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13 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
14 **COUNTY OF LOS ANGELES – SPRING STREET**
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16 VICTORIA HERNANDEZ, individually, and
17 on behalf of other members of the general
18 public similarly situated

19 vs. Plaintiff,
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21 ACCEPTANCE INSURANCE AGENCY OF
22 TENNESSEE INC., an unknown business
23 entity; and DOES 1 through 100, inclusive,
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27
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Defendants.

Case No. 20STCV03873

*Assigned for all purposes to: Hon. Yvette M.
Palazuelos, Dept. 9*

**JOINT STIPULATION OF CLASS
ACTION AND PAGA SETTLEMENT**

Filed date: January 30, 2020
Trial date: None

JOINT STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT

This Joint Stipulation of Class Action and PAGA Settlement is entered into by and between Plaintiff Victoria Hernandez, individually and on behalf of the Settlement Class and Defendant Acceptance Insurance Agency of Tennessee, Inc.

DEFINITIONS

1. “Action” means the court action, entitled “*Victoria Hernandez, individually, and on behalf of other members of the general public similarly situated; Plaintiff, v. Acceptance Insurance Agency of Tennessee, Inc., an unknown business entity, and DOES 1 through 100, inclusive*”, Case No. 20STCV03873, pending before the Los Angeles County Superior Court.

2. “Agreement” or “Settlement Agreement” means this Joint Stipulation of Class Action and PAGA Settlement.

3. “Class” or “Class Members” means all current and former hourly-paid or non-exempt employees who worked for Defendant in the State of California at any time during the Class Period.

4. “Class Counsel” means Protection Law Group, LLP and Lawyers *for* Justice, PC.

5. “Class Counsel’s Fees and Costs” means attorneys’ fees for Class Counsel’s litigation and resolution of this Action and their expenses and costs incurred in connection with the Action awarded to Class Counsel by the Court.

6. “Class List” means a complete list of all Class Members that Defendant will diligently and in good faith compile from its records and provide to the Settlement Administrator within twenty-one (21) calendar days after Preliminary Approval of this Settlement. The Class List will be formatted in a readable Microsoft Office Excel spreadsheet and will include, to the extent known, Class Member’s: (1) full name; (2) last known home address; (3) last known telephone number; (4) social security number; (5) start and end dates of active employment as an hourly or non-exempt employee of Defendant in the State of California; (6) Workweeks during the Class Period; (7) Workweeks during the PAGA Period; and (8) any other information reasonably required by the Settlement Administrator in order to effectuate the terms of the

Settlement. Notwithstanding this deadline, Defendant shall provide Plaintiff with an accurate number of Class Members within thirty (30) days of execution of this Settlement. “Class Period” means the period from January 30, 2016, through November 10, 2021.

7. “Class Representative” means Plaintiff Victoria Hernandez in her capacity as representative of the Participating Class Members.

8. “Class Representative Enhancement Payment” means the amount that the Court authorizes to be paid to Plaintiff Victoria Hernandez, in addition to her Individual Settlement Payment, in recognition of the efforts and risks she has taken in assisting with the prosecution of the Action and in exchange for the General Release of her claims, known and unknown, as provided herein.

9. “Court” means the Superior Court of the State of California for the County of Los Angeles.

10. “Defendant” means Acceptance Insurance Agency of Tennessee, Inc.

11. “Defendant’s Counsel” means Littler Mendelson, P.C.

12. “Effective Date” means: the later of: (a) if no timely objections are filed or if all objections are withdrawn, the date upon which the Court enters Final Approval; (b) if an objection is filed and not withdrawn, the date for filing an appeal and no such appeal being filed; (c) if any timely appeals are filed, the date of the resolution (or withdrawal) of any such appeal in a way that does not alter the terms of the settlement.

13. “Employee Taxes” means Participating Class Members’ share of all applicable payroll taxes or withholdings related to benefits received under the Settlement. Plaintiff and Participating Class Members bear full responsibility for payment of any personal income taxes, interest, or penalties arising from the Individual Settlement Payment or the Class Representative Enhancement Payment paid to them.

14. “Employer Taxes” means Defendant’s share of applicable payroll taxes, such as FICA and FUTA, for that portion of the Individual Settlement Payment attributed to wages. Any payroll taxes owed by Defendant as a result of the Individual Settlement Payment to Participating

Class Members shall be paid outside of the Gross Settlement Amount.

15. “Final Approval” means the Court entering an order granting final approval of the Settlement Agreement.

16. “Final Judgment” means the order or orders entered and filed by the Court that: (1) finally approves this Settlement, disposes of all issues raised in this Action, and bars Participating Class Members from reasserting Settled Claims (as defined below) against Released Parties (as defined below); and (2) awards and orders the payment of all required amounts pursuant to the terms of this Agreement.

17. “Gross Settlement Amount” or “GSA” is the total monetary value of Settlement payable by Defendant as provided herein, which is Eight Hundred Ninety-Five Thousand Dollars (\$895,000.00). The Gross Settlement Amount includes all payments to Class Members under the terms of this Agreement, Class Counsel’s Fees and Costs, the Settlement Administration Costs, the Class Representative Enhancement Payment, and the PAGA Payment. The Gross Settlement Amount includes the entirety of all payments to be paid by Defendant under the agreement with the sole exception of Employer Taxes referenced above. The Gross Settlement Amount is non-reversionary – no portion of the Gross Settlement Amount will return to Defendant.

18. “Individual Settlement Payment” means the amount payable from the Net Settlement Amount to each Participating Class Member and any payment a PAGA Member is eligible to receive from the employee portion of the PAGA Payment. Individual Settlement Payments shall be paid by a Settlement Check made payable to Participating Class Members and/or PAGA Members.

19. “Net Settlement Amount” means the funds available for payments to the Class, which shall be the amount remaining after the following amounts are deducted from the Gross Settlement Amount: (1) Class Counsel’s Fees and Costs; (2) Settlement Administration Costs; (3) Class Representative Enhancement Payment; and (4) the PAGA Payment.

20. “Notice” means the Notice of Class Action Settlement in a form substantially similar to the form attached hereto as Exhibit A, that will be mailed to Class Members’ last known

addresses and which will provide Class Members with information regarding the Action and information regarding the settlement of the Action.

21. “PAGA” means the California Labor Code Private Attorneys General Act of 2004 (Cal. Lab. Code §§ 2698, *et seq.*, “PAGA”).

22. “PAGA Payment” means the amount that the Parties have agreed to allocate in order to settle claims arising under the Private Attorneys General Act of 2004 (Cal. Lab. Code §§ 2698, *et seq.*) (“PAGA”). The Parties have agreed that Seventy-Five Thousand Dollars (\$75,000.00) of the Gross Settlement Amount will be allocated to the resolution of Plaintiff’s PAGA Claims. Seventy Five Percent (75%) of this amount (\$56,250.00) will be paid to the California Labor and Workforce Development Agency in accordance with Labor Code §§ 2698 *et seq.* Twenty Five Percent (25%) of this amount (\$18,750.00), will be distributed to PAGA Members. PAGA Members will receive payment from the employee portion of the PAGA Payment regardless of their decision to participate in the class action if the PAGA Payment is approved by the Court.

23. “PAGA Period” means the period from November 26, 2018 through November 10, 2021.

24. “PAGA Members” means all current and former hourly-paid or non-exempt employees who worked for Defendant in the State of California at any time during the PAGA Period. In conjunction with the obligation to provide the Class Members numbers, Defendant shall also provide the number of PAGA Members to Plaintiff’s Counsel within thirty (30) days of execution of this Settlement.

25. “Parties” means Plaintiff and Defendant, collectively, and “Party” shall mean either Plaintiff or Defendant, individually.

26. “Participating Class Members” means all Class Members who do not submit valid and timely Requests for Exclusion.

27. “Plaintiff” means Victoria Hernandez.

28. “Preliminary Approval” means the Court order granting preliminary approval of

the Settlement Agreement.

29. “Objection” means a Class Member’s valid and timely written objection to the Settlement. For an Objection to be valid, it must include: (a) the objector’s full name, address, telephone number, last four digits of the employee’s social security number or employee ID number and (b) a written statement of all grounds for the objection accompanied by legal support, if any, for such objection.

30. “Released Class Claims” means any and all claims, rights, demands, liabilities, theories of relief, and causes of actions that are alleged or could have been alleged against the Released Parties, or any of them, based on the facts and allegations asserted in the operative complaint in the Action, for any acts occurring through the Class Period whether under federal law, state law, or common law, including violations of the California Labor Code, the California Wage Orders, applicable regulations, Business and Professions Code section 17200, including as to the following claims: (i) failure to pay all regular wages, minimum wages and overtime wages due, including failure to properly calculate and pay overtime wages at the regular rate of pay; (ii) failure to provide meal periods or compensation in lieu thereof; (iii) failure to authorize and permit rest periods or compensation in lieu thereof; (iv) failure to reimburse necessary business expenses; (v) failure to provide complete, accurate wage statements; (vi) failure to pay wages timely at time of termination or resignation; (vii) failure to timely pay wages during employment; (viii) unfair business practices that could have been premised on the claims, causes of action or legal theories of relief described above or any of the claims, causes of action or legal theories of relief pleaded in the operative complaint; (ix) failure to maintain required payroll records; and (x) and all damages, reimbursement, restitution, losses, statutory penalties, fines, liens, attorneys’ fees, costs, expenses, debts, interest, penalties, injunctive or declaratory relief, chargebacks, liquidated damages, or similar relief that could have been premised on the facts, claims, causes of action, or legal theories described above.

31. “Released PAGA Claims” means all claims under PAGA, for civil penalties based on the facts alleged in the operative Complaint or which could have been alleged based on those

facts, including all civil penalties under PAGA for violations of the provisions of the applicable IWC Wage Orders and the Labor Code as to all PAGA Members.

32. “Released Parties” means Defendant Acceptance Insurance Agency of Tennessee, Inc., and its past, present and/or future, direct and/or indirect, officers, directors, members, managers, employees, agents, representatives, attorneys, insurers, partners, investors, shareholders, administrators, parent companies, subsidiaries, affiliates, divisions, predecessors, successors, assigns, and joint venturers.

33. “Request for Exclusion” means a valid and timely written statement submitted by a Class Member requesting to be excluded from the Action as set forth in Paragraph 69 herein.

34. “Response Deadline” means the date sixty (60) days after the Settlement Administrator mails Notice to Class Members and the last date on which Class Members may submit Requests for Exclusion, written objections to the Settlement, or workweek disputes. In the event the 60th day falls on a Sunday or Federal holiday, the Response Deadline will be extended to the next day on which the U.S. Postal Service is open. The Response Deadline for Requests for Exclusion or objections will be extended fifteen (15) calendar days for any Class Member who is re-mailed a Notice by the Settlement Administrator, unless the 15th day falls on a Sunday or Federal holiday, in which case the Response Deadline will be extended to the next day on which the U.S. Postal Service is open. The Response Deadline may also be extended by express agreement between Class Counsel and Defendant. Under no circumstances, however, will the Settlement Administrator have the authority to unilaterally extend the deadline for Class Members to submit a Request for Exclusion or objection to the settlement.

35. “Settlement” means the disposition of the Action pursuant to this Agreement.

36. “Settlement Administrator” means the neutral third-party administrator mutually agreed upon by the Parties and approved of by the Court. The Parties each represent that they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

37. “Settlement Administration Costs” mean the costs payable from the Gross

Settlement Amount to the Settlement Administrator for administering this Settlement, including, but not limited to, printing, distributing, and tracking documents for this Settlement, calculating/confirming the class member Workweeks from the information contained in the Class List, calculating each Participating Class Member's Individual Settlement Payment, tax reporting, distributing the Gross Settlement Amount, providing necessary reports and declarations, and other duties and responsibilities set forth herein to process this Settlement, and as requested by the Parties. Settlement Administration Costs shall not exceed Twelve-Thousand Dollars (\$12,000.00).

38. "Workweek" shall mean any calendar week (*i.e.*, a week beginning on Sunday and ending on Saturday) in which a Class Member or PAGA Member worked at least 1 day.

RECITALS

40. Plaintiff's employment with Defendant ended in or around July 2018, and, on January 30, 2020, Plaintiff filed the Action against Defendant. The Action asserted claims for: (1) violation of Labor Code sections 510 and 1198 (unpaid overtime); (2) violation of Labor Code sections 226.7 and 512 (a) (meal period premiums); (3) violation of Labor Code section 226.7 (unpaid rest period premiums); (4) violation of Labor Code sections 1194, 1197, 1197.1 (unpaid minimum wages); (5) violation of Labor Code section 201 and 202 (final wages not timely paid); (6) violation of Labor Code section 204 (wages not timely paid during employment); (7) violation of Labor Code section 226(a) (non-compliant wage statements); (8) violation of Labor Code section 1174 (d) (failure to keep requisite payroll records); (9) violation of Labor Code sections 2800 and 2802 (unreimbursed business expenses); and (10) violation of Business & Professions Code sections 17220 *et seq.*

41. On March 20, 2020, Defendant filed an Answer to the Complaint that generally denied the allegations asserted in the Action.

42. The Parties, through their counsel, agreed to conduct a mediation of this Action with experienced wage and hour class action mediator, Jeff Ross, Esq.

1 43. Class Counsel investigated the facts relating to the Action before the mediation.
2 In preparation for the mediation, the Parties engaged in substantial pre-mediation discovery,
3 sufficient to allow the Parties to evaluate the case, including the exchange of relevant documents,
4 the preparation of sample punch data, and the exchange of settlement metrics (class size,
5 workweeks, hourly pay rates, and so forth).

6 44. On July 15, 2021, Defendant and Class Counsel, on behalf of Named Plaintiff and
7 the class, attended a full-day mediation with Jeff Ross, Esq., in an attempt to resolve all disputes
8 related to the Action. After continued negotiation following mediation, during which the Class
9 Members, represented by Class Counsel, and Defendant, represented by Defendant’s Counsel,
10 recognized the burdens and risks of continuing with the litigation, the Parties reached an
11 understanding as to the settlement of all of the asserted claims at issue in the Action, subject to
12 final approval of the Court.

13 45. On October 18, 2021, Plaintiff’s Counsel, on behalf of Plaintiff and PAGA
14 Members, gave written notice to the California Labor and Workforce Development Agency
15 (“LWDA”) of the Labor Code violations Defendant is alleged to have violated.
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17 46. Defendant denies and continues to deny that it engaged in any misconduct in
18 connection with its wage-and-hour practices and policies, or that it has any liability or engaged
19 in wrongdoing of any kind associated with the claims alleged in this Action. Defendant further
20 contends that at all times it has complied with both federal and state wage-and-hour laws and with
21 all other laws regulating the employer-employee relationship that relate to the employment of the
22 Class Members.

23 47. Class Counsel is of the opinion that this Settlement is fair, reasonable, and
24 adequate, and is in the best interest of the Class in light of all known fact and circumstances,
25 including the risk of significant delay, defenses asserted to the merits and class certification, and
26 the numerous and significant potential appellate issues. While Defendant specifically denies any
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liability in the Action, Defendant has agreed to enter into this Settlement to avoid the cost and business disruption associated with defending the Action.

TERMS OF AGREEMENT

48. Filing of Amended Complaint: The Parties shall file a stipulation and order to permit the filing of an amended complaint that shall add a cause of action under the PAGA.

49. Settlement Consideration: Subject to final Court approval and the conditions specified in this Agreement, and in consideration of the mutual covenants and promises set forth herein, Defendant agrees to pay the GSA as defined above. The following will be paid out of the Gross Settlement Amount: the sum of the Individual Settlement Payments, the Class Representative Enhancement Payment, Class Counsel's Fees and Costs, the PAGA Payment, and the Settlement Administration Costs, as specified in this Agreement. Except for any employer-side taxes due on the Individual Settlement Payments, or as a result of an increase in the number of workweeks as set forth below, Defendant shall not be required to pay more than the Gross Settlement Amount. The Gross Settlement Amount is non-reversionary; no portion of the Gross Settlement Amount will revert to Defendant.

50. Potential Increase to the Gross Settlement Amount: Defendant has represented there are approximately 34,261 Workweeks within the Class Period and approximately 493 class members. Should the actual number of Workweeks increase by more than ten percent (10%) (*i.e.*, by more than 3,426 Workweeks) Defendant shall increase the Gross Settlement Amount on a *pro-rata* basis equal to the percentage increase in the number of Workweeks worked by the Class Members above 10%. For example, if the number of Workweeks increases by 11%, the Gross Settlement Amount will increase by 1%.

51. Funding of the Gross Settlement Amount: Within twenty (20) calendar days of the Effective Date of the Settlement, Defendant will deposit the Gross Settlement Amount and all applicable employer-side payroll taxes into a Qualified Settlement Fund ("QSF") to be established by the Settlement Administrator. Defendant shall provide all information necessary for the Settlement Administrator to calculate necessary payroll taxes including its official name,

8-digit state unemployment insurance tax ID number no later than seven (7) calendar days after the Settlement Administrator requests the same of Defendant and after the Effective Date. The remittance of the GSA to the Settlement Administrator shall constitute the full and complete discharge of the entire financial obligation of Defendant under this Agreement except for the employer portion of taxes.

52. Distribution of the Gross Settlement Amount: Within fourteen (14) calendar days of the funding of the Settlement, the Settlement Administrator will issue payments for: (a) Individual Settlement Payments; (b) the PAGA Payment; (c) the Class Representative Enhancement Payment; (d) Class Counsel's Fees and Costs and (e) Settlement Administration Costs. No person shall have any claim against the Settlement Administrator, Defendant, Class Counsel, Defendant's counsel, or any other agent designated by Named Plaintiff or Defendant based upon the distribution of Settlement Payments made substantially in accordance with this Agreement or further orders of the Court.

53. Attorneys' Fees and Costs: Defendant agrees not to oppose any application or motion by Class Counsel for Class Counsel's Fees and Costs which shall not exceed Thirty-Five percent (35%) of the GSA or Three Hundred Thirteen Thousand Two Hundred Fifty Dollars (\$313,250.00) plus the reimbursement of costs and expenses associated with the litigation and settlement of the Action, in an amount not to exceed Thirty-Five Thousand Dollars (\$35,000.00), both of which will be paid from the Gross Settlement Amount. Any portion of the requested fees or costs that is not awarded to the Class Counsel shall be reallocated to the Net Settlement Amount and distributed to Participating Class Members as provided in this Agreement and will not invalidate this Agreement. Class Counsel will be issued an IRS Form 1099 for any fees and costs awarded by the Court pursuant to this Agreement. Except as provided in this Paragraph, each of the Parties shall bear his, her, their, or its own attorneys' fees, costs, and expenses incurred in the prosecution, defense, or settlement of the Action. Class Counsel agrees that any allocation of fees between or among each of the Class Counsel or among the Class Counsel and any other attorney who may be representing Named Plaintiff or the Class shall be the sole responsibility of Class

Counsel.

54. Class Representative Enhancement Payment: Defendant agrees not to oppose or object to any application or motion by Plaintiff for Class Representative Enhancement Payment of Seven Thousand Five Hundred Dollars (\$7,500.00) for Plaintiff Victoria Hernandez. The Class Representative Enhancement Payment is in exchange for the General Release of the Plaintiff's individual claims and for her time, effort, and risk in bringing and prosecuting this Action. Any portion of the requested Class Representative Enhancement Payment that is not awarded to the Class Representative shall be reallocated to the Net Settlement Amount and distributed to Participating Class Members as provided in this Agreement. Plaintiff will be issued an IRS Form 1099 for the Class Representative Enhancement Award approved by the Court pursuant to this Paragraph.

55. Settlement Administration Costs: The Settlement Administrator will be paid for the reasonable costs of administration of the Settlement and distribution of payments from the Gross Settlement Amount as further set forth in this Agreement. Settlement Administration Costs shall not exceed Twelve Thousand Dollars (\$12,000.00).

56. PAGA Payment: Seventy-Five Thousand Dollars (\$75,000.00) shall be allocated from the Gross Settlement Amount for settlement of claims for civil penalties under the PAGA. The Settlement Administrator shall pay seventy-five percent (75%) of the PAGA Payment, or Fifty-Six Thousand Two-Hundred Fifty Dollars (\$56,250.00), to the LWDA. Eighteen Thousand Seven Hundred Fifty Dollars (\$18,750.00) will be distributed to PAGA Members on a *pro rata* basis as set forth herein and is hereinafter referred to as the "PAGA Amount". PAGA Members shall receive their portion of the PAGA Payment regardless of their decision to opt-out of the class settlement.

57. Net Settlement Amount for Payment of Class Claims: The Net Settlement Amount will be the amount used to satisfy Individual Settlement Payments and is the amount remaining after deducting the following from the GSA:

Enhancement Payment:	\$	7,500.00
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Class Counsel's Fees:	\$	313,250.00
Class Counsel's Costs:	\$	35,000.00
PAGA Payment	\$	75,000.00
Settlement Administration Costs:	\$	12,000.00
Estimated Net Settlement Amount	\$	452,250.00

58. Individual Settlement Payment Calculations: Individual Settlement Payments will be paid from the Net Settlement Amount and the 25% portion of the PAGA Payment allocated for PAGA Members and shall be paid pursuant to the formula set forth herein:

a) Calculation of Class Portion of Individual Settlement Payments: The Settlement Administrator will calculate the total Workweeks for all Participating Class Members by adding the number of Workweeks worked by each Participating Class Member during the Class Period. The respective Workweeks for each Participating Class Member will be divided by the total Workweeks for all Participating Class Members, resulting in the Payment Ratio for each Participating Class Member. Each Participating Class Member's Payment Ratio will then be multiplied by the Net Settlement Amount to calculate each Settlement Class Member's estimated share of the Net Settlement Amount.

b) Calculation of PAGA Portion of Individual Settlement Payments: The Settlement Administrator will calculate the total Workweeks for all PAGA Members by adding the number of Workweeks worked by each PAGA Member during the PAGA Period. The respective Workweeks for each PAGA Member will be divided by the total Workweeks for all PAGA Members, resulting in the Payment Ratio for each PAGA Member. Each PAGA Member's Payment Ratio will then be multiplied by the PAGA

Amount of the PAGA Payment to calculate each PAGA Member's estimated share of the PAGA Payment. PAGA Members shall receive this portion of their Individual Settlement Payment regardless of whether they opt out of the participation regarding the class claims.

c) Tax Allocation of Individual Settlement Payments: All Individual Settlement Payments will be allocated as follows: one-third (1/3) of each Individual Settlement Payment will be allocated as wages, one-third (1/3) shall be allocated as interest, and one-third (1/3) shall be allocated as penalties. The portion of the Individual Settlement Payment allocated to wages will be reported by the Settlement Administrator on an IRS Form W-2. The remaining non-wage payments will be reported on an IRS Form-1099 by the Settlement Administrator. The Settlement Administrator shall calculate and remit to applicable governmental agencies sufficient amounts as may be owed by Participating Class Members for applicable Employee Taxes. Defendant's share of applicable Employer Taxes shall be added to the amount due and owing from Defendant at the time settlement payment is due and will be in addition to, but not included in, the GSA.

59. No Credit Toward Benefit Plans: The Individual Settlement Payments made to Participating Class Members under this Settlement, as well as any other payments made pursuant to this Settlement, 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.

60. Release by Participating Class Members: As of the date of the Final Judgment, Plaintiff and all Participating Class Members hereby do and shall be deemed to have fully, finally,

1 and forever released, settled, compromised, relinquished, and discharged any and all of the
2 Released Parties of and from any and all Released Class Claims during the Class Period. The
3 Parties agree for settlement purposes only that, because the Class Members are so numerous, it is
4 impossible or impracticable to have each Participating Class Member execute this Agreement.
5 Accordingly, the Class Notice will advise all Class Members of the binding nature of the release
6 and such notice shall have the same force and effect as if this Agreement were executed by each
7 Class Member. Plaintiff represents, covenants, and warrants that she has not directly or indirectly
8 assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or
9 entity any portion of any liability, claim, demand, action, cause of action, or rights herein released
10 and discharged, except as set forth herein.

11 61. Release of PAGA: As of the date of the Final Judgment, Plaintiff, the LWDA, and
12 the State of California release the Released Parties of and from the Released PAGA Claims that
13 could have been asserted under PAGA based on the factual allegations in the Action, for the
14 PAGA Period. The fact that a PAGA Member has decided not to participate in the Class
15 Settlement shall not affect the Release of PAGA claims arising under PAGA. A copy of this
16 Agreement will be provided to the LWDA concurrently with submission of the Preliminary
17 Approval Motion.

18 62. Full Release of Additional Claims & Rights by Plaintiff: As of the date of Final
19 Judgment, Plaintiff Victoria Hernandez fully releases the Released Parties from any and all
20 Released Claims and also generally releases and discharges the Released Parties from any and all
21 claims, demands, obligations, causes of action, rights, or liabilities of any kind which have been
22 or could have been asserted against the Released Parties arising out of or relating to her
23 employment by Defendant or termination thereof, including but not limited to violations of any
24 federal or state employment discrimination laws, including the California Fair Employment and
25 Housing Act; Title VII of the Civil Rights Act of 1964; the federal Family and Medical Leave
26 Act; the California Family Rights Act; the Americans With Disabilities Act; the National Labor
27 Relations Act; the Equal Pay Act; the Employee Retirement Income Security Act of 1974; as well

as Claims arising out of or related to violations of the provisions of the California Labor Code; the California Government Code; California Wage Orders, the California Business & Professions Code, including Business & Professions Code Section 17200, *et seq.*; PAGA; state and federal wage and hour laws; breach of contract; fraud; misrepresentation; common counts; unfair competition; unfair business practices; negligence; defamation; infliction of emotional distress; invasion of privacy; assault; battery; false imprisonment; wrongful termination; constructive discharge; retaliation; and any other state or federal law, rule, or regulation. This release specifically includes any and all claims, demands, obligations and/or causes of action for damages, restitution, penalties, interest, and attorneys' fees and costs (except provided by the Settlement Agreement) relating to or in any way connected with the matters referred to herein, whether or not known or suspected to exist, and whether or not specifically or particularly described herein. Specifically, Plaintiff Victoria Hernandez, waives all rights and benefits afforded by California Civil Code Section 1542, which provides:

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.

This release specifically excludes claims for unemployment insurance, disability, social security, and workers compensation (with the exception of claims arising pursuant to California Labor Code Sections 132(a) and 4553).

63. Settlement Administration Process: The Parties agree to cooperate in the administration of the Settlement and to make all reasonable efforts to control and minimize the costs and expenses incurred in administration of the Settlement. The Settlement Administrator will provide the following services:

- a) Establish and maintain a Qualified Settlement Fund. The Parties agree that the GSA will qualify as a settlement fund pursuant to the requirements of

Section 468(B)(g) of the Internal Revenue Code of 1986, as amended, and Section 1.468B-1, *et seq.* of the income tax regulations. Furthermore, the Settlement Administrator is hereby designated as the “Administrator” of the qualified settlement funds for purposes of Section 1.46B-2(k) of the income tax regulations. As such, all taxes imposed on the gross income of the GSA and any tax-related expenses arising from any income tax return or other reporting document that may be required by the Internal Revenue Service or any state or local taxing body will be paid by the Settlement Administrator.

- b) Calculate the Individual Settlement Payment to each Participating Class Member is eligible to receive and the portion of the PAGA Payment each PAGA Member shall receive.
- c) Translate the Notice from English to Spanish.
- d) Print and mail the Notice in English and Spanish.
- e) Conduct additional address searches for mailed Notices that are returned as undeliverable.
- f) Process Requests for Exclusion, field inquiries from Class Members,
- g) Print and issue Settlement Payment Checks, prepare IRS W2 and 1099 Tax Forms and any other filings required by any governmental taxing authority.
- h) Provide declarations and/or other information to this Court as requested by the Parties and/or the Court.
- i) Provide weekly status reports to counsel for the Parties.
- j) Post a notice of final judgment online at Settlement Administrator’s website.

The Settlement Administrator (along with any of its agents) shall represent and warrant that it will: (a) provide reasonable and appropriate administrative, physical, and technical

1 safeguards for any personally identifiable information (“PII”) which it receives from Defendant;
2 (b) not disclose the PII to third parties, including agents or subcontractors, without Defendant’s
3 consent; (c) not disclose or otherwise use the PII other than to carry out its duties as set forth
4 herein; (d) promptly provide Defendant with notice if PII is subject to unauthorized access, use,
5 disclosure, modification, or destruction; and (e) return or destroy the PII upon termination of its
6 services.

7 64. Delivery of the Class List: Within twenty-one (21) calendar days of Preliminary
8 Approval, Defendant will provide the Class List to the Settlement Administrator. This is a
9 material term of the Agreement, and if Defendant fails to comply, Plaintiff shall have the right to
10 rescind the Agreement.

11 65. Notice by First-Class U.S. Mail: Within fourteen (14) calendar days after receiving
12 the Class List from Defendant, the Settlement Administrator will mail the Notice to all Class
13 Members via regular First-Class U.S. Mail, using the most current, known mailing addresses
14 identified in the Class List.

15 66. Confirmation of Contact Information in the Class List: Prior to mailing, the
16 Settlement Administrator will perform a search based on the National Change of Address
17 Database for information to update and correct for any known or identifiable address changes.
18 Any Notice returned to the Settlement Administrator as non-deliverable on or before the Response
19 Deadline will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed
20 thereto and the Settlement Administrator will indicate the date of such re-mailing on the Notice.
21 If no forwarding address is provided, the Settlement Administrator will promptly attempt to
22 determine the correct address using a skip-trace, or other search using the name, address and/or
23 Social Security number of the Class Member involved, and will then perform a single re-mailing.
24 If any notice sent to a Class Member by the Settlement Administrator is returned as undeliverable
25 to a current employee, then Defendant shall make reasonable efforts to obtain the current address
26 from the Class Member and provide the same within seven (7) calendar days of notice from the
27 Settlement Administrator. Those Class Members who receive a re-mailed Notice, whether by
28

skip-trace or by request, will have between the later of (a) an additional fifteen (15) calendar days or (b) the Response Deadline to postmark a Request for Exclusion, or an objection to the Settlement. Unless they submit a Request for Exclusion, Class Members who cannot be reached after a re-mailing as discussed in this Paragraph will still be bound by the Release of Claims set forth in Paragraph 69, below.

67. Notice: All Class Members will be mailed a Notice in English and Spanish. Each Notice will provide: (a) information regarding the nature of the Action; (b) a summary of the Settlement's principal terms; (c) the Class definition; (d) the total number of Workweeks each respective Class Member worked for Defendant during the Settlement Class Period; (e) each Class Member's estimated Individual Settlement Payment and the formula for calculating Individual Settlement Payments; (f) the dates which comprise the Class Period; (g) the deadlines by which the Class Member must postmark Requests for Exclusion, Objections to the Settlement, or Workweek Disputes; (h) the claims to be released, as set forth herein; and (j) the date for the final approval hearing. The Parties' agreed-upon notice is attached hereto as **Exhibit A**.

68. Disputed Information on Notice: Class Members will have an opportunity to dispute the information provided in their Notice. To the extent Class Members dispute the number of Workweeks with which they have been credited or the amount of their Individual Settlement Payment, Class Members may produce evidence to the Settlement Administrator showing that such information is inaccurate. Absent evidence rebutting Defendant's records, Defendant's records will be presumed determinative. However, if a Class Member produces evidence to the contrary by the Response Deadline, the Parties will evaluate the evidence submitted by the Class Member and the Parties will make the final decision as to the number of eligible Workweeks that should be applied and/or the Individual Settlement Payment to which the Class Member may be entitled. If the Parties do not agree, the dispute will be submitted to the Court.

69. Request for Exclusion Procedures: Any Class Member wishing to opt-out from the Action must sign and postmark a written Request for Exclusion to the Settlement Administrator by the Response Deadline. The Request for Exclusion must include: (a) the Class Member's

name, address, telephone number, and the last four digits of the Class Member's Social Security number and/or the Employee ID number and (b) a clear statement requesting to be excluded from the settlement of the class claims similar to the following: "I wish to exclude myself from the class settlement reached in the matter of *Hernandez v. Acceptance Insurance Agency of Tennessee, Inc.* I understand that by excluding myself, I will not receive money from the settlement of my individual claims." The date of the postmark on the return mailing envelope receipt confirmation will be the exclusive means to determine whether a Request for Exclusion has been timely submitted. All Requests for Exclusion will be submitted to the Settlement Administrator, who will certify jointly to Class Counsel and Defendant's Counsel the Requests for Exclusion that were timely submitted. All Class Members who do not request exclusion from the Action will be bound by all terms of the Settlement Agreement if the Settlement is granted final approval by the Court. The Request for Exclusion shall not be effective as to the release of claims arising under the PAGA. The Settlement Administrator shall not review or consider any Request for Exclusion postmarked after the end of the Response Deadline. It shall be conclusively presumed that, if a Request for Exclusion is not postmarked on or before the end of the Response Deadline, the Class Member did not make the request in a timely manner. A declaration submitted by any Class Member attesting to the mailing of a Request for Exclusion on or before the expiration of the Response Deadline shall be insufficient to overcome the conclusive presumption that the Request for Exclusion was not postmarked on or before the expiration of the Response Deadline. Under no circumstances shall the Settlement Administrator have the authority to extend the deadline for Class Members to submit a Request for Exclusion. No later than fifteen (15) calendar days after the deadline for submission of Requests for Exclusion from the Settlement, the Settlement Administrator will provide counsel for the parties with a complete and accurate list of all Class Members who submitted timely and effective Requests for Exclusion.

70. Defective Submissions: If a Class Member's timely Request for Exclusion is defective as to the requirements listed herein, that Class Member will be given an opportunity to cure the defect(s). The Settlement Administrator will mail the Class Member a cure letter within

three (3) business days of receiving the defective submission to advise the Class Member that his or her submission is defective and that the defect must be cured to render the Request for Exclusion valid. The Class Member will have until the later of (a) the Response Deadline or (b) ten (10) calendar days from the date of the cure letter, whichever date is later, to postmark a revised Request for Exclusion. If a Class Member responds to a cure letter by filing a defective claim, then the Settlement Administrator will have no further obligation to give notice of a need to cure. If the revised Request for Exclusion is not postmarked within that period, it will be deemed untimely.

71. Defendant's Right to Rescind: If seven and a half percent (7.5%) or more of the Class Members elect not to participate in the Settlement, Defendant may, at its election, rescind the Settlement Agreement and all actions taken in furtherance of it will be thereby null and void. Defendant must notify Class Counsel of its election to rescind the Agreement within fourteen (14) calendar days of the Settlement Administrator notifying the Parties of these opt-outs under Paragraph 69. If Defendant exercises its right to rescind the Agreement, Defendant shall be responsible for all Settlement Administration Costs incurred to the date of rescission. However, if this Agreement is terminated (except as provided by paragraph 64) or breached in any way by Plaintiff, then Plaintiff, through Class Counsel, shall be responsible to pay the Settlement Administrator's fees and costs to date.

72. Settlement Terms Bind All Class Members Who Do Not Opt-Out: Any Class Member who does not affirmatively opt-out of the Settlement by submitting a timely and valid Request for Exclusion will be bound by all of its terms, including those pertaining to the Released Claims, as well as any Judgment that may be entered by the Court if it grants final approval to the Settlement. Class Members who opt-out of the Settlement shall not be bound by such Judgment or release, except they will be bound by the release of claims under the PAGA set forth in Paragraph 61. The names of Class Members who have opted-out of the settlement shall be disclosed to the Counsel for both Plaintiff and Defendant and noted in the proposed Judgment submitted to the Court.

73. Objection Procedures: To object to the Settlement, a Participating Class Member must postmark a valid Objection to the Settlement Administrator on or before the Response Deadline. The Objection must be signed by the Participating Class Member and contain all information required by this Settlement Agreement including the employees full name, address, telephone number, the last four digits of their social security number and/or Employee ID number, and the specific reason including any legal grounds for the Participating Class Members objection. The postmark date will be deemed the exclusive means for determining that the Notice of Objection is timely. Participating Class Members who fail to object in the manner specified above will be foreclosed from making a written objection but shall still have a right to appear at the Final Approval Hearing in order to have their objections heard by the Court. At no time will any of the Parties or their counsel seek to solicit or otherwise encourage Participating Class Members to submit written objections to the Settlement or appeal from the Order and Judgment. Class Counsel will not represent any Class Members with respect to any objections to this Settlement.

74. Certification Reports Regarding Individual Settlement Payment Calculations: The Settlement Administrator will provide Defendant's Counsel and Class Counsel a weekly report which certifies: (a) the number of Class Members who have submitted valid Requests for Exclusion; (b) the number of Notices returned and re-mailed; and (c) whether any Class Member has submitted a challenge to any information contained in the Notice. Additionally, the Settlement Administrator will provide to counsel for both Parties any updated reports regarding the administration of the Settlement Agreement as needed or requested.

75. Uncashed Settlement Checks: Any checks issued by the Settlement Administrator to Participating Class Members and PAGA Members will be negotiable for at least one hundred eighty (180) calendar days. If a Participating Class Member or PAGA Member does not cash his or her Settlement Check or PAGA Payment check within 180 days, the uncashed funds, subject to Court approval, shall be distributed to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Civil Code §1500, *et. seq.* for the benefit of those Participating Class Members and PAGA Members who did not cash their checks until such

time that they claim their property. The Parties agree that this disposition results in no “unpaid residue” under California Civil Procedure Code § 384, as the entire Net Settlement Amount will be paid out to Participating Class Members and PAGA Members, whether or not they all cash their Settlement Checks or PAGA payment checks. Therefore, Defendant will not be required to pay any interest on such amounts. The Individual Settlement Payments provided to Participating Class Members and to PAGA Members shall prominently state the expiration date or a statement that the Settlement Check will expire in one hundred eighty (180) days, or alternatively, such a statement may be made in a letter accompanying the Individual Settlement Payment. Expired Individual Settlement Payments will not be reissued, except for good cause and as mutually agreed by the Parties in writing. The parties agree no unclaimed funds will result from the settlement.

76. Administration of Taxes by the Settlement Administrator: The Settlement Administrator will be responsible for issuing to Plaintiff, Participating Class Members, and Class Counsel any W-2, 1099, or other tax forms as may be required by law for all amounts paid pursuant to this Settlement. The Settlement Administrator will also be responsible for forwarding all payroll taxes and penalties to the appropriate government authorities.

77. Tax Liability: Defendant makes no representation as to the tax treatment or legal effect of the payments called for hereunder, and Plaintiff and Participating Class Members are not relying on any statement, representation, or calculation by Defendant, Defendant’s Counsel, or by the Settlement Administrator in this regard. Plaintiff and Participating Class Members understand and agree that they will be solely responsible for the payment of any taxes and penalties assessed on the payments described herein. Defendant’s share of any employer payroll taxes and other required employer withholdings due on the Individual Settlement Payments, including, but not limited to, Defendant’s FICA and FUTA contributions, shall be paid separate and apart from the Gross Settlement Amount.

78. 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.

79. No Prior Assignments: The Parties and their counsel represent, covenant, and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or right herein released and discharged.

80. Nullification of Settlement Agreement: Either Party may terminate this Settlement by giving written notice to the other Party (through its counsel) no later than twenty (20) calendar days after receiving notice that one of the following has occurred: (1) the Court enters a Preliminary Approval Order, Final Approval Order, or the Final Judgment that materially changes the terms of the Settlement in that the Court’s order changes the class definition and scope, settlement amount, the wage allocation of each Class Member’s Settlement Award for tax purposes is changed to less than 1/3, and/or scope or substance of the release and settled claims (hereinafter referred to as “Material Terms”), except as otherwise provided for in this Settlement; (2) the Court declines to enter a Preliminary Approval Order, Final Approval Order, or Final

Judgment without necessitating a change to any of the aforementioned Material Terms of the Settlement, except as otherwise provided for in this Settlement; (3) the Settlement does not become final because of any appellate court action; or (4) the Court's Final Approval of the Settlement is reversed or materially modified on appellate review, with the understanding that "materially modified" means a change to the Material Terms of the Settlement, except as otherwise provided for in this Settlement. In the event notice of termination of this Settlement is provided in accordance with the foregoing, this Settlement will become and shall be considered null and void, and it will have the following effects: (1) the Parties will have no further obligations under the Settlement; (2) Defendant shall have no obligation to make any payments to any person, party, Class Member or attorney that otherwise would have been owed under this Settlement; (3) Plaintiff and Defendant will each pay their share of the Settlement Administrator's reasonable fees and expenses incurred as of the date that the Settlement is terminated; (4) the Preliminary Approval Order, Final Approval Order, and Final Judgment, including any order of class certification, shall be vacated; (5) the Settlement and all negotiations, statements and proceedings relating thereto shall be without prejudice to the rights of any of the Parties, all of whom shall be restored to their respective positions in the Action prior to the Settlement; and (6) neither this Settlement nor any ancillary documents, actions, statements or filings in furtherance of settlement (including all matters associated with the mediation) shall be admissible or offered into evidence in the Action or any other case or proceeding for any purpose whatsoever, unless needed in order to respond to, or effectuate, an appeal of a decision by the trial court or Court of Appeal regarding the Settlement.

81. Should the Court fail to approve this settlement for any reason, the Parties agree that they will return to and attend mediation with a mutually agreed Mediator in an effort to reach a settlement that may be approved by the Court.

82. Preliminary Approval Hearing: Plaintiff will obtain a hearing before the Court to request Preliminary Approval of the Settlement Agreement, and the entry of a Preliminary Approval Order for: (a) conditional certification of the Settlement Class for settlement purposes

only, (b) Preliminary Approval of the proposed Settlement Agreement, and (c) setting a date for a Final Approval/Settlement Fairness Hearing. The Preliminary Approval Order will provide for the Notice to be sent to all Class Members as specified herein. In conjunction with the Preliminary Approval hearing, Plaintiff will submit this Agreement, which sets forth the terms of the Settlement, and will include the proposed Notice attached as Exhibit A. Defendant agrees that it will not oppose Plaintiff's motion for Preliminary Approval so long as it and its supporting papers are consistent with the terms of this Agreement. Class Counsel shall provide Defendant with a reasonable opportunity to review, and provide comments to, the Preliminary Approval Motion before filing it with the Court. Notwithstanding the foregoing, Defendant may, without opposing the Preliminary Approval Motion, advise the Court if Defendant disagrees with or wishes to clarify any of the factual statements included by Named Plaintiff in the Preliminary Approval Motion. Any failure by the Court to fully and completely approve the Agreement as to the Action will result in this Settlement Agreement and all obligations thereunder being nullified and voided.

83. Final Settlement Approval Hearing and Entry of Judgment: Upon expiration of the deadlines to postmark Requests for Exclusion or objections to the Settlement Agreement, and with the Court's permission, a Final Approval/Settlement Fairness Hearing will be conducted to determine the Final Approval of the Settlement Agreement along with the amounts properly payable for: (a) Individual Settlement Payments; (b) the Attorneys' Fees and Costs; (c) the Class Representative Enhancement Payment; and (d) the Settlement Administration Costs. Class Counsel will be responsible for drafting all documents necessary to obtain Final Approval. Class Counsel shall provide Defendant's Counsel with reasonable opportunity to review, provide any comments to, and approve the Motion for Final Approval prior to filing it with the Court. Defendant agrees it shall not oppose the granting of the Motion for Final Approval, provided Defendant has not exercised its right to rescind pursuant to the terms of this Agreement.

84. Judgment and Continued Jurisdiction: Upon Final Approval of the Settlement by the Court or after the Final Approval/Settlement Fairness Hearing, the Parties will present the Judgment to the Court for its approval. After entry of the Judgment, the Court will have continuing

jurisdiction solely for purposes of addressing: (a) the interpretation and enforcement of the terms of the Settlement, (b) Settlement administration matters, and (c) such post-Judgment matters as may be appropriate under court rules or as set forth in this Settlement.

85. Exhibits Incorporated by Reference: The terms of this Settlement include the terms set forth in any attached Exhibits, which are incorporated by this reference as though fully set forth herein. Any Exhibits to this Settlement are an integral part of the Settlement.

86. Entire Agreement: This Settlement Agreement and any attached Exhibits constitute the entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral agreements may be deemed binding on the Parties.

87. Amendment or Modification: This Settlement Agreement may be amended or modified only by a written instrument signed by all signatories to this Agreement. This Agreement may not be amended, altered, modified, or waived, in whole or in part, orally.

88. 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 Settlement Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Settlement Agreement to effectuate its terms and to execute any other documents required to effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to affect the implementation of the Settlement. If the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of the Court to resolve such disagreement.

89. Binding on Successors and Assigns: This Settlement Agreement will be binding upon, and inure to the benefit of, the Parties and their respective successors, assigns, executors, administrators, and heirs.

90. California Law Governs: All terms of this Settlement Agreement and Exhibits hereto will be governed by and interpreted according to the laws of the State of California.

1 91. Execution and Counterparts: This Settlement Agreement is subject only to the
2 execution of all Parties. However, the Settlement Agreement may be executed in one or more
3 counterparts. All executed counterparts and each of them, including facsimile and scanned copies
4 of the signature page, will be deemed to be one and the same instrument provided that counsel
5 for the Parties will exchange among themselves original signed counterparts.

6 92. Acknowledgement that the Settlement is Fair and Reasonable: The Parties believe
7 this Settlement Agreement is a fair, adequate, and reasonable settlement of the Action and have
8 arrived at this Settlement after arm's-length negotiations and in the context of adversarial
9 litigation, taking into account all relevant factors, present and potential. The Parties further
10 acknowledge that they are each represented by competent counsel and that they have had an
11 opportunity to consult with their counsel regarding the fairness and reasonableness of this
12 Settlement.

13 93. Invalidity of Any Provision: Before declaring any provision of this Agreement
14 invalid, the Court will first attempt to construe the provision as valid to the fullest extent possible
15 consistent with applicable precedents so as to define all provisions of this Agreement valid and
16 enforceable.

17 94. Waiver of Certain Appeals: The Parties agree to waive appeals and to stipulate to
18 class certification for purposes of this Settlement only; except, however, that either party may
19 appeal any court order that materially alters the Settlement Agreement's terms.

20 95. Class Action Certification for Settlement Purposes Only: The Parties agree to
21 stipulate to class action certification only for purposes of the Settlement. If, for any reason, the
22 Settlement is not approved, the stipulation to certification will be void. The Parties further agree
23 that certification for purposes of the Settlement is not an admission that class action certification
24 is proper under the standards applied to contested certification motions and that this Agreement
25 will not be admissible in this or any other proceeding as evidence that either: (a) a class action
26 should be certified or (b) Defendant is liable to Plaintiff or any Class Member, other than
27 according to the Settlement's terms.

1 96. Non-Admission of Liability: The Parties enter into this Agreement to resolve the
2 dispute that has arisen between them and to avoid the burden, expense and risk of continued
3 litigation. In entering into this Agreement, Defendant does not admit, and specifically denies, it
4 has violated any federal, state, or local law; violated any regulations or guidelines promulgated
5 pursuant to any statute or any other applicable laws, regulations or legal requirements; breached
6 any contract; violated or breached any duty; engaged in any misrepresentation or deception; or
7 engaged in any other unlawful conduct with respect to their employees. Neither this Agreement,
8 nor any of its terms or provisions, nor any of the negotiations connected with it, shall be construed
9 as an admission or concession by Defendant of any such violations or failures to comply with any
10 applicable law. Except as necessary in a proceeding to enforce the terms of this Agreement, this
11 Agreement and its terms and provisions shall not be offered or received as evidence in any action
12 or proceeding to establish any liability or admission on the part of Defendant or to establish the
13 existence of any condition constituting a violation of, or a non-compliance with, federal, state,
14 local or other applicable law. The Parties intend this Settlement to be contingent upon the
15 preliminary and final approval of this Agreement; and the Parties do not waive, and instead
16 expressly reserve, their respective rights to prosecute and defend this Action as if this Agreement
17 never existed in the event the Settlement is not fully and finally approved as set forth herein.
18 However, as set forth in paragraph 81, should the Court fail to approve this settlement for any
19 reason, the Parties agree that they will return to and attend mediation with a mutually agreed
20 Mediator in an effort to reach a settlement that may be approved by the Court.

21 97. Captions: The captions and section numbers in this Agreement are inserted for the
22 reader's convenience, and in no way define, limit, construe or describe the scope or intent of the
23 provisions of this Agreement.

24 98. Waiver: No waiver of any condition or covenant contained in this Settlement
25 Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered
26 to imply or constitute a further waiver by such party of the same or any other condition, covenant,
27 right or remedy.

1 99. Enforcement Action: In the event that one or more of the Parties institutes any
2 legal action or other proceeding against any other Party or Parties to enforce the provisions of this
3 Settlement or to declare rights and/or obligations under this Settlement, the successful Party or
4 Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorneys'
5 fees and costs, including expert witness fees incurred in connection with any enforcement actions.

6 100. Mutual Preparation: The Parties have had a full opportunity to negotiate the terms
7 and conditions of this Agreement. Accordingly, this Agreement will not be construed more
8 strictly against one Party than another merely by virtue of the fact that it may have been prepared
9 by counsel for one of the Parties, it being recognized that, because of the arms-length negotiations
10 between the Parties, all Parties have contributed to the preparation of this Settlement Agreement.

11 101. Representation By Counsel: The Parties acknowledge that they have been
12 represented by counsel throughout all negotiations that preceded the execution of this Agreement,
13 and that this Agreement has been executed with the consent and advice of counsel and reviewed
14 in full. Further, Plaintiff and Class Counsel warrant and represent that there are no liens on the
15 Agreement.

16 102. All Terms Subject to Final Court Approval: All amounts and procedures described
17 in this Settlement Agreement herein will be subject to final Court approval.

18 103. Cooperation and Execution of Necessary Documents: The Parties agree to
19 cooperate to promote participation in the Settlement, and in seeking court approval of the
20 Settlement.

21 104. Confidentiality: The Parties and their counsel agree to keep the terms of the
22 Settlement confidential until the filing of Plaintiff's Motion for Preliminary Approval. Plaintiff,
23 Class Counsel, Defendant and its counsel agree that they will not issue any press releases, initiate
24 any contact with the press, respond to any press inquiry or have any communication with the press
25 about the fact, amount or terms of the Settlement Agreement. Nothing in this Settlement
26 Agreement shall limit Defendant's ability to fulfill disclosure obligations reasonably required by
27 law or in furtherance of business purposes, including the fulfillment of obligations stated in this

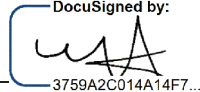
Settlement Agreement or limit Class Counsel's communications with the Class Members in furtherance of approval of this Settlement.

105. Binding Agreement: The Parties warrant that they understand and have full authority to enter into this Settlement, and further intend that this Settlement Agreement will be fully enforceable and binding on all Parties, and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any settlement confidentiality provisions that otherwise might apply under federal or state law.

106. Authorization by Plaintiff: Plaintiff authorizes Class Counsel to sign this Agreement and further agrees not to request to be excluded from the Class and not to object to any terms of this Agreement. Any such request for exclusion or objection shall therefore be void and of no force or effect.

Dated: 2/24/2022

PLAINTIFF

By: 
Victoria Hernandez

Dated: February 24, 2022

PROTECTION LAW GROUP, LLP

By: 
Heather Davis
Attorneys for Plaintiff

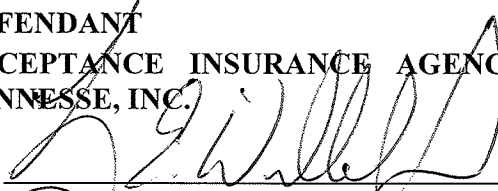
Dated: 02/24/2022

LAWYERS for JUSTICE, PC

By: 
Edwin Aiwanian
Attorneys for Plaintiff

1
2 Dated: March 18, 2022

3 **DEFENDANT**
4 **ACCEPTANCE INSURANCE AGENCY OF**
5 **TENNESSE, INC.**

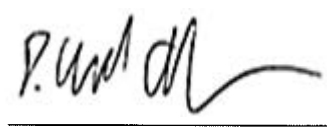
6 By: 

7 Name: LARRY E WILKEFORD

8 Title: PRESIDENT & CEO

9 Dated: March 28, 2022

10 **LITTLER MENDELSON**

11 By: 

12 D. Chad Anderton

13 Attorneys for Defendant