

PAGA SETTLEMENT AGREEMENT

This PAGA Settlement Agreement (“Agreement”) is made by and between Plaintiff Jesus Velasco (“Plaintiff Velasco”), Plaintiff Liliana Pereira (“Plaintiff Pereira”) (collectively “Plaintiffs” referring to Plaintiff Velasco and Plaintiff Pereira) and Defendant Warmel Management Company (“Defendant”)(collectively, with the Plaintiffs, “Parties”).

1. DEFINITIONS

In addition to the other terms defined in this Agreement, the terms below have the following meaning in this Agreement:

1.1. “Actions” mean:

- Plaintiff Velasco’s representative action lawsuit, captioned *Jesus Velasco v. Warmel Management Company, et al.*, Orange County Superior Court Case No. 30-2022-01242308, which was initiated on January 25, 2022 (the “Velasco Representative Action”);
- Plaintiff Velasco’s PAGA Notice, LWDA Case No. LWDA-CM-863875-22 (the “Velasco LWDA Notice”);
- Plaintiff Velasco’s arbitration case, JAMS Case No. 5220001789;
- Plaintiff Velasco’s FEHA case, Orange County Superior Court, Case No. 30-2022-01256846;
- Plaintiff Velasco’s FEHA arbitration case, JAMS Ref. No. JAMS Case No. 1220073288;
- Plaintiff Pereira’s representative action, captioned *Liliana Pereira v. Warmel Management Company, et al.*, Orange County Superior Court, Case No. 30-2023-01322059, which was initiated on April 28, 2023 (the “Pereira Representative Action”);
- Plaintiff Pereira’s PAGA Notice, LWDA Case No. LWDA-CM-937445-23 (the “Pereira LWDA Notice”); and
- Plaintiff Pereira’s arbitration case, JAMS Case No. 5220002972.

1.2 “Administrator” means ILYM Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement. The Settlement Administrator establishes, designates, and maintains a QSF under Internal Revenue Code section 468B and Treasury Regulation section 1.468B-1 into which the amount of the Gross Settlement Amount is deposited for the purpose of resolving the claims in the Actions on behalf of Plaintiffs the LWDA and the Aggrieved Employees. The Administrator shall maintain the funds until distribution in an account(s) segregated from the assets of Defendant and any person related to Defendant. All accrued interest shall be paid and distributed to the Aggrieved Employees as part of their respective share of the Aggrieved Employee Payment.

1.3 “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount as reimbursement for its reasonable fees and expenses in an amount not to exceed \$19,950.00 in connection with approval of the Settlement. If the Court approves less, then the difference between the requested and awarded amounts will be

reallocated to the PAG Penalties. Defendant agrees not to oppose a request for reimbursement for the Administration Expenses, which will be paid from the Gross Settlement Amount.

1.4. “Aggrieved Employees” means all individuals who were employed by Defendant in the State of California and classified as non-exempt employees during the PAGA Period.

1.5. “Aggrieved Employee Data” means the following information for each Aggrieved Employee on Microsoft Excel spreadsheet that Defendant will in good faith compile from its records: (1) Name, (2) Social Security Number, (3) last known address, and (4) number of PAGA Pay Periods. (To protect Aggrieved Employees’ privacy rights, the Administrator must maintain the Aggrieved Employee Data in confidence, use the Aggrieved Employee Data only for purposes of this Settlement and for no other purpose, and restrict access to the Aggrieved Employee Data to Administrator employees who need access to the Aggrieved Employee Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify Plaintiffs’ Counsel if it discovers that the Aggrieved Employee Data omitted aggrieved employee identifying information and to provide corrected or updated Aggrieved Employee Data as soon as reasonably feasible.)

1.6. “Court” means the Orange Superior Court for the State of California.

1.7. “Defendant” means Warmel Management Company

1.8. “Defense Counsel” means Ogletree, Deakins, Nash, Smoak & Stewart, P.C..

1.9. “Effective Date” means the date by when both of the following have occurred: (a) the Court enters a Judgment on the Final Approval Order; and (b) the Judgment is final.

1.10. “Final Approval Order” means the Court’s order granting final approval of the Settlement.

1.11. “Final Approval Hearing” means the Court’s hearing on the motion for final approval of the Settlement.

1.12. “Gross Settlement Amount” or “GSA” means One-Million Eight Hundred and Eighty Thousand dollars and Zero cents (\$1,880,000.00), which is the total amount Defendant agrees to pay under the Settlement except as provided in Paragraph 4.7 below. The Gross Settlement Amount will be used to pay, Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, and the Administration Expenses Payment.

1.13. “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 25% of the PAGA Penalties calculated according to the number of PAGA Pay Periods worked during the PAGA Period.

1.14. “Judgment” means the judgment entered by the Court based upon the Final Approval Order.

- 1.15. “LWDA” means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699(i).
- 1.16. “LWDA PAGA Payment” means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699(i).
- 1.17. “Operative Complaint” means the First Amended Complaint filed by Plaintiff in the Velasco Representative Action on April 18, 2022.
- 1.18. “PAGA Counsel” collectively means Moon Law Group, PC, counsel for Velasco, and Crosner Legal, PC, counsel for Pereira.
- 1.19. “PAGA Counsel Fees Payment” means the award of attorneys’ fees for services they have rendered to Plaintiff, the State of California, and the Aggrieved Employees of not more than one-third of the Gross Settlement Amount, which is currently estimated to be Six Hundred Twenty-Six Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents (\$626,666.67). Defendant will not oppose the request for the PAGA Counsel Fees Payment, provided that it does not exceed this amount. If the Court approves a PAGA Counsel Fees Payment less than the amounts requested, the Administrator will allocate the remainder to the PAGA Penalties. Released Parties will have no liability to PAGA Counsel or any other plaintiff’s Counsel arising from any claim to any portion any PAGA Counsel Fee Payment. The Administrator will pay the PAGA Counsel Fees Payment using one or more IRS 1099 Forms. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and holds Released Parties harmless, and indemnifies them, from any dispute or controversy regarding any division or sharing of the PAGA Counsel Fees Payment, which PAGA Counsel agrees shall be divided 75% to Moon Law Group, PC and 25% to Crosner Legal, PC.
- 1.20. “PAGA Counsel Litigation Expenses Payment” means the reimbursement of litigation expenses that the Court authorizes to be paid to PAGA Counsel for the services they services they have rendered to Plaintiff, the State of California, and the Aggrieved Employees of the actual costs of litigation (currently estimated at \$34,000) and not more than \$40,000. Defendant will not oppose the request for the PAGA Counsel Litigation Expenses Payment, provided that it does not exceed this amount. If the Court approves a PAGA Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the PAGA Penalties. Released Parties will have no liability to PAGA Counsel or any other plaintiff’s Counsel arising from any claim to any portion of the PAGA Counsel Litigation Expenses Payment. The Administrator will pay the PAGA Counsel Litigation Expenses Payment using one or more IRS 1099 Forms. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Litigation Expenses Payment and holds Released Parties harmless, and indemnifies them, from any dispute or controversy regarding any division or sharing of PAGA Counsel Litigation Expenses Payment.

- 1.21. “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.
- 1.22. “PAGA Period” means the period from February 12, 2021, through the Court’s approval of the PAGA Settlement.
- 1.23.
- 1.24. “PAGA” means the Private Attorneys General Act, Labor Code sections 2698, *et seq.*
- 1.25. “PAGA Notice” means the Velasco LWDA Notice and the Pereira LWDA Notice, providing notice pursuant to Labor Code section 2699.3(a), and any amendments thereto under this Agreement,
- 1.26. “PAGA Penalties” means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, less the PAGA Counsel Fees Payment, the PAGA Counsel Litigation Expenses Payment, and the Administration Expenses Payment, allocated 25% to the Aggrieved Employees and the 75% to LWDA in settlement of PAGA.
- 1.27. “Parties” means Plaintiffs and Defendant collectively or individually as “Party.”
- 1.28. “Plaintiffs” means Plaintiff Velasco and Plaintiff Pereira, the named plaintiffs in the Actions
- 1.29. “Qualified Settlement Fund” or “QSF” means the Qualified Settlement Fund established, designated, and maintained by the Settlement Administrator to fund the Gross Settlement Amount that satisfies all of the requirements under US Treasury Regulation section 468B-1.
- 1.30. “Released PAGA Claims” means the claims being released as described in Paragraph 5.2 below.
- 1.31. “Released Parties” means: shall mean Defendant 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, managing agents, related companies and joint venturers.
- 1.32. “Settlement” means the disposition of the Actions effected by this Agreement and the Judgment.

2. RECITALS.

2.1. On January 20, 2022, Plaintiff Velasco submitted the Velasco PAGA Notice for Labor Code violations to the Labor and Workforce Development Agency. Additionally, on January 25, 2022, Plaintiff Velasco filed a Complaint as a class action in the Velasco Representative Action, alleging causes of action for: (1) failure to pay minimum wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to indemnify necessary business expenses; (6) failure to timely pay final wages at termination; (7) failure to provide accurate itemized wage statements; and (8) Unfair Business Practices. On April 18, 2022, Plaintiff Velasco filed a First Amended Complaint in the Velasco Representative Action adding a cause of action for civil penalties under PAGA (Cal. Lab. Code § 2699, *et seq.*). On or about October 7, 2022, the Court granted Warmel's motion to compel arbitration and dismissed the class claims, ordered the individual wage and hour and individual PAGA claims to arbitration.¹

2.2. On April 27, 2022, Velasco filed a separate FEHA Action against Warmel in Orange County Superior Court. On June 15, 2022, the Court issued an order granting the parties' stipulation for binding Arbitration. On November 17, 2022, the parties began proceeding with a consolidated JAMS arbitration. On July 27, 2023, Velasco dismissed the arbitration pursuant to a settlement agreement. The settlement was for Velasco's individual claims for \$35,000, including for individual wage and hour and FEHA/wrongful termination claims.

2.3. On February 21, 2023, Plaintiff Pereira submitted the Pereira PAGA Notice for Labor Code violations to the Labor and Workforce Development Agency. Additionally, on April 23, 2023, Plaintiff Pereira filed a Complaint in the Pereira Representative Action only for civil penalties under PAGA (Cal. Lab. Code § 2699, *et seq.*). Pereira also filed a separate arbitration for her individual wage and hour claims and individual PAGA claims. There is a status conference set for March 5, 2025. Accordingly, the parties are mediated representative PAGA claims and individual wage and hour claims as to Pereira.

2.4. The Parties participated in an all-day mediation with Marc Feder, which led to this Agreement to settle the outstanding claims in the Actions.

2.5. Prior to mediation, Plaintiffs obtained, through informal discovery information regarding Aggrieved Employees (*e.g.*, the number of Aggrieved Employees, PAGA Pay Periods, *etc.*), payroll and time records for Plaintiffs and a sampling of Aggrieved Employees, and Defendant's policies and procedures that applied to Aggrieved Employees during the PAGA Period. Plaintiffs' investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 ("*Dunk/Kullar*").

¹ Plaintiff did not submit his individual PAGA claim to arbitration.

3. MONETARY TERMS.

3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 4.7 below, Defendant agrees to pay One-Million Eight Hundred and Eighty Thousand Dollars and Zero Cents (\$1,880,000.00) and no more as the Gross Settlement Amount. Defendant has no obligation to pay the Gross Settlement Amount prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendant.

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

3.2.1. The PAGA Counsel Litigation Expenses Payment and the PAGA Counsel Fees Payment

3.2.2 The Administration Expenses Payment

3.2.3 PAGA Penalties

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

3.4 Separate from, or in addition to ,the GSA and Plaintiffs' portion of Individual PAGA Payment, Defendant agrees to pay Plaintiff Velasco and Plaintiff Pereria individual settlement sums in the following amounts (the "Individual Settlement Payments"):

1. A check made payable to Pereira for alleged lost wages in the amount of One Thousand Dollars and No Cents (\$1,000.00), from which applicable withholdings and/or deductions shall be made and for which an IRS Form W-2 shall be issued.
2. A check payable to Pereira in the amount of Nine Thousand Dollars and No Cents (\$9,000) representing non-wage damages for Pereira. This payment will have no withholdings. However, a Form 1099 for the 2025 tax year shall be issued to the I.R.S. and the California Franchise Tax Board regarding this payment.

3. A check payable to Velasco in the amount of Ten Thousand Dollars and No Cents (\$10,000) representing non-wage damages to Velasco. This payment will have no withholdings. However, a Form 1099 for the 2024 tax year shall be issued to the I.R.S. and the California Franchise Tax Board regarding this payment.

The Individual Settlement Payments are contingent on the Final Approval or the Effective Date and will be paid as set forth herein, provided that counsel for Defendant receives a fully executed W-9 Form from Plaintiffs and the expiration of the Revocation Period(s) for the Older Workers' Benefit Protection Act.

Plaintiffs will acknowledge and agree to pay, and to be solely responsible for any and all State, local and federal taxes, if any, which are required by applicable law to be paid with respect to the Individual Settlement Payments and/or this Agreement. Plaintiffs will agree to hold Defendant and the Individual Settlement Releasees, as defined in herein, harmless and to fully indemnify them for any costs, assessments, penalties, taxes, and/or attorney fees, which Defendant and/or the Individual Settlement Releasees may incur arising out of any and all claims made, sought or imposed by the I.R.S., the Tax Board, and/or any other federal, state or local taxing board and/or agency in regard to any amounts due, or claimed to be due, by Plaintiffs, if any, to such authority or agency as a result of the tax treatment of the Individual Settlement Payments. Defendant will not be liable in any manner for the distribution, division or payment of any portion of the Settlement Payments to between Plaintiffs and any counsel or employee of counsel Plaintiffs may have retained.

The following applies separately to each Plaintiff as to the Older Workers' Benefit Protection Act:

(a) Plaintiffs each acknowledges that they are knowingly and voluntarily waiving and releasing any rights they may have under the Age Discrimination in Employment Act of 1967 ("ADEA"). They also acknowledge that the consideration given for the waiver and release set forth in this Agreement is in addition to anything of value to which they were already entitled. Plaintiffs further acknowledge that they have been advised by this writing, as required by the Older Workers' Benefit Protection Act, that: (a) this waiver and release does not apply to any rights or claims that may arise after the Revocation Date of this Agreement; (b) they should consult with an attorney prior to executing this Agreement; (c) they have at least twenty-one (21) days to consider this Agreement (although they may by their own choice execute this Agreement earlier and thereby waive the twenty-one (21) day period); (d) they have seven (7) days following the execution of this Agreement by the Parties to revoke their release of their rights under the ADEA (the "Revocation Period"); and (e) this Agreement shall not be effective until the

date upon which the Revocation Period has expired (“Revocation Date”). Upon execution, Plaintiffs’ counsel shall provide a fully executed copy of this Agreement to Warmel’s counsel, Lyne A. Richardson. Either Plaintiff may revoke this Agreement only by giving Mr. Richardson formal, written notice of his revocation of this Agreement, which should be addressed to the attention of Lyne A. Richardson, Ogletree, Deakins, Nash, Smoak & Stewart, P.C., 19191 South Vermont Avenue, Suite 635, Torrance, CA 90502, Email: lyne.richardson@ogletree.com; and which must be received by Ms. Richardson by the close of business on the seventh (7th) day following Plaintiffs’ execution of this Agreement. The written notice of revocation shall state, “I hereby revoke my acceptance of the Settlement Agreement and General Release of All Claims.” If the last day of the Revocation Period falls on a Sunday or legal holiday in the State of California, then the Revocation Period shall not expire until the next following day which is not a Sunday or legal holiday in the State of California.

(b) Plaintiffs acknowledge that they have already attained the age of 40 and understand that this is a full release of all existing claims, whether currently known or unknown, including, but not limited to, claims for age discrimination under the ADEA.

(c) Plaintiffs further acknowledge that they have consulted with an attorney of their own choosing before signing this Agreement, in which they are waving important rights, including those under the ADEA.

(d) By executing this Agreement, Plaintiffs also acknowledge that they have been afforded at least twenty-one (21) calendar days to consider the meaning and effect of this Agreement, as well as the alternatives to signing this Agreement, with an attorney of their choosing, and they have done so. Plaintiffs agree that the twenty-one (21) day consideration period began on the date that this Agreement first was first delivered to their attorneys and that if Warmel changes any of the terms of the offer contained in this Agreement (whether the changes are material or not), the twenty-one (21) day consideration period shall not be restarted but shall continue without interruption.

(e) Plaintiffs understand that the releases contained in this Agreement do not extend to any rights or claims that they have under the ADEA that first arise after execution of this Agreement.

(f) Plaintiffs acknowledge that, should they sign this Agreement before the twenty-one (21) day consideration period expires, the seven (7) day Revocation Period, described above, shall immediately begin. If Plaintiffs sign this Agreement before the twenty-one (21) day consideration period expires, they agree that the knowingly and voluntarily has accepted the shortening of the twenty-one (21) day consideration period and that Warmel have not promised his anything or made any representations that are not contained in this Agreement. In addition, should

Plaintiffs sign this Agreement before the twenty-one (21) day consideration period expires, they acknowledge and affirm that Warmel has not threatened to withdraw or alter the offer contained in this Agreement prior to the expiration of the twenty-one (21) day consideration period.

4. SETTLEMENT FUNDING AND PAYMENTS

4.1. Administrator. The Administrator shall be responsible for: establishing and administering the QSF; calculating, processing and mailing payments to Plaintiffs, PAGA Counsel, LWDA, and Aggrieved Employees; printing and mailing the Notice of PAGA Settlement to the Aggrieved Employees as directed by the Court; calculating, and distributing any tax forms for the Individual PAGA Payments; providing declaration(s) as necessary in support of approval of this Settlement; calculating taxes, if any, that Defendant's owe for the payments made herein; and other tasks as the Parties mutually agree or the Court orders the Settlement Administrator to perform. The Administrator shall keep the Parties timely apprised of the performance of all Settlement Administrator responsibilities. The Settlement Administrator will maintain and monitor both an email address and a toll-free telephone number set up to receive Aggrieved Employees' calls, faxes, and/or emails.

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

4.3. Funding of Gross Settlement Amount and Individual Settlement Payments. Defendant will fully fund the Gross Settlement Amount by transmitting the GSA , along with the amount, if any, necessary to fully pay Defendant's share of payroll taxes. funds to the Administrator no later than sixty (60) days after the Effective Date. Defendant will also fully pay Plaintiffs' Individual Settlement Payments within sixty (60) days of the Effective Date.

4.4. Aggrieved Employee Data. Not later than twenty-one (21) days after the Effective Date, Defendant will simultaneously deliver the Without any extension of the deadline by which Defendant must send the Aggrieved Employee Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Aggrieved Employee Data.

4.5. Payments from the Gross Settlement Amount. Within thirty (30) days after Defendant funds the Gross Settlement Amount, the Administrator will mail checks for the: (1) Individual PAGA Payments; (2) the LWDA PAGA Payment (3) the Administration Expenses Payment (or disburse payment to itself); (4) the PAGA Counsel Fees Payment; and (5) the PAGA Counsel Litigation Expenses Payment. Disbursement of the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment will not precede disbursement of Individual PAGA Payments. The Settlement Administrator will issue to PAGA Counsel itself IRS Forms 1099. PAGA Counsel assumes full and sole responsibility and liability for any taxes owed on their payment(s) and will indemnify and hold harmless Defendant, Counsel for Defendant, Individual

Settlement Releasees and the Released Parties from any claim or liability for taxes, penalties, or interest arising as a result of their payment(s).

4.6. Calculation of the Payments. After deducting the amounts from the GSA for the Administration Expenses Payment, PAGA Counsel Fees and the PAGA Counsel Litigation Expenses Payment, the Administrator shall set aside 75% to be allocated to the LWDA PAGA Payment and 25% to be allocated as the Individual PAGA Payments. The Administrator shall calculate each Aggrieved Employee's share of the Individual PAGA Payments by: (a) dividing the total amount of the Individual PAGA Payments by the number of Pay Periods worked by all Aggrieved Employees during the PAGA Period; and then (b) multiplying the result by the amount of each Aggrieved Employee's share of the Pay Periods. No payroll taxes shall be withheld or deducted from Aggrieved Employee's share of the Individual PAGA Payments, and the Administrator will issue to Aggrieved Employees an IRS Form 1099 for each such payment. Aggrieved Employees assume full and sole responsibility and liability for any taxes owed on their individual share of the Individual PAGA Payments and will indemnify and hold harmless Defendant, Counsel for Defendants, Individual Settlement Releasees and the Released Parties from any claim or liability for taxes, penalties, or interest arising as a result of the Aggrieved Employee Payment. For tax purposes, each of the Aggrieved Employee's share of the total Individual PAGA Payments shall be allocated and treated 100% as penalties and interest shall not be subject to wage withholdings.

4.7. Pay Period Information – It is estimated that there are approximately 166,901 pay periods between February 12, 2021 and February 6, 2025. Defendant shall be allowed to have a 10% cushion for the PAGA Period, i.e., up to and including 183,591 Pay periods. Defendant also has the option to: (1) cut off the PAGA Period to a date at or before when 183,591 pay periods are reached; or (2) to pay a pro-rata increase for any pay period above that number, e.g., if the number is 11% higher, the GSA will be increased by 1%. Pay periods shall be calculated by a two-week pay period that an employee actually recorded time worked in Defendant's time keeping system and earned wages, and does not include leaves of absences, vacations, or furloughs.

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

4.9. The Administrator must conduct an Aggrieved Employee Address Search for all Aggrieved Employees whose checks are returned undelivered without USPS forwarding address. Within seven (7) days of receiving a returned check the Administrator must re-mail checks to the

USPS forwarding address provided or to an address ascertained through the Aggrieved Employees Address Search. The Administrator need not take further steps to deliver checks to Aggrieved Employees whose re-mailed checks are returned as undelivered. The Administrator will promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, requested by the Aggrieved Employee prior to the void date.

4.9.1. For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator will transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Aggrieved Employee thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure section 384(b).

4.9.2. The payment of Individual PAGA Payments will not obligate Defendant to confer any additional benefits or make any additional payments to Aggrieved Employees (*e.g.*, 401(k) contributions, bonuses, *etc.*) beyond those specified in this Agreement. The Individual PAGA Payments made to the Aggrieved Employees under this Agreement, as well as any other payments made pursuant to this Agreement, will not be utilized to calculate any additional benefits under any benefit plans to which any Aggrieved Employee 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 Agreement will not affect any rights, contributions, or amounts to which any Aggrieved Employee may be entitled under any benefit plans.

4.10. Final Report by Settlement Administrator. Within fourteen (14) days after the Administrator disburses all funds in the GSA, the Administrator shall provide all counsel with a final report detailing its disbursements -- by employee identification number only -- of all payments made under this Agreement. At least fourteen (14) days before any deadline set by the Court, the Administrator shall prepare, and submit to all counsel, a signed Declaration (suitable for filing in Court) attesting to the Settlement Administrator's disbursement of all payments required under this Agreement. PAGA Counsel shall be responsible for filing the Administrator's declaration in Court.

5. RELEASE OF CLAIMS.

Effective on the date when Defendant fully funds the entire Gross Settlement Amount and Individual Settlement Payments; Plaintiffs, Aggrieved Employees, and PAGA Counsel will release claims against Defendant, Individual Settlement Releasees and Released Parties, as follows:

5.1. Plaintiffs' Releases. Except for Plaintiffs' Worker's Compensation claims, Plaintiffs will agree to a general release of all claims, which includes Civil Code section 1542 waiver, and Plaintiffs, including their agents, successors, beneficiaries, heirs, guardians, and assigns, will agree to irrevocably and unconditionally release, acquit and forever discharge

Defendant, and each of Defendant's past and present subsidiaries, parents, affiliates, divisions, predecessors, and successors in interest, assignees, nominees, authorized franchisees, servants, agents, investors, stockholders, directors, officers, members, owners, employees, representatives, insurers, consultants, advisors, and attorneys (and the servants, agents, directors, officers, consultants, advisors, members, owners, employees, representatives, insurance carriers, and attorneys of any past or present subsidiaries, parents, or affiliates), and all persons acting by, through, under or in concert with Defendant and its respective heirs, successors, and assigns (collectively, "Individual Settlement Releasees"), or any of them, from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts, and expenses of any nature whatsoever that Plaintiffs may now have, own, or claim to have against the Individual Settlement Releasees, known or unknown, suspected or unsuspected, regarding or relating to any alleged acts or omissions by any of the Releasees that have ever arisen up to the Effective Date, including without limitation all claims for damages, fees, and costs related to the litigation; all claims related in any way to Plaintiffs' employment, compensation, wage or penalty related to Plaintiffs' employment, and other terms and conditions of employment or termination of employment with Defendant; all claims that were or could have been asserted by Plaintiffs or on Plaintiffs' behalf: (i) in any court or tribunal; (ii) under any public policy or common law theory; or (iii) under any employment, contract, tort, law, regulation, ordinance, or executive order; and any statutory claims and any tort arising out of Plaintiffs' employment and separation of employment, including, without limitation: any and all claims or causes of action Plaintiffs may now have under the Age Discrimination in Employment Act of 1967 (ADEA); Title VII of the Civil Rights Act of 1964; Civil Rights Act of 1871; Employee Retirement Income Security Act; Uniformed Services Employment and Reemployment Rights Act, (USERRA), sections 1981 through 1988 of Title 42 of the United States Code; Immigration Reform Control Act; Occupational Safety and Health Act (OSHA); Americans with Disabilities Act (ADA); all claims under the Private Attorneys General Act of 2004 as set forth in the Actions that have have or could have been premised on the claims, causes of action, or legal theories described above or any of the claims, causes of action, or legal theories of relief pleaded in the operative complaints in the Actions; Americans with Disabilities Amendments Act; Rehabilitation Act of 1973; Fair Labor Standards Act; Health Insurance Portability and Accountability Act; Equal Pay Act of 1963; Executive Order 11246; Family and Medical Leave Act; Older Workers' Benefit Protection Act; Federal WARN Act; California Constitution; California statutes and regulations providing similar protection, including but not limited to the California Fair Employment & Housing Act, California Business & Professions Code section 17200 et seq., the California Whistleblower Protection Act, the California Private Attorney General Act, the California Family Rights Act, the California Labor Code, including but not limited to sections 132a and 4553, California Code of Regulations, and Industrial Welfare Commissions' Wage Orders; Labor Code section 970, Labor Code section 2802, the Families First Coronavirus Relief Act, all as amended to date or any other Federal, state or local constitution, law, order, or regulation prohibiting any form of employment discrimination, harassment, retaliation, wrongful discharge and termination, violation of public policy, breach of any express or implied covenant of good faith and fair dealing, intentional or negligent infliction of mental/emotional distress, negligence, civil battery or assault, false imprisonment, failure to

accommodate, breach of a statutory duty, fraudulent inducement, fraud, negligent misrepresentation, defamation, slander, libel, damage or loss to reputation, invasion of privacy, intentional interference with contractual or business relations, unfair competition, unpaid compensation, penalties or benefits, breach of contract, any tort under Federal, state or local law (including, but not limited to negligence), any claim for compensation, damages, penalties, injunctive relief, attorneys' fees or costs regarding any wage and hour violation, the nonpayment of any wages, including but not limited to unpaid wages or overtime wages, bonus, commissions, off the clock wages, minimum wages, unpaid wages, expense reimbursements, improper deductions or contributions, meal or rest period violations, paystub violations and waiting time penalties and any other statutory or administrative claims waivable by law and any and all other claims or causes of action arising out of Plaintiffs' employment and/or separation of employment, defamation, slander, libel, damage or loss to reputation, invasion of privacy, intentional interference with contractual or business relations, unfair competition, unpaid compensation, penalties or benefits, breach of contract, any tort under Federal, state or local law (including but not limited to negligence)(the "Individual Released Claims").

- 5.1.1. Plaintiffs' Waiver of Rights Under California Civil Code section 1542. For purposes of Plaintiffs' Individual Released Claims, 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.

- 5.1.2. Covenant Not to Sue. Plaintiffs, on behalf of themselves and their agents, assigns, and anyone acting on their behalf, agree they will not make, assert or maintain against Defendants and any Released Parties, any claim, demand, action or suit arising out of or in connection with the matters herein released, including participating in, initiating and/or maintaining any PAGA claim against Defendants.
- 5.1.3. Plaintiffs agree that they shall not disparage or denigrate any employee, director, officer, consultant, advisor, agent, or any parent, subsidiary or affiliated entity of Defendant and Released Parties.

5.2. Release by Aggrieved Employees. Upon funding of the Gross Settlement Amount and Individual Settlement Payments, Defendant and Released Parties shall be entitled to a release from the State of California and Aggrieved Employees of all PAGA claims alleged, or reasonably could have been alleged, based on the facts stated in the Actions and the PAGA notice letters submitted by the Plaintiffs, which occurred during the PAGA Period, and expressly excluding all

other claims including claims for vested benefits, unemployment insurance, disability, social security, workers' compensation, and the claims subject to the Parties' individual settlements that are subject to separate releases set forth herein. Specifically, Plaintiffs PAGA notice letters allege claims pursuant to Labor Code § 204, 510, 1194, 1197, and 1198 and 2699(f)(2) for failure to pay for all hours worked, including minimum wages, straight time wages, and overtime wages ; §§ 210, 226.7, 512, 558, and 2699(f)(2) for failure to provide meal and rest periods and pay premium wages; penalties under § 1174(d) and pursuant to § 1174.5 for failing to maintain accurate records of hours worked and meal periods; § 2802 for failure to indemnify necessary employment-related expenses; penalties provided for in Labor Code § 2699(f)(2) for failing to pay all accrued vacation wages at termination pursuant to § 227.3; §§ 201 to 203 by willfully failing to pay all wages owed at termination; penalties provided for in Labor Code § 2699(f)(2) for failing to timely pay all wages at termination pursuant to §§ 201, 202 and 203; §§ 226, 226(a) and civil penalties under 226.3 for failing to furnish accurate itemized wage statements; §§ 204 and 210 for failing to pay all earned wages twice per month

5.3. Release by PAGA Counsel. PAGA Counsel releases on behalf of their present and former attorneys, employees, agents, successors and assigns Defendant, Individual Settlement Releasees and Released Parties from all claims for attorneys' fees and expenses incurred in connection with the Actions.

6. REQUEST FOR APPROVAL.

The Parties agree to jointly prepare and timely file a Request seeking Approval of the Settlement ("Request for Approval") that complies with the Court's current checklist for Approvals.

6.1. Plaintiffs' Responsibilities. Plaintiffs will prepare and deliver to Defense Counsel all documents necessary for obtaining Approval, including: (i) a draft Stipulation and/or Motion to Consolidate the Pereira Representative Action with the Velasco Representative Action or a Stipulation and/or draft of the Stipulation and/or Motion to Amend the Operative Complaint in the Velasco Representative Action; (ii) a draft of the notice, and memorandum in support, and a request for approval of the PAGA Settlement under Labor Code Section 2699(f)(2); (iii) a draft proposed Approval Order; (iv) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve, competency, operative procedures for protecting the security of Aggrieved Employee Data, amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance, all facts relevant to any actual or potential conflicts of interest with Aggrieved Employees, and the nature and extent of any financial relationship with Plaintiffs, PAGA Counsel or Defense Counsel; (v) a signed declaration from Plaintiffs confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Aggrieved Employees and the Administrator; (vi) a signed declaration from PAGA Counsel attesting to their competency to represent the Aggrieved Employees, their timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3(a), Operative Complaint(s) (Labor Code section 2699(l)(1), this Agreement (Labor Code section 2699(l)(2); (vii) all evidence supporting the

Approval Motion; (viii) drafts of any other declarations supporting the Approval Motion; and (iv) all facts relevant to any actual or potential conflict of interest with Aggrieved Employees, the Administrator and/or the Cy Pres Recipient.

6.2. Duty to Cooperate. PAGA Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the documents in Paragraph 6.1, including the Request for Approval, no later than 45 days after the full execution of this Agreement and after amendment or consolidation of the PAGA Claims, obtaining a prompt hearing date for the Request for Approval, and for appearing in Court to advocate in favor of the Request for Approval. PAGA Counsel is responsible for delivering the Court's Approval Order to Defense Counsel and the Administrator. If the Parties disagree on any aspect of the documents in Paragraph 6.1, including proposed Request for Approval and/or the supporting declarations and documents, as well the most comprehensive PAGA allegations before the Court for the approval motion, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant approval or conditions approval on any material change to this Agreement, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns. The Court's decision to award less than the amount requested for the Administration Expenses Payment, the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment shall not constitute a material modification to the settlement described herein.

6.3. Continuing Jurisdiction of the Court. Pursuant to California Code of Civil Procedure section 664.6(a), the Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of: (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters; and (iii) addressing such post-Judgment matters as are permitted by law.

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

6.5. Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Aggrieved Employees), this Agreement will be null and void. The Parties will nevertheless

expeditiously work together in good faith to address the appellate court's concerns and to obtain final approval of the Settlement and entry of Judgment. An appellate decision to vacate, reverse, or modify the Court's award of any payments to PAGA Counsel will not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged. If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit and a proposed amended judgment.

6.6. Dismissals. To the extent not ordered by the Court or reduced to judgment, Plaintiffs agree to secure the dismissals of the Actions (to the extent not already dismissed or reduced to judgment) and the appropriate notices to the LWDA to conform with the terms of this Agreement.

6.7. Notice of Settlement to LWDA. In connection with the Request for Approval, PAGA Counsel shall submit this Agreement to the LWDA pursuant to California Labor Code section 2699(l)(2). PAGA Counsel shall within ten (10) days after the entry of the judgment or order approving this Settlement, submit the order approving the Settlement to the LWDA pursuant to California Labor Code section 2699(l)(3).

7. SETTLEMENT ADMINISTRATION.

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

7.2. Notice to Aggrieved Employees.

7.2.1. No later than three (3) business days after receipt of the Aggrieved Employee Data ("Data"), the Administrator will notify PAGA Counsel that the list has been received and state the number of Aggrieved Employees, and PAGA Pay Periods in the Data.

7.2.2. Using best efforts to perform as soon as possible, and in no event later than fourteen (14) days after receiving the Data, the Administrator will send to all Aggrieved Employees identified in the Data, via first-class United States Postal Service ("USPS") mail a Notice prominently estimating the dollar amounts of any Individual PAGA Payment payable to the Aggrieved

Employee, and the number of PAGA Pay Periods used to calculate this amount. Before mailing Notices, the Administrator will update Aggrieved Employee addresses using the National Change of Address database.

- 7.2.3. Not later than three (3) business days after the Administrator's receipt of any Notice returned by the USPS as undelivered, the Administrator will re-mail the Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator will conduct an Aggrieved Employee Address Search, and re-mail the Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Notice to Aggrieved Employees whose Notice is returned by the USPS a second time.
- 7.2.4. The deadlines for Aggrieved Employees' challenges to PAGA Pay Periods, will be extended an additional fourteen (14) days beyond the forty-five (45) days otherwise provided in the Notice for all Aggrieved Employees whose notice is re-mailed. The Administrator will inform the Aggrieved Employee of the extended deadline with the re-mailed Notice.
- 7.2.5. If the Administrator, the Parties, PAGA Counsel, or Defense Counsel are contacted by, or otherwise discover, any persons who believe they should have been included in the Data and should have received Notice, the Parties will expeditiously meet and confer in person or by telephone, and in good faith in an effort to agree on whether to include them as Aggrieved Employees. If the Parties agree, such persons will be Aggrieved Employees entitled to the same rights as other Aggrieved Employees, and the Administrator will send, via email or overnight delivery, a Notice requiring them to raise any PAGA Pay Period challenges not later than fourteen (14) days after receipt of Notice, or the deadline dates in the Notice, which ever are later.

7.3. Challenges to Calculation of PAGA Pay Periods. Each Aggrieved Employee will have forty-five (45) days after the Administrator mails the Notice (plus an additional fourteen (14) days for Aggrieved Employees whose Notice is re-mailed) to challenge the number of PAGA Pay Periods allocated to the Aggrieved Employee in the Notice. The Aggrieved Employee may challenge the allocation by communicating with the Administrator via fax, email, or mail. The Administrator must encourage the challenging Aggrieved Employee to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the PAGA Pay Periods contained in the Notice are correct so long as they are consistent with the Data. The Administrator's determination of each Aggrieved Employee's allocation of PAGA Pay Periods will be final and not appealable or otherwise susceptible to challenge. The Administrator will promptly provide copies of all challenges to the calculation of

PAGA Pay Periods to Defense Counsel and PAGA Counsel, and the Administrator's determination of the challenges.

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

- 7.4.1. Website, Email Address and Toll-Free Number. The Administrator will establish and maintain and use an internet website to post information of interest to Aggrieved Employees including copies of the Agreement, Request for Approval, the Approval Order, the Notice, the Motion for PAGA Counsel Fees Payment, and PAGA Counsel Litigation Expenses Payment, the Final Approval Order and Judgment. The Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Aggrieved Employee calls, faxes, and emails.
- 7.4.2. Weekly Reports. The Administrator must, on a weekly basis, provide written reports to PAGA Counsel and Defense Counsel that, among other things, tally the number of: PAGA Notices mailed or re-mailed, PAGA Notices returned undelivered, challenges to PAGA Pay Periods received and/or resolved, and checks mailed for Individual PAGA Payments ("Weekly Report").
- 7.4.3. PAGA Pay Period Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Aggrieved Employee challenges over the calculation of PAGA Pay Periods. The Administrator's decision will be final and not appealable or otherwise susceptible to challenge.
- 7.4.4. Administrator's Declaration. Not later than fourteen (14) days before the date by which Plaintiffs are required to file the motion for final approval of the Settlement, the Administrator will provide to PAGA Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Notice, the Notices returned as undelivered, the re-mailing of Notices, attempts to locate Aggrieved Employees, and the number of written PAGA Pay Period challenges. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. PAGA Counsel is responsible for filing the Administrator's declaration(s) in Court.
- 7.4.5. Final Report by Settlement Administrator. Within ten (10) days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide PAGA Counsel and Defense Counsel with a

final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least fifteen (15) days before any deadline set by the Court, the Administrator will prepare, and submit to PAGA Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. PAGA Counsel is responsible for filing the Administrator's declaration in Court.

8. AMENDED JUDGMENT.

If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit and a proposed amended judgment.

9. ADDITIONAL PROVISIONS.

9.1. Jurisdiction of the Court. The Parties agree that the Court shall retain continuing jurisdiction over this case under California Code of Civil Procedure section 664.6 to: (i) ensure the continuing implementation of the provisions of this Settlement; (ii) address settlement administration matters, and (iii) address such post-Judgment matters as are permitted by law. The Parties further agree that the time within which to bring this action to trial under California Code of Civil Procedure section 583.310 shall be extended for a period of not less than one (1) year starting from the date of the signing of this Agreement by all Parties until the entry of the approval order and judgment or, if not entered, the date this Agreement shall no longer be of any force or effect.

9.2. No Admission of Liability, or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the Actions have merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiffs that Defendant's defenses in the Actions have merit. The Parties agree that representative treatment is for purposes of this Settlement only. If, for any reason the Court does not grant Final Approval of the Settlement and/or does not enter Judgment, representative treatment will immediately be set aside, subject to further proceedings on a motion of any Party to certify representative treatment or deny representative treatment thereafter. Defendant reserves all available defenses to the claims in the Actions, and Plaintiffs reserve the right to move for representative treatment on any grounds available and to contest Defendant's defenses. The Parties' willingness to stipulation to representative treatment as part of the Settlement will have no bearing on and will not be admissible in or considered in connection with, the issue of whether representative

treatment should be granted in a non-settlement context in this Action or in any context in any other lawsuit. Additionally, the Settlement, this Agreement, and the Parties' willingness to settle the Actions will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and/or this Agreement).

- 9.3. Benefits of Settlement to Plaintiffs and Aggrieved Employees. Plaintiffs and PAGA Counsel recognize the expense and length of continued proceedings necessary to litigate their disputes through trial and through any possible appeals. Plaintiffs have also taken into account the uncertainty and risk of the outcome of further litigation, and the difficulties and delays inherent in such litigation. Plaintiffs and PAGA Counsel are also aware of the burdens of proof necessary to establish liability for the claims asserted in the Action, both generally and in response to Defendant's defenses thereto, and the difficulties in establishing damages for the Aggrieved Employees. Plaintiffs and PAGA Counsel have also taken into account the extensive settlement negotiations conducted. Based on the foregoing, Plaintiffs and PAGA Counsel have determined that the Settlement is a fair, adequate, and reasonable settlement, and is in the best interests of the Aggrieved Employees.
- 9.4. Defendant's Reasons for Settlement. Defendant has concluded that any further defense of this litigation would be protracted and expensive for all Parties. Substantial amounts of time and resources of Defendant has been and, unless this Settlement is approved, will continue to be devoted to the defense of the claims asserted by Plaintiffs and Aggrieved Employees. Defendant has also taken into account the risks of further litigation in reaching its decision to enter into this Agreement. This Agreement is a compromise of disputed claims. Nothing contained in this Agreement and no action taken to carry out this Agreement may be construed or used as an admission by or against Defendant as to the merits or lack thereof of the claims asserted. The monies being paid as part of the Settlement are genuinely disputed and the Parties agree that the provisions of Labor Code section 206.5 are not applicable to this Settlement.
1. Confidentiality Prior to Approval. Plaintiffs, PAGA Counsel, Defendant and Defense Counsel separately agree that, until the Request for Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) to the extent necessary to report income to appropriate taxing authorities; (3) in response to a court order or subpoena; or (4) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff, PAGA

Counsel, Defendant and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Request for Approval, any with third-party regarding this Agreement or the matters giving rise to this Agreement except to respond only that “the matter was resolved,” or words to that effect. This paragraph does not restrict PAGA Counsel’s communications with Aggrieved Employees in accordance with PAGA Counsel’s ethical obligations owed to Aggrieved Employees. The Parties also acknowledge and agree that the terms and provisions of their individual settlements were made in confidence and shall remain confidential to the fullest extent allowable by law and that the consideration for this confidentiality is \$100, which is included in the Individual Settlement Payments. Except for the amount of the Individual Settlement Payments or as otherwise agreed to by the Parties or required by the Court or California law, the Parties agree that they shall not knowingly disclose, privately or publicly, or knowingly cause or allow to be disclosed, privately or publicly, any of the terms or provisions of their individual settlements to any person or entity, except as required by law or as necessary to comply with the law, including in response to a lawfully authorized subpoena, and/or in the event that legal proceedings are commenced to enforce any obligations of party to the Agreement. Notwithstanding the other provisions of this paragraph, Plaintiffs may disclose the amount or terms of their individual settlements with Defendant only to their accountants and/or tax advisors and/or spouses and/or attorneys and/or may so disclose this information in order to obtain approval of the PAGA settlement from the Court. It is expressly agreed that Plaintiffs’ settlement of their individual claims with Defendant are admissible in the event a proceeding is brought to enforce the terms of the settlement. It is also expressly understood and agreed that Defendant may provide a copy of this Agreement to Individual Settlement Releasees as third-party beneficiaries, and Defendant may communicate the terms and content of this Agreement as needed to effectuate the terms of the settlement or as otherwise required by law. Defendant and Individual Settlement Releasees may also communicate the terms and content of the settlement to their accountants, auditors, and/or tax advisors. Plaintiffs also agree that their agents, including their attorneys, shall not publish or disclose the terms of the settlement with any legal publication, media, or other publication other than what is required to effect settlement with the Court. In case of a proven violation of the confidentiality provisions, the violating party agrees as a material consideration and inducement for this compromise settlement to forthwith return and/or forfeit One-Thousand Dollars and No Cents (\$1,000.00) for each proven violation (with a maximum cap of \$10,000) as a liquidated and stipulated damage, it being understood that such sums are an attempt to reasonably forecast the probable and actual loss which will result to the non-disclosing party in the event that any such information is divulged.

Press Release. Plaintiffs and Aggrieved Employees agree not to issue a press release or otherwise notify the media about the terms of the Settlement or advertise or market any of the terms of the Settlement through written, recorded, or electronic communications. Plaintiffs and PAGA Counsel agree that, if they are contacted regarding this Action, they will only state that the Action exists and has been

resolved. This provision is not intended to, and does not, limit PAGA Counsel from responding to questions from and providing advice to the Aggrieved Employees regarding the Settlement after Approval. PAGA Counsel further agrees not to use the Agreement or any of its terms for any marketing or promotional purposes. Nothing herein will restrict PAGA Counsel from including publicly available information regarding this settlement in future judicial submissions regarding PAGA Counsel's qualifications and experience. Further, PAGA Counsel will not include, reference, or use the Agreement for any marketing or promotional purposes, either before or after the Request for Approval is filed.

- 9.5. No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Aggrieved Employee to challenge the number of PAGA Pay Periods, or appeal from the Judgment. Nothing in this paragraph will be construed to restrict PAGA Counsel's ability to communicate with Aggrieved Employees in accordance with PAGA Counsel's ethical obligations owed to Aggrieved Employees.
- 9.6. Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits will constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.
- 9.7. Invalidity of Any Provision. Before declaring any provision of this Agreement invalid, the Court shall first attempt to construe the provisions valid to the fullest extent possible consistent with applicable precedents so as to define all provisions of this Agreement valid and enforceable.
- 9.8. Attorney Authorization. PAGA Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Defendant, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.
- 9.9. Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution. Also, unless otherwise provided by law, agreement by

the Parties or required by the Court, Plaintiffs agree to not voluntarily aid and abet any third party, including but not limited to the past, current, and future employees of Defendant in making, asserting, bringing, or maintaining any claim, demand or civil action against Defendant, Released Parties and Individual Settlement Releasees, including, but not limited to any future PAGA and/or class claim(s) that are the subject of the Actions.

- 9.10. No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.
- 9.11. No Tax Advice. The Parties make no representations as to the tax treatment or legal effect of the payments called for in this Agreement. The Aggrieved Employees are not relying on any statement or representation by the Parties in this regard. Aggrieved Employees understand and agree that they will be responsible for the payment of any taxes and penalties assessed on their respective share of the Aggrieved Employee Payments and will be solely responsible for any penalties or other obligations resulting from their personal tax reporting of the Aggrieved Employees Payments.
- 9.12. 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.

- 9.13. Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.
- 9.14. Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 9.15. Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the State of California, without regard to conflict of law principles.
- 9.16. Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.
- 9.17. Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information will survive the execution of this Agreement.
- 9.18. Nullification of Settlement Agreement. If the Court does not approve this Settlement, if the Settlement fails to become effective, or is reversed, withdrawn, or in any way prevents or prohibits Defendant from obtaining a complete resolution of the Actions, or if Defendants fails to fully fund Gross Settlement Amount:
- 9.18.1. This Agreement shall be void *ab initio* and of no force or effect, and shall not be admissible in any judicial, administrative, or arbitral proceeding for any purpose or with respect to any issue, substantive or procedural; and
- 9.18.2. None of the Parties to this Settlement will be deemed to have waived any claims, objections, defenses, or arguments in the Actions.
- 9.19. Disputes – Any dispute between the Parties as to the remaining terms of the settlement agreement shall first be presented to the mediator for resolution.
- 9.20. Use and Return of Data. Information provided to PAGA Counsel pursuant to Cal. Evid. Code section 1152, and all copies and summaries of the Data provided to PAGA Counsel by in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than ninety (90) days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiffs will destroy, all paper and electronic versions of Data received from Defendant unless, prior to the Court's discharge of the Administrator's obligation, Defendant

makes a written request to PAGA Counsel for the return, rather than the destructions, of Data.

- 9.21. Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.
- 9.22. Calendar Days. Unless otherwise noted, all reference to “days” in this Agreement will be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline will be on the first business day thereafter.
- 9.23. Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiffs:

Kane Moon
kmoon@moonlawgroup.com
Daniel Park
dpark@moonlawgroup.com

MOON LAW GROUP
725 S. Figueroa St., Ste. 3100
Los Angeles, California 90017
Telephone: (213) 232-3128

Brandon Brouillette
bbrouillette@crosnerlegal.com
CROSNER LEGAL
9440 Santa Monica Blvd., Ste. 301
Beverly Hills, CA 90210
Telephone: 1-866-CROSNER

To Defendants:

Lyne A. Richardson
Lyne.Richardson@ogletree.com
OGLETREE DEAKINS
19191 S. Vermont Avenue, Suite 950
Torrance, California 90502
Telephone: (310) 965-2058

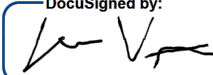
- 9.24. Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement will be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.
- 9.25. Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation will be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.
- 9.26. Fair Settlement. The Parties, PAGA Counsel, and Defense Counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Action and have arrived at this Agreement through arms-length negotiations, taking into account all relevant factors, both current and potential.

Dated: _____

Plaintiff Jesus Velasco

- 9.24. Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement will be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.
- 9.25. Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation will be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.
- 9.26. Fair Settlement. The Parties, PAGA Counsel, and Defense Counsel believe and warrant that this Agreement reflects a fair, reasonable, and adequate settlement of the Action and have arrived at this Agreement through arms-length negotiations, taking into account all relevant factors, both current and potential.

Dated: 10/25/2025

DocuSigned by:

68D53D5AF4BD4DE...
Plaintiff Jesus Velasco

Dated: 10 / 31 / 2025

LILIANA PEREIRA
Plaintiff Lilitana Pereira

Dated: 11/26/2025

Peter E Horner
Defendant Warmel Management Company

By: PETER E. HORNER

Title: PRESIDENT

MOON LAW GROUP, PC

Dated: 10/25/25

By: 
Kane Moon
Daniel Park

Attorneys for Plaintiff Jesus Velasco

CROSNER LEGAL

By: _____
Brandon Brouillette
Attorneys for Plaintiff Liliana Pereira

OGLETREE DEAKINS

Dated: _____

By: _____
Lynn A. Richardson
Attorneys for Defendant Warmel Management
Company

MOON LAW GROUP, PC

Dated: _____

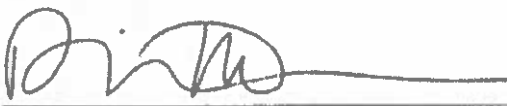
By: _____

Kane Moon

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Attorneys for Plaintiff Jesus Velasco

CROSNER LEGAL

By:  _____

Brandon Brouillette

Attorneys for Plaintiff Liliana Pereira

OGLETREE DEAKINS

Dated: _____

By: _____

Lynn A. Richardson

Attorneys for Defendant Warmel Management
Company

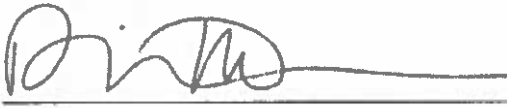
MOON LAW GROUP, PC

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By:  _____
Brandon Brouillette
Attorneys for Plaintiff Liliana Pereira

OGLETREE DEAKINS

Dated: 30-Dec-2025 _____

DocuSigned by:

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By: _____
Lynn A. Richardson
Attorneys for Defendant Warmel Management
Company

AMENDMENT TO PAGA SETTLEMENT AGREEMENT

This AMENDMENT TO PAGA SETTLEMENT AGREEMENT (“Amendment to Settlement”) is made and entered into by and between Plaintiff Jesus Velasco (“Plaintiff Velasco”), Plaintiff Liliana Pereira (“Plaintiff Pereira”) (collectively “Plaintiffs” referring to Plaintiff Velasco and Plaintiff Pereira) and Defendant Warmel Management Company (“Defendant”)(collectively, with the Plaintiffs, “Parties”).

AMENDEMENTS

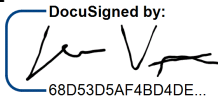
THE PARTIES STIPULATE AND AGREE as follows:

1.DEFINITIONS.

- 1.19. “PAGA Counsel Fees Payment” means the award of attorneys’ fees for services they have rendered to Plaintiffs, the State of California, and the Aggrieved Employees of not more than 30% of the Gross Settlement Amount, which is currently estimated to be Five Hundred Sixty-Four Thousand Dollars and Zero Cents (\$564,000.00). Defendant will not oppose the request for the PAGA Counsel Fees Payment, provided that it does not exceed this amount. If the Court approves a PAGA Counsel Fees Payment less than the amounts requested, the Administrator will allocate the remainder to the PAGA Penalties. Released Parties will have no liability to PAGA Counsel or any other plaintiff’s Counsel arising from any claim to any portion any PAGA Counsel Fee Payment. The Administrator will pay the PAGA Counsel Fees Payment using one or more IRS 1099 Forms. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and holds Released Parties harmless, and indemnifies them, from any dispute or controversy regarding any division or sharing of the PAGA Counsel Fees Payment, which PAGA Counsel agrees shall be divided 75% to Moon Law Group, PC and 25% to Crosner Legal, PC.
- 1.22. “PAGA Period” means the period from February 12, 2021, through October 18, 2024.
- 1.30. “Released Parties” shall mean Defendant and its past, present, and/or future, officers, directors, members, managers, and employees.

4. SETTLEMENT FUNDING AND PAYMENTS

- 4.3. Funding of Gross Settlement Amount and Individual Settlement Payments. Defendant will fully fund the Gross Settlement Amount by transmitting the GSA, along with the amount, if any, necessary to fully pay Defendant’s share of payroll taxes no later than sixty (60) days after the Effective Date. Defendant will also fully pay Plaintiffs’ Individual Settlement Payments within sixty (60) days of the Effective Date.
- 4.7. Pay Period Information. Based on its records at the time of settlement, Defendant estimated that there were approximately 166,901 PAGA Pay Periods during the PAGA Period, with a 10% cushion of up to and including 183,591 PAGA Pay Periods. Pursuant to the Parties’ agreement, if the number of PAGA Pay Periods exceeded the 10% cushion, Defendant had the option to either increase the Gross Settlement Amount on a pro rata basis or shorten the PAGA Period to an earlier date so that the number of PAGA Pay Periods did not exceed the agreed-upon threshold. Parties have since confirmed that the escalator provision was triggered. Defendant elected to shorten the PAGA Period rather than increase the Gross Settlement Amount. Accordingly, the Parties have agreed to modify the end date of the PAGA Period from February 6, 2025 to October 18, 2024, and the PAGA Period is now defined as February 12, 2021 through October 18, 2024. The Gross Settlement Amount remains unchanged.

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68D53D5AF4BD4DE...

Dated: 9/15/2026

Plaintiff Jesus Velasco

Dated: _____

Plaintiff Liliana Pereira

Dated: _____

Defendant Warmel Management Company

By:

Title:

Dated: 9/15/2026

MOON LAW GROUP, PC

By: 

Kane Moon
Daniel Park

Attorneys for Plaintiff Jesus Velasco

Dated: _____

CROSNER LEGAL

By: _____

Brandon Brouillette
Attorneys for Plaintiff Liliana Pereira

Dated: _____

OGLETREE DEAKINS

By: _____

Lynn A. Richardson
Steven Mannix

Attorneys for Defendant Warmel Management Company

Dated: _____

Plaintiff Jesus Velasco

Dated: 09 / 15 / 2026

LILIANA PEREIRA

Plaintiff Liliana Pereira

Dated: _____

Defendant Warmel Management Company

By: _____

Title: _____

Dated: _____

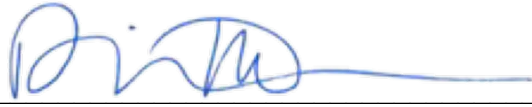
MOON LAW GROUP, PC

By: _____
Kane Moon
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Attorneys for Plaintiff Jesus Velasco

Dated: 09/15/2026

CROSNER LEGAL

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Brandon Brouillette
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