

EXHIBIT A

SETTLEMENT AGREEMENT AND RELEASE OF PAGA CLAIMS

This Settlement Agreement and Release of PAGA Claim ("Settlement Agreement") is made by and between Plaintiffs Dikla Mishraki, Courtney Brewer, and Rosa Estrada, on behalf of themselves, individually, and as representatives for the California Labor Workforce Development Agency ("LWDA"), and Clean Path Recovery, LLC a California limited liability company ("Defendant") who may collectively be referred to herein as the "Parties," and each may be individually referred to as a "Party."

A. Definitions

The following terms, when used in this settlement agreement, shall have the following meanings:

1. "Action" or "Lawsuit" means and refers to *Dikla Mishraki, et al. v. Clean Path Recovery, LLC*, Orange County Superior Court Case Number 30-2021-01231825-CU-OE-CJC.
2. "Agreement," "Stipulation," or "Settlement Agreement," shall mean this Settlement Agreement and Release of PAGA Claims, including any attached Exhibits.
3. "Attorneys' Fees and Costs" means the amount of \$19,800.00 (one-third of the Gross Settlement Amount) which shall be allocated to Plaintiffs' Counsel for attorneys' fees, and actual costs in the amount of \$7,620.62, all of which shall be paid out of the Settlement Amount. This Settlement is not conditioned on approval of the Attorneys' Fees and Costs; in other words, this Settlement shall remain in full force and effect if the Court awards less than the requested Attorneys' Fees and Costs. If less than \$7,620.62 is awarded for Attorneys' Fees and Costs, the difference shall return to the Net PAGA Settlement Amount.
4. "Court" (or "Judge") means the Orange County Superior Court, Department CX 101, the Honorable Peter Wilson, presiding.
5. "Defendant" means Clean Path Recovery, LLC.
6. "Defendant's Counsel" means KroescheSchindler LLP.
7. "Effective Date" means the date that the Court enters the Final Judgment and Order approving the PAGA settlement.
8. "Eligible Pay Period" means any pay period worked by a PAGA Employee during the PAGA Release Period.
9. "Final Approval Date" means the date that the Court enters the Final Order.
10. "Final Judgment and Order" means the Court's order approving this Private Attorneys General Act of 2004 ("PAGA") Settlement. The Final Judgment and Order will be submitted, substantially in the form attached hereto as **Exhibit 1**, in connection with the Stipulation for Approval of this Settlement.

11. “Gross PAGA Settlement Amount” means the maximum settlement amount that Defendant will pay in connection with this Settlement, which is \$60,000.00. This Gross Settlement Amount is intended to settle the PAGA Claims asserted in the Operative Complaint.

12. “LWDA Settlement Proceeds” means the seventy-five percent (75%) of the Net PAGA Settlement Amount that shall be paid to the Labor Workforce and Development Agency (“LWDA”).

13. “Net PAGA Settlement Amount” is the amount of the Gross Settlement Amount that remains after deducting Plaintiffs’ Counsel’s Attorneys’ Fees and Costs, and the Settlement Administrator’s fees and costs, including all applicable taxes, deductions, and withholdings, which shall be allocated as civil penalties in accordance with California Labor Code section 2699(i). Seventy-five percent (75%) of the Net PAGA Settlement Amount shall constitute LWDA Settlement Proceeds, and the remaining twenty-five percent (25%) of the Net PAGA Settlement Amount will be paid out to the PAGA Employees (“PAGA Employees Settlement Proceeds Fund”).

14. “Notice” means the notice that will be sent to the PAGA Employees with payment after the Final Order is entered by the Court. The Notice will be sent to PAGA Employees substantially in the form attached hereto as **Exhibit 2**. The Notice will be sent to the PAGA Employees in English.

15. “Operative Complaint” means the Complaint filed by Plaintiffs which assert PAGA causes of action against Defendant, along with various claims for wage and hour violations against Defendant.

16. “PAGA Employees” means all current and former non-exempt California employees employed by Defendant at any time between November 15, 2020 through the Settlement Date.

17. “PAGA Employees Settlement Proceeds Fund” means the twenty-five percent (25%) of the Net PAGA Settlement Amount that shall be paid to the PAGA Employees.

18. "Plaintiffs' Individual Claims" means all of Plaintiffs’ claims brought in the Operative Complaint other than the PAGA Representative Claims.

19. “PAGA Representative Claims” means Plaintiffs’ PAGA claims under California Labor Code § 2698 *et. seq.* based on alleged predicate violations of the California Labor Code and all applicable sections of the applicable Industrial Welfare Commission Wage Order alleged in the Operative Complaint.

20. “PAGA Settlement” or “Settlement” means the settlement of the Action as memorialized in this Agreement.

21. “PAGA Release Period” means November 15, 2020 through the Final Approval Date.

22. “Parties” means Plaintiffs and Defendant collectively.

23. “Plaintiffs” means Dikla Mishraki, Courtney Brewer, and Rosa Estrada.

24. “Plaintiffs’ Counsel” or “PAGA Counsel” means Arman Demirjian and Romina Keshishyan of RK Legal, PC.

25. “Released Parties” means Defendant Clean Path Recovery, LLC a California limited liability company and its related entities, parents, subsidiaries, predecessors, successors, assigns, owners, officers, directors, employees and agents only.

26. “Settlement” means the collective settlement of the PAGA Representative Claims and all other claims brought by Plaintiffs in the Operative Complaint as memorialized in this Agreement and the separate individual Settlement Agreements between Defendant and Plaintiffs.

27. “Settlement Administrator” means Simpluris. The Settlement Administrator will be responsible for, *inter alia*, sending Notice and payments to PAGA Employees and the LWDA and distributing other payments as set forth in this Agreement.

28. “Settlement Administration Costs” means the amount of \$4,100.00 which shall be paid to the Settlement Administrator for performing the duties provided under the Settlement. If less than \$4,100.00 is approved for Settlement Administration costs, the difference shall return to the Net Settlement Amount.

29. “Settlement Date” means the date on which the parties settled the action, which was November 16, 2022.

B. General

1. On November 15, 2021, Plaintiffs filed the Action in the Orange County Superior Court, entitled *Dikla Mishraki, et al. v. Clean Path Recovery, LLC*, Case Number 30-2021-01231825-CU-OE-CJC. Plaintiffs filed a Complaint which assert various wage and hour claims against Defendant. On March 2, 2022, Plaintiffs filed their First Amended Complaint. On May 2, 2022, Plaintiffs filed their Second Amended Complaint.

2. Defendant denies all of the allegations and claims asserted in the Lawsuit and deny that it has committed any misconduct, statutory or regulatory violation, wrongdoing, or any other actionable conduct of any kind.

3. The Parties have conducted a thorough investigation into the facts of the Action. Since filing the Action, Plaintiffs’ Counsel diligently pursued investigation of the aggrieved employees’ claims against Defendant, including any and all applicable defenses and applicable laws. The investigation included the exchange of information pursuant to formal written discovery in the form of multiple requests for production of documents, interrogatories, and follow up meet and confer sessions to obtain all necessary information and documents, including for purposes of damages valuation for mediation. The Parties participated in the exchange of information and documents relating to the PAGA Representative Claims, including a production and review of an approximate 30% sampling of aggrieved employees’ time and pay records, as well as Defendant’s policies and procedures for the aggrieved period, and an identification of job positions and rates of pay for all aggrieved employees and dates of employment throughout the relevant statutory period. The Parties attended mediation and subsequent negotiations.

Based on the foregoing data and on their own independent investigation and evaluation, Plaintiffs' Counsel is of the opinion that the settlement with Defendant for the consideration and on the terms set forth in this Settlement Agreement is fair, reasonable, and adequate and is in the best interest of the LWDA and PAGA Employees in light of all known facts and circumstances, including the risk of significant delay, uncertainty associated with litigation, various defenses asserted by Defendant, and numerous potential other issues. Defendant and counsel for Defendant also agree that the settlement is fair and reasonable.

4. The Parties understand, acknowledge, and agree that this Agreement constitutes a compromise of Plaintiffs' PAGA Representative Claims and that it is the desire and intention of the Parties to affect a final and complete resolution of the Action, including the PAGA Representative Claims against Defendant. The Parties further acknowledge that this Agreement is a compromise of disputed claims and that nothing in this Agreement shall be construed as an admission of liability by Defendant.

5. Under California Law, the State may assess and collect civil penalties from employers for violations of certain provisions of the California Labor Code. (*See* Cal. Lab. Code §§ 2698 *et seq.*) Under PAGA, however, if an "aggrieved employee" "give[s] written notice by certified mail to the [State] and the employer of the specific provision of the [Labor Code] alleged to have been violated," and the State thereafter decides not to investigate, as was the case here, or does investigate and determines that a citation against the employer should not issue, the employee may, "as an alternative" to enforcement by the State, act as a proxy or agent of the state's labor law enforcement agencies and bring a civil action under PAGA to recover civil penalties "on behalf of himself or herself and other current or former employees." *Id.* "[C]ivil penalties recovered by aggrieved employees shall be distributed as follows: 75 percent to the state and 25 percent to the aggrieved employees." *Id.*

6. California Labor Code § 2699(1)(2) provides that the trial court shall "review and approve any settlement of any civil action filed pursuant to this part." Plaintiffs will submit this Settlement Agreement to the LWDA concurrently with the filing of Plaintiffs' Motion for Approval of the PAGA Settlement.

7. In consideration of the promises and agreements contained herein, the Parties agree and covenant as follows:

C. Terms of Settlement

1. Subject to the Court's approval of the Settlement pursuant to California Labor Code § 2699(1)(2), which counsel and the Parties agree to recommend in good faith to the Court, the Parties agree to the following binding settlement of the Action.

2. The Gross PAGA Settlement Amount will be distributed in the following manner:

- a. **Settlement Administration Costs:** The costs associated with settlement administration (e.g. preparing and mailing payments to LWDA and PAGA Employees, tax documentation, etc.) shall be paid from the Gross PAGA Settlement Amount and shall not exceed \$4,100.00. The Parties agree to use Simpluris as the Settlement Administrator. The

Parties and their counsel represent that they do not have any involvement in the governance or work of the Settlement Administrator.

- b. **Attorneys' Fees and Costs:** The Parties agree that, subject to the Court's review and approval, Plaintiffs' Counsel will be paid 33% of the Gross PAGA Settlement Amount as attorneys' fees (\$19,800.00), plus actual litigation costs not to exceed \$7,620.62 incurred in connection with work performed to litigate the Action and obtain Court approval of the Settlement, which will be paid from the Gross PAGA Settlement Amount.
- c. **Net PAGA Settlement Amount:** After deducting Settlement Administration Costs and Attorneys' Fees and Costs, the remainder forms the Net PAGA Settlement Amount (which totals approximately \$28,479.38 if the amounts set forth above are approved by the Court). The Net PAGA Settlement Amount shall be allocated seventy-five percent (75%) to the California Labor & Workforce Development Agency ("LWDA Settlement Proceeds"), which is estimated to total approximately \$21,359.54. The remaining twenty-five percent (25%) of the Net PAGA Settlement Amount, which is estimated to total approximately \$7,119.85 shall be paid to the PAGA Employees on a *pro rata* basis ("PAGA Employees Settlement Proceeds Fund"), which shall be determined based on the number of Eligible Pay Periods that he or she worked for Defendant during the PAGA Release Period and shall be calculated as follows:

The PAGA Employees Settlement Proceeds Fund will be divided by the total number of Eligible Pay Periods worked by all PAGA Employees during the PAGA Release Period, and the resulting figure will be referred to as the "Multiplier." Each PAGA Employee's *pro rata* share of the PAGA Employees Settlement Proceeds Fund will be determined by multiplying the Eligible Pay Periods that the PAGA Employee worked by the Multiplier. That amount shall be referred to as the PAGA Employee's "Individual Share." There are approximately Twelve Eligible Pay Periods worked by the PAGA Employees during the PAGA Release Period.

- d. **Taxes and Reporting:** The PAGA Employees' Individual Share will be treated as non-wage income and reported by the Settlement Administrator on IRS Form 1099 (if applicable) to the respective PAGA Employee and applicable governmental authorities.

D. Release as to the Aggrieved Employees And PAGA Representative Claims

1. Upon the Effective Date, Plaintiffs, as the representatives for the State of California, and each PAGA Employee, releases the Released Parties, from any and all claims, debts, liabilities, demands, obligations, guarantees, costs, expenses, attorneys' fees, damages, action or causes of action contingent or accrued for, during the time period of November 15, 2020 through the date that the Court grants final approval of the settlement, from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the claims that were, or reasonably could have been alleged in the Operative Complaint and in the Plaintiffs' notices to the LWDA.

2. In accordance with *Arias v. Superior Court* (2009) 46 Cal.4th 969, 985, a judgment in "a representative action brought by an aggrieved employee under the Labor Code Private Attorneys General

Act of 2004 is binding not only on the named employee plaintiff but also on government agencies and any aggrieved employee not a party to the proceeding,” which the Final Order shall so reflect. The Final Order shall not bind nor release the PAGA Employees of any individual wage claims (or other individual claims). However, in accordance with *Arias*, supra, the Final Order shall be binding on the PAGA Employees as to the Released Claims, including the PAGA Representative Claims. A statement to this effect shall be included in the Notice sent to the PAGA Employees.

E. Release of Claims

Effective on the date when Defendant fully funds the entire Gross Settlement Amount, Plaintiffs and PAGA Counsel will release claims against all Released Parties as follows:

Plaintiffs’ Release.

- a. Plaintiffs on behalf of themselves and their former and present spouses, representatives, agents, attorneys (including PAGA Counsel), heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences that occurred during the PAGA Period, including, but not limited to, all claims that were, or reasonably could have been, alleged, based on the facts contained in the Operative Complaint and the PAGA Notice (“Plaintiffs’ Release”). Plaintiffs’ Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers’ compensation benefits that arose at any time, or based on occurrences outside the PAGA Period. Plaintiffs acknowledge that Plaintiffs may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believe to be true but agree, nonetheless, that Plaintiffs’ Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs’ discovery of them. Plaintiffs further represent and warrant that they are not currently aware of any: (a) unalleged claims against the Released Parties in addition to, or different from, those which are finally and forever released against the Released Parties by this Settlement and the individual settlement; or (b) unalleged facts or legal theories upon which any claims or causes of action could be brought against the Released Parties.
- b. Plaintiffs’ Waiver of Rights Under California Civil Code Section 1542. For purposes of Plaintiffs’ Release, Plaintiffs expressly waive and relinquish the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code which reads:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, and that if known by him or her would have materially affected his or her settlement with the debtor or Released Party.

Plaintiffs’ general release shall become effective on the Effective Date. The general release set forth in this Agreement applies only to Plaintiffs and it does not apply to any PAGA Employees.

F. Settlement Approval and Implementation Procedures

1. Pursuant to California Labor Code § 2699(1)(2), or otherwise for the purposes of obtaining court approval of the Settlement, Plaintiffs will file a Motion for Approval of the PAGA settlement, a separate declaration advocating that the Settlement is fair, adequate, and reasonable, and any other documents required to be submitted in support of approval of the Settlement. Defendant shall not oppose the filing of Plaintiffs' Motion for Approval of the PAGA settlement and any related documents.

2. No later than twenty-one (21) calendar days after the Final Approval Date, Defendant will send to the Settlement Administrator a list of all PAGA Employees including each PAGA Employee's: (1) full name; (2) last known address; (3) social security number; and (4) the numbers of Eligible Pay Periods he or she worked as a non-exempt employee of Defendant in the State of California during the PAGA Release Period (the "PAGA Employees List"). This information shall be treated as and remain confidential and shall be used solely to manage the notice and payment process described herein, and it shall not be disclosed to anyone other than the Settlement Administrator, except to applicable taxing authorities, or pursuant to express written authorization of Defendant, the individual in question, or by order of the Court.

4. The Settlement Administrator will perform all settlement administration duties, including (i) performing a National Change of Address ("NCOA") search to update the addresses of the PAGA Employees, (ii) perform skip traces for returned checks, (iii) issuing the Notice and payments to the PAGA Employees, (iv) issuing any required IRS forms, and (v) issuing payment to the LWDA and Plaintiffs' Counsel.

5. The Settlement Administrator shall make distribution within fifteen (15) days of receipt of all of the payments as follows: 1) issue Notice and payment of the 25% payments to the PAGA Employees along with required IRS forms; 2) issue 75% payment to the LWDA for PAGA penalties; 3) issue Court approved Attorney's Fees and Costs to RK Legal, PC in the amount of \$27,420.62; 4) and issue payment of the capped settlement administrator costs to Simpluris in the amount of \$4,100.00, no later than fourteen (14) calendar days after the above payments are disbursed.

6. PAGA Employees shall have one hundred and eighty (180) calendar days after the mailing to cash their settlement checks. If any PAGA Employee's check is not cashed within that period, the check will be voided and a stop-payment will be issued. Any funds in the Settlement Administrator's account as a result of a failure to timely cash a settlement check shall be paid Legal Aid at Work, a nonprofit organization which, among other things, operates Workers' Rights Clinics at sites across California. The Parties represent that they do not have an interest in the governance or work of Legal Aid at Work. Should a conflict of interest or other issue lead to the disapproval of Legal Aid at Work as a *cy pres* recipient, the Parties will meet and confer as to a suitable replacement *cy pres* recipient. Neither Defendant, Defendant's Counsel, Plaintiffs' Counsel nor Plaintiffs will have any liability for lost or stolen settlement checks, forged signatures on settlement checks, unauthorized negotiation of settlement checks or failure to timely cash a settlement check within the 180 day period.

7. Upon the Effective Date, the Parties will: (i) be bound by the terms and conditions of this Agreement, and the releases set forth therein; and (ii) be deemed to have waived all objections and oppositions to the fairness, reasonableness, and adequacy of the settlement and the Court's Final Judgment

and Order.

8. The Parties further agree that the Court shall retain jurisdiction to enforce the Settlement Agreement pursuant to Code of Civil Procedure §664.6.

G. Miscellaneous Provisions.

1. **Voiding the Agreement:** The Settlement Agreement shall be voidable and unenforceable as to all Parties herein at the option of either Party if (a) the Court should for any reason fail to approve this Settlement in the form agreed to by the Parties, or (b) the Court should for any reason fail to enter a judgment, or (c) the approval of the Settlement and judgment is reversed, modified or declared or rendered void. In that event, then neither the Settlement nor any of the related negotiations or proceedings shall be of any force or effect, and all parties to the Settlement shall stand in the same position, without prejudice, as if the Settlement had been neither entered into nor filed with the Court. Any fees already incurred by the Settlement Administrator shall be paid by Defendant. Notwithstanding the foregoing, the Parties shall attempt in good faith to cure any perceived defects in the Settlement to facilitate approval.

2. **Waiver:** The waiver by one Party of any breach of this Agreement by another Party shall not be deemed a waiver of any other prior or subsequent breach of this Agreement.

3. **Parties' Authority:** The signatories hereto represent that they are fully authorized to enter into this Settlement Agreement and bind the Parties hereto to the terms and conditions hereof.

4. **Mutual Full Cooperation:** The Parties agree to fully cooperate with each other to accomplish the terms of this Settlement Agreement, including but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms of this Settlement Agreement. The Parties to this Settlement Agreement shall use their best efforts, including all efforts contemplated by this Settlement Agreement and any other efforts that may become necessary by order of the Court, or otherwise, to effectuate this Settlement Agreement and the terms set forth herein. As soon as practicable after execution of this Settlement Agreement, Plaintiffs' Counsel shall, with the assistance and cooperation of Defendant and Defendant's counsel, take all necessary steps to secure the Court's approval of the settlement, and the Final Order.

5. **No Prior Assignments:** The Parties hereto 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 rights released and discharged by this Settlement Agreement.

6. **No Admission:** Defendant denies any and all liability to Plaintiffs and/or the PAGA Employees in this Lawsuit, as to any and all causes of action that were asserted or that might have been asserted in this Action. Nonetheless, Defendant desires to settle and compromise the matters at issue in the Operative Complaint to avoid further substantial expense and the inconvenience and distraction of protracted and burdensome litigation. Defendant also has taken into account the uncertainty and risks inherent in litigation and, without conceding any infirmity in the defenses that it has asserted or could assert against Plaintiffs have determined that it is desirable and beneficial that Plaintiffs' claims be settled in the manner and upon the terms and conditions set forth in this Agreement.

7. **Binding Settlement:** Nothing contained herein, nor the consummation of this Settlement Agreement, is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Defendant or any of the other Released Parties. Each of the Parties hereto has entered into this Settlement Agreement with the intention of avoiding further disputes and litigation with the attendant inconvenience and expenses. This Settlement Agreement is a settlement document and shall, pursuant to California Evidence Code section 1152 and/or Federal Rule of Evidence 408, be inadmissible in evidence in any proceeding, except an action or proceeding to approve the settlement, and/or interpret or enforce this Settlement Agreement.

8. **Construction:** The Parties hereto agree that the terms and conditions of this Settlement Agreement are the result of lengthy, intensive arms' length negotiations between the Parties and that this Settlement Agreement shall not be construed in favor of or against any Party by reason of the extent to which any Party or his or its counsel participated in the drafting of this Settlement Agreement.

9. **Captions and Interpretations:** Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement Agreement or any provision hereof. Each term of this Settlement Agreement is contractual and not merely a recital.

10. **Modification:** This Settlement Agreement may not be changed, altered, or modified, except in writing and signed by the Parties hereto, and approved by the Court. This Settlement Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by all of the Parties hereto.

11. **Choice of Law:** This Settlement Agreement shall be governed by and construed, enforced and administered in accordance with the laws of the State of California, without regard to its conflicts-of-law rules.

12. **Integration Clause:** This Settlement Agreement contains the entire agreement between the Parties relating to the settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a Party or such Party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

13. **Binding On Assigns:** This Settlement Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, successors and assigns.

14. **Counterparts:** Counterparts may be delivered by fax, electronic mail (including pdf or any electronic signature complying with the U.S. ESIGN Act of 2000, California's Uniform Electronic Transactions Act (Civil Code §§ 1633.1, et seq.), or other transmission method; and that any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. All electronic signatures on this Agreement are adopted by the Parties with the intent to sign this Agreement electronically. This Agreement may be executed electronically in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

15. **Entire Agreement:** This Agreement sets forth the entire agreement between the Parties hereto and fully supersedes any and all prior and/or supplemental understandings, whether written or oral, between the Parties concerning the subject matter of this Agreement. Any modification to this Agreement must be in writing and signed by Plaintiffs and an authorized officer of Defendant.

IN WITNESS WHEREOF, the parties knowingly and voluntarily executed this Settlement Agreement and Release as of the date set forth below.

Dated: 10/12/2023, 2023

PLAINTIFF DIKLA MISHRAKI



Dikla Mishraki

Dated: 10/13, 2023

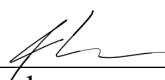
PLAINTIFF COURTNEY BREWER



Courtney Brewer

Dated: 10/12, 2023

PLAINTIFF ROSA ESTRADA



Rosa Estrada

Dated: 10/15/2023, 2023

DEFENDANT CLEAN PATH RECOVERY, LLC
a California limited liability company

DocuSigned by:


By: E715880EEE9C431...

APPROVED AS TO FORM:

Dated: October 15, 2023

RK LEGAL, PC



Arman Demirjian
Romina Keshishyan
Attorneys for Plaintiffs Dikla Mishraki, Courtney
Brewer, Rosa Estrada

Dated: October 13, 2023

KROESCHESCHINDLER LLP



Eric J. Schindler

Michelle J. Berner

Attorneys for Defendant Clean Path Recovery, LLC
a California limited liability company

EXHIBIT 1

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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ORANGE—CENTRAL JUSTICE CENTER**

DIKLA MISHRAKI, an individual;
COURTNEY BREWER, an individual;
ROSA ESTRADA, an individual, and on
behalf of the other aggrieved employees
pursuant to the California Private Attorneys
General Act,

PLAINTIFFS,

vs.

CLEAN PATH RECOVERY, LLC, a
California Limited Liability Company; and
DOES 1 THROUGH 100, inclusive,

DEFENDANTS.

Case No. 30-2021-01231825-CU-OE-CJC

[Hon. Melissa R. McCormick, Dept. CX104]

**[PROPOSED] ORDER AND
FINAL JUDGMENT APPROVING
SETTLEMENT PURSUANT TO THE
PRIVATE ATTORNEYS GENERAL
ACT OF 2004 (“PAGA”)**

Complaint	November 15, 2021
Filed:	
SAC Filed:	May 2, 2022
Trial Date:	Vacated

1 **[PROPOSED] ORDER AND JUDGMENT APPROVING SETTLEMENT PURSUANT**
2 **TO PRIVATE ATTORNEY GENERALS ACT ("PAGA")**

3 The Court has before it the Parties' Settlement Agreement and Release of PAGA
4 Claims, and determining that the Settlement provides genuine and meaningful relief that benefits
5 the public, is fair, adequate, reasonable, and otherwise being fully informed and good cause
6 appearing therefore, it is hereby

7 **ORDERS, ADJUDGES, AND DECREES AS FOLLOWS:**

8 1. Unless otherwise provided herein, all capitalized terms used herein shall have the
9 same meaning as defined in the Settlement Agreement and Release of PAGA Claim ("Settlement
10 Agreement"). The Court has jurisdiction over the subject matter of this lawsuit and all matters
11 relating thereto, and over all parties to the Action.

12 2. Attached hereto as **Exhibit A** is a true and correct copy of the Settlement
13 Agreement.

14 3. Attached hereto as **Exhibit B** is a true and correct copy of the proposed Notice to
15 Aggrieved Employees.

16 4. "PAGA Employees" means all current and former non-exempt California
17 employees employed by Defendant at any time between November 15, 2020 through the
18 Settlement Date.

19 5. "PAGA Release Period" means November 15, 2020 through the Final Approval
20 Date.

21 6. "Settlement Administrator" means Simpluris. The Settlement Administrator will
22 be responsible for, *inter alia*, sending Notice and payments to PAGA Employees and the LWDA
23 and distributing other payments as set forth in the Settlement Agreement.

24 7. The Court finds that the Settlement has been reached as a result of serious and
25 non-collusive, arm's-length negotiations. The Court has considered the nature of the claims, the
26 procedural history of this case, the amounts to be paid under the Settlement, the involvement of
27 an experienced private mediator to facilitate the Settlement, the risks of continued litigation that
28 Plaintiffs would face, the maximum PAGA penalties recoverable if Plaintiffs were to prevail at
trial on their PAGA claims, the allocation of settlement proceeds among the PAGA Employees,

1 and the fact that a settlement represents a compromise of the Parties' respective positions rather
2 than the result of a finding of liability at trial.

3 8. The Court hereby finds the Settlement involves the resolution of a bona fide
4 dispute, was entered into in good faith, and is fair, reasonable, and adequate. The Court also
5 finds that the Settlement provides genuine and meaningful relief that benefits the public
6 consistent with the purpose of the Private Attorneys General Act of 2004, California Labor Code
§ 2699 et seq.

7 9. The Court therefore approves the Settlement as set forth in the Settlement
8 Agreement and directs the Parties to effectuate the Settlement according to the terms set forth in
9 the Settlement Agreement.

10 10. The Court finds that Plaintiffs' Counsel has adequately represented the Plaintiffs,
11 the PAGA Employees, and the LWDA for purposes of entering into and implementing the
12 Settlement.

13 11. The Court finds that the Settlement and Settlement Amount of \$60,000.00 to be
14 distributed as set forth herein, is in all respects fair, reasonable, and adequate and is hereby
15 approved. *See* California Labor Code § 2699(1)(2).

16 12. Pursuant to the terms of the Settlement, Settlement Administration Costs in the
17 amount of \$4,100.00 which are necessary to administer the Settlement are hereby granted and
18 shall be paid to Simpluris, the designated third-party settlement administrator.

19 13. Pursuant to the terms of the Settlement, Attorneys' Fees in the amount of
20 \$19,800.00 and litigation costs in the amount of \$7,620.62 are hereby granted and shall be paid
21 to Plaintiffs' counsel.

22 14. After deducting Settlement Administration Costs and Attorneys' Fees and
23 Costs from the Settlement Amount, the remainder forms the Net Settlement Amount, which totals
24 approximately \$28,479.38. Consistent with California Labor Code § 2699(i), the Net Settlement
25 Amount will be allocated seventy-five percent (75%) to the LWDA ("LWDA Settlement
26 Proceeds"), which totals \$21,359.54. The remaining twenty-five percent (25%) of the Net
27 Settlement Amount, which totals \$7,119.85, will be paid to the PAGA Employees ("PAGA
28 Employees Settlement Proceeds Fund") on a pro rata basis which shall be determined based on
the number of Eligible Pay Periods that he or she worked for Defendant in California during the

PAGA Release Period.

15. The Settlement Amount and the allocation of the Settlement Amount as set forth in this Order shall be paid by Defendant within the time frames and in the manner as stated in the Settlement Agreement. Defendant will not be required to pay any additional amounts in connection with the Settlement other than those amounts specifically set forth in the Settlement Agreement and this Order.

16. As of the Effective Date, Plaintiffs, as the representative for the State of California, will forever completely release and discharge the Released Parties from any and all claims, debts, liabilities, demands, obligations, guarantees, costs, expenses, attorneys' fees, damages, action or causes of action contingent or accrued for, during the PAGA Release Period, from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the claims that were, or reasonably could have been alleged in the Operative Complaint and in the Plaintiffs' notices to the LWDA.

17. The terms of the Settlement Agreement, and this Order, are binding on the Plaintiffs and PAGA Employees, as well as their heirs, executors, administrators, successors, and assigns, and those terms shall have res judicata and other preclusive effect in all pending and future claims, lawsuits or other proceedings maintained by or on behalf of any such persons, to the extent those claims, lawsuits or other proceedings constitute Released Claims as set forth in the Settlement Agreement.

18. Neither this Order nor the Settlement Agreement (nor any other document referred to herein, nor any action taken to carry out this Order) is, may be construed as, or may be used as, an admission or concession by or against Defendant or the Released Parties of the validity of any claim or actual or potential fault, wrongdoing, or liability. Entering into or carrying out the Settlement Agreement, and any negotiations or proceedings related to it, shall not be considered as, or deemed evidence of, an admission or concession as to Defendant's denials or defenses and shall not be offered or received in evidence in any action or proceeding against any party hereto in any court, administrative agency or other tribunal for any purpose whatsoever, except as evidence of the Settlement or to enforce the provisions of this Order and the Settlement Agreement; provided, however, that this Order and the Settlement Agreement may be filed in any action against or by Defendant's or the Released Parties to support a defense

1 of res judicata, collateral estoppel, release, waiver, good-faith settlement, judgment bar or
2 reduction, full faith and credit, or any other theory of claim preclusion, issue preclusion or
3 similar defense or counterclaim.

4 19. The Court reserves exclusive and continuing jurisdiction over the lawsuit for the
5 purposes of supervising the implementation, enforcement, construction, administration, and
6 interpretation of the Settlement Agreement and this Order. The Court shall retain jurisdiction to
7 enforce the Settlement Agreement pursuant to Code of Civil Procedure §664.6.

8 20. The date of the Final Accounting hearing is May 2, 2024 at 9:00 a.m. in
9 Department CX104 of the above-mentioned Court. Plaintiffs shall submit to the Court a final
10 report at least five (5) court days prior to the Final Accounting hearing, including the actual
11 amounts paid to aggrieved employees and the other amounts distributed under the Settlement
12 Agreement, including uncashed checks.

13 IT IS SO ORDERED.

14 Dated: _____

Honorable Melissa R. McCormick
Judge of the Superior Court

EXHIBIT 2

<<DATE>>

<<FIRST_NAME>> <<LAST_NAME>>
<<ADDRESS 1>>
<<ADDRESS 2>>

Re: Payment From Settlement *Dikla Mishraki, et al. v. Clean Path Recovery, LLC*

Dear <<FIRST_NAME>> <<LAST_NAME>>:

Enclosed is your payment in the amount of \$ [REDACTED] from the settlement of the lawsuit entitled *Dikla Mishraki, et al. v. Clean Path Recovery, LLC*, Superior Court of California, for the County of Orange, Case No.: 30-2021-01231825-CU-OE-CJC (the "Lawsuit"). You are receiving this payment as your share of the Settlement. You have 180 days to cash the settlement check. You will receive a tax form 1099 for the check.

The Lawsuit was filed against Clean Path Recovery, LLC ("Defendant") pursuant to the California Private Attorneys General Act of 2004, Cal. Lab. Code § 2698 *et seq.* (called "PAGA"). The claim was brought on behalf of the State of California and all similarly situated aggrieved employees of Defendant. You have been identified as one of the employees on whose behalf the case was brought.

The Plaintiffs in the case claimed that Defendant owed penalties under PAGA for certain California Labor Code violations. Defendant vigorously denies that it did anything wrong or that it owes any PAGA penalties but nonetheless has agreed to resolve the claims raised in the Lawsuit without further court action. The parties agreed to resolve the case, and as part of that settlement, Defendant has agreed to pay a certain amount of money categorized as PAGA penalties.

You may neither object nor opt-out of the settlement brought in this Lawsuit. You are barred from pursuing civil penalties against Defendant for the released PAGA claim in this Lawsuit.

The Court approved the Settlement on [REDACTED]. Under California law, any settlement of a PAGA case results in 75 percent of the awarded PAGA penalty being paid to the State of California and 25 percent of the penalty being paid to the employees who worked during the applicable period.

In exchange for this payment, the settlement releases claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the claims that were, or reasonably could have been alleged in the Operative Complaint and in the Plaintiffs' notices to the California Labor Workforce Development Agency after exhausting administrative remedies on November 15, 2021 and May 6, 2022, as set forth in the Settlement Agreement ("Released Claims"), for the period of November 15, 2020, through [the date the Court grants final approval of the settlement].

The Net PAGA Settlement Amount is \$28,479.38. The Net PAGA Settlement shall be allocated as follows: seventy-five percent (75%) to the California Labor & Workforce Development Agency ("LWDA Settlement Proceeds"), which is \$21,359.54. The remaining twenty-five percent (25%) of the Net PAGA Settlement Amount, which is \$7,119.85 shall be paid to the PAGA Employees on a *pro rata* basis, which shall be determined based on the number of Eligible Pay Periods that he or she worked for Defendant during the PAGA Release Period and shall be calculated as follows:

The PAGA Employees Settlement Proceeds Fund will be divided by the total number of Eligible Pay Periods worked by all PAGA Employees during the PAGA Release Period, and the resulting figure will be referred to as the "Multiplier." Each PAGA Employee's *pro rata* share of the PAGA Employees Settlement Proceeds Fund will be determined by multiplying the Eligible Pay Periods that the PAGA Employee worked by the Multiplier. That amount shall be referred to as the PAGA Employee's "Individual Share." There are approximately Twelve Eligible Pay Periods worked by the PAGA Employees during the PAGA Release Period.

Your Individual Share amounts to \$ [REDACTED].

You may also contact the attorneys listed below with any questions regarding the PAGA settlement:

Counsel for Plaintiffs/Aggrieved Employees: Arman Demirjian, Esq. Romina Keshishyan, Esq. RK Legal, PC 425 W. Broadway, Suite 225 Glendale, California 91204 Tel: (323) 744-4124 Email: arman@rklegalpc.com romina@rklegalpc.com	Counsel for Defendant: Eric J. Schindler, Esq. Michelle J. Berner, Esq. Lindley Fraley, Esq. Kroesche Schindler, LLP 2603 Main Street, Suite 200 Irvine, California 92614 Tel: (949) 379-6632 Email: eschindler@kslaw.legal mberner@kslaw.legal lfraley@kslaw.legal
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You have 180 days to cash your check after mailing or the check will be voided and cancelled. The funds will then be paid to the Cy Pres recipient, Legal Aid at Work, a non-profit corporation.

Please do not contact the Court or the Clerk with questions.