused to be violated a Labor Code section. (See Lab. Code, §§ 558, subd. (a), 558.1, subd. (a).) Accordingly, Mr. Chou respectfully requests that the Labor and Workforce Development Agency initiate enforcement with respect to the aforementioned violations. If the LWDA declines to pursue enforcement, Mr. Chou will pursue these claims for statutory penalties on behalf of himself and all current and former similarly situated employees. If you have any questions or concerns regarding this matter, please do not hesitate to contact me. Thank you for your time and consideration of this matter.

Very truly yours,

Martin Velez

G. Martin Velez

cc: Ding Doctor, Inc.
Daniel Chaves - Agent for Service of Process
3502 S. Susan Street
Santa Ana, CA 92704
[Via Certified U.S. Mail (Receipt Acknowledgment with Signature Requested)]

Daniel Michael Chaves
3502 S. Susan Street
Santa Ana, CA 92704

Gary Michael Chaves
S. Susan Street
Santa Ana, CA 92704

# Exhibit D

PHOENIX

CLASS ACTION ADMINISTRATION SOLUTIONS

| CASE ASSUMPTIONS | |
|---|---|
| Class Members | 2,000 |
| Opt Out Rate | 1% |
| Opt Outs Received | 20 |
| Total Class Claimants | 1,980 |
| Subtotal Admin Only | **$18,950.00** |

**Not-to-Exceed Total** **$18,950.00**

**For 2000 Members**

**Pricing Good for Scope of Estimate Only**

## November 13, 2024

## Case: TBD Opt-Out Administration wTranslation

**Phoenix Contact: Jodey Lawrence**
**Contact Number: 949.566.1455**
**Email: Jodey@phoenixclassaction.com**

**Requesting Attorney: Martin Velez**
**Firm: Law Office of G. Martin Velez**
**Contact Number: 415-246-0277**
**Email: Martinvelez@comcast.net**

Assumptions and Estimate are based on information provided by counsel. If class size changes, PHX will need to adjust this Estimate accordingly. Estimate is based on 2000 Class Members. Class data Must be sent in Microsoft Excel or uploaded in the same format. Class Data Must be sent in one spreadsheet, with no additional programming needed. A rate of $150 per hour will be charged for any additional analysis or programming. Pricing good for 90 days.

**Case & Database Setup / Toll Free Setup & Call Center / NCOA (USPS)**

| Administrative Tasks: | Rate | Hours/Units | Line Item Estimate |
|---|---|---|---|
| Programming Manager | $125.00 | 3 | $375.00 |
| Programming Database & Setup | $125.00 | 3 | $375.00 |
| Toll Free Setup* | $134.00 | 1 | $134.00 |
| Call Center & Long Distance | $2.00 | 16 | $32.00 |
| NCOA (USPS) | $265.00 | 2 | $530.00 |
| | | **Total** | **$1,446.00** |

* Up to 120 days after disbursement

**Data Merger & Scrub / Notice Packet, Opt-Out Form & Postage / Spanish Translation / Reporting**

| Project Action | Rate | Hours/Units | Line Item Estimate |
|---|---|---|---|
| Notice Packet Formatting | $125.00 | 2 | $250.00 |
| Data Merge & Duplication Scrub | $0.35 | 2,000 | $700.00 |
| Notice Packet & Opt-Out Form | $1.25 | 2,000 | $2,500.00 |
| Estimated Postage (up to 2 oz.)* | $0.76 | 2,000 | $1,520.00 |
| Static Website | $200.00 | 1 | $200.00 |
| Language translation | $1,000.00 | 1 | $1,000.00 |
| | | **Total** | **$6,170.00** |

* Prices good for 90 days. Subject to change with the USPS Rate or change in Notice pages or Translation, if any.

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CLASS ACTION ADMINISTRATION SOLUTIONS

| Skip Tracing & Remailing Notice Packets / Tracking & Programming Undeliverables | | | |
|---|---|---|---|
| **Project Action:** | **Rate** | **Hours/Units** | **Line Item Estimate** |
| Case Associate | $55.00 | 3 | $165.00 |
| Skip Tracing Undeliverables | $1.00 | 200 | $200.00 |
| Remail Notice Packets | $1.25 | 200 | $250.00 |
| Estimated Postage | $0.76 | 200 | $152.00 |
| Programming Undeliverables | $50.00 | 3 | $150.00 |
| | | **Total** | **$917.00** |

| Database Programming / Processing Opt-Outs, Deficiencies or Disputes | | | |
|---|---|---|---|
| **Project Action:** | **Rate** | **Hours/Units** | **Line Item Estimate** |
| Programming Claims Database | $135.00 | 3 | $405.00 |
| Non Opt-Out Processing | $200.00 | 1 | $200.00 |
| Case Associate | $55.00 | 4 | $220.00 |
| Opt-Outs/Deficiency/Dispute Letters | $10.00 | 3 | $30.00 |
| Case Manager | $85.00 | 4 | $340.00 |
| | | **Total** | **$1,195.00** |

| Calculation & Disbursement Programming/ Create & Manage QSF/ Mail Checks | | | |
|---|---|---|---|
| **Project Action:** | **Rate** | **Hours/Units** | **Line Item Estimate** |
| Programming Calculations | $135.00 | 2 | $270.00 |
| Disbursement Review | $135.00 | 2 | $270.00 |
| Programming Manager | $95.00 | 2 | $190.00 |
| QSF Bank Account & EIN | $100.00 | 2 | $200.00 |
| Check Run Setup & Printing | $125.00 | 4 | $500.00 |
| Mail Class Checks * | $1.00 | 2,000 | $2,000.00 |
| Estimated Postage | $0.69 | 2,000 | $1,380.00 |
| | | **Total** | **$4,810.00** |

* Checks are printed on 8.5 x 11 in. sheets with W2/1099 Tax Filing

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CLASS ACTION ADMINISTRATION SOLUTIONS

| Tax Reporting & Reconciliation / Re-Issuance of Checks / Conclusion Reports and Declarations | | | |
|---|---|---|---|
| **Project Action:** | **Rate** | **Hours/Units** | **Line Item Estimate** |
| Case Supervisor | $125.00 | 5 | $625.00 |
| Remail Undeliverable Checks (Postage Included) | $1.61 | 200 | $322.00 |
| Case Associate | $55.00 | 5 | $275.00 |
| Reconcile Uncashed Checks | $100.00 | 4 | $400.00 |
| Conclusion Reports | $100.00 | 2 | $200.00 |
| Case Manager Conclusion | $85.00 | 4 | $340.00 |
| Final Reporting & Declarations | $125.00 | 2 | $250.00 |
| IRS & QSF Annual Tax Reporting * (1 State Tax Reporting Included) | $2,000.00 | 1 | $2,000.00 |
| | | **Total** | **$4,412.00** |

* All applicable California State & Federal taxes, which include SUI, ETT, and SDI, and FUTA filings. Additional taxes are Defendant's responsibilty.

| | |
|---|---|
| **Estimate Total:** | **$18,950.00** |

CLASS ACTION ADMINISTRATION SOLUTIONS

# TERMS AND CONDITIONS

**Provisions:** The case estimate is in good faith and does not cover any applicable taxes and fees. The estimate does not make any provision for any services or class size not delineated in the request for proposal or stipulations. Proposal rates and amounts are subject to change upon further review, with Counsel/Client, of the Settlement Agreement. Only pre-approved changes will be charged when applicable. No modifications may be made to this estimate without the approval of PSA (Phoenix Settlement Administrators). All notifications are mailed in English language only unless otherwise specified. Additional costs will apply if translation into other language(s) is required. Rates to prepare and file taxes are for Federal and California State taxes only. Additional charges will apply if multiple state tax filing(s) is required. **Pricing is good for ninety (90) days.**

**Data Conversion and Mailing:** The proposal assumes that data provided will be in ready-to-use condition and that all data is provided in a single, comprehensive Excel spreadsheet. PSA cannot be liable for any errors or omissions arising due to additional work required for analyzing and processing the original database. A minimum of two (2) business days is required for processing prior to the anticipated mailing date with an additional two (2) business days for a National Change of Address (NCOA) update. Additional time may be required depending on the class size, necessary translation of the documents, or other factors. PSA will keep counsel apprised of the estimated mailing date.

**Claims:** PSA's general policy is to not accept claims via facsimile. However, in the event that facsimile filing of claims must be accepted, PSA will not be held responsible for any issues and/or errors arising out of said filing. Furthermore, PSA will require disclaimer language regarding facsimile transmissions. PSA will not be responsible for any acts or omissions caused by the USPS. PSA shall not make payments to any claimants without verified, valid Social Security Numbers. All responses and class member information are held in strict confidentiality. Additional class members are $10.00 per opt-out.

**Payment Terms**: All postage charges and 50% of the final administration charges are due at the commencement of the case and will be billed immediately upon receipt of the data and/or notice documents. PSA bills are due upon receipt unless otherwise negotiated and agreed to with PSA by Counsel/Client. In the event the settlement terms provide that PSA is to be paid out of the settlement fund, PSA will request that Counsel/Client endeavor to make alternate payment arrangements for PSA charges that are due at the onset of the case. The entire remaining balance is due and payable at the time the settlement account is funded by Defendant, or no later than the time of disbursement. Amounts not paid within thirty (30) days are subject to a service charge of 1.5% per month or the highest rate permitted by law.

**Tax Reporting Requirements**

PSA will file the necessary tax returns under the EIN of the QSF, including federal and state returns. Payroll tax returns will be filed if necessary. Under the California Employment Development Department, all taxes are to be reported under the EIN of the QSF with the exception of the following taxes: Unemployment Insurance (UI) and Employment Training Tax (ETT), employer-side taxes, and State Disability Insurance (SDI), an employee-side tax. These are reported under Defendant's EIN. Therefore, to comply with the EDD payroll tax filing requirements we will need the following information:

1. Defendant's California State ID and Federal EIN.

2. Defendant's current State Unemployment Insurance (UI) rate and Employment Training Tax (ETT) rate. This information can be found in the current year DE 2088, Notice of Contribution Rates, issued by the EDD.

3. Termination dates of the class members, or identification of current employee class members, so we can account for the periods that the wages relate to for each class member.

4. An executed Power of Attorney (Form DE 48) from Defendant. This form is needed so that we may report the UI, SDI, and ETT taxes under Defendant's EIN on their behalf. If this form is not provided we will work with the EDD auditors to transfer the tax payments to Defendant's EIN.

5. Defendant is responsible for reporting the SDI portion of the settlement payments on the class member's W-2. PSA will file these forms on Defendant's behalf for an additional fee and will issue an additional W-2 for each class member under Defendant's EIN, as SDI is reported under Defendant's EIN rather than the EIN of the QSF. The Power of Attorney (Form DE 48) will be needed in order for PSA to report SDI payments.