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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN DIEGO – HALL OF JUSTICE COURTHOUSE

OSCAR SANCHEZ, individually, and on behalf of
 all others similarly situated,

Plaintiff,

v.

SOCIEDAD TEXTIL LONIA, CORP., a Delaware
 corporation; and DOES 1 through 10, inclusive,

Defendants.

Case No. 37-2022-00003074-CU-OE-CTL
*Assigned for all purposes to the Honorable Ronald
 F. Frazier, Department C-65*

**STIPULATION OF CLASS AND
 REPRESENTATIVE ACTION SETTLEMENT**

PAGA Case No.
 LWDA-CM-863868-22: January 20, 2022
 Action Filed: January 25, 2022
 FAC Filed: July 6, 2022
 Trial Date: None Set

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CLASS AND REPRESENTATIVE ACTION SETTLEMENT

I. INTRODUCTION AND MUTUAL INTENT TO SETTLE

1. Stipulating Parties and the Action. This Stipulation of Class and Representative Action Settlement (“Settlement” or “Settlement Agreement”) is made by and between Plaintiff Oscar Sanchez (“Plaintiff”) and Defendant Sociedad Textil Lonia, Corp. (“Defendant”) (jointly, the “Parties”) in *Sanchez v. Sociedad Textil Lonia, Corp.*, San Diego County Superior Court, Case No. 37-2022-00003074-CU-OE-CTL (the “Action”).

2. Stipulating Parties’ Joint Statement of Purpose and Intent to Settle. The Parties intend that this Settlement Agreement, subject to Court approval, shall fully, finally, forever resolve, discharge and settle this Action and have agreed to work diligently and cooperatively to present this Settlement Agreement to the Court so that it is finally approved and that the Action is finally adjudged.

II. DEFINITIONS

3. Action. “Action” means the putative class and representative action entitled *Sanchez v. Sociedad Textil Lonia, Corp.*, San Diego County Superior Court, Case No. 37-2022-00003074-CU-OE-CTL, filed January 25, 2022.

4. Class. “Class” means all current and former hourly non-exempt employees who worked for Defendant in California as an hourly, non-exempt employee at any time during the Class Period.

5. Class Counsel. “Class Counsel” means Moon & Yang, APC including Kane Moon and Roy K. Suh.

6. Class Counsel Cost Award. “Class Counsel Cost Award” means the amount not exceeding twenty-five thousand dollars and zero cents (\$25,000.00), payable from the Gross Settlement Amount and due to Class Counsel for reimbursement of Class Counsel’s reasonable litigation expenses incurred in litigating and resolving the Action; if the Court finally approves a lesser amount, then the difference shall remain part of the Net Settlement Amount.

7. Class Counsel Fee Award. “Class Counsel Fee Award” means the amount of no less than eighty-six thousand, six hundred, sixty-six dollars, and sixty-seven cents (\$86,666.67) or one-third (1/3) of the Gross Settlement Amount, whichever is greater, payable from the Gross Settlement Amount and due to Class Counsel as reasonable attorneys’ fees for litigating and resolving the Action; if the Court

1 finally approves a lesser amount, then the difference shall remain part of the Net Settlement Amount.

2 8. Class List. “Class List” means a Microsoft Excel (or similar electronically manipulatable)
3 spreadsheet containing the following information regarding each Class Member: (1) full name; (2) last
4 known address; (3) last known telephone number; (4) social security number or taxpayer identification
5 number; (5) start and end dates of employment as a non-exempt employee of Defendant in the State of
6 California; (6) total Workweeks worked during the Class Period; (7) total PAGA Pay Periods worked
7 during the PAGA Period; and (8) any other information the Settlement Administrator reasonably requires
8 to carry out its settlement administration duties.

9 9. Class Member. “Class Member” means a current or former hourly non-exempt employee
10 who worked for Defendant in California as an hourly, non-exempt employee at any time during the Class
11 Period.

12 10. Class Notice. “Class Notice” means the Notice of Class and Representative Action
13 Settlement, substantially in the form attached as **Exhibit 1**, summarizing this Settlement Agreement
14 including its key terms, its binding nature, procedures for opting out of the Settlement and release of
15 Released Claims that do not arise under PAGA and the procedures for objecting to the Settlement.

16 11. Class Period. “Class Period” means the period commencing on January 25, 2018 and
17 ending on the date the Court preliminarily approves this Settlement, or to an earlier date that Defendant
18 may select to end to prevent the triggering of the Gross Settlement Amount Escalator Clause.

19 12. Class Representative Service Award. “Class Representative Service Award” means the
20 amount not exceeding five thousand dollars and zero cents (\$5,000.00), payable from the Gross Settlement
21 Amount and due to Plaintiff, separate from any Individual Settlement Payment and Individual PAGA
22 Payment, for Plaintiff’s efforts and risks in bringing and resolving the Action; if the Court finally approves
23 a lesser amount, then the difference shall remain part of the Net Settlement Amount.

24 13. Court. “Court” means the Superior Court of California for the County of San Diego County
25 and the judicial officer presiding over this Action.

26 14. Defendant. “Defendant” means Defendant Sociedad Textil Lonia, Corp., a Delaware
27 Corporation.

28 15. Defendant’s Counsel. “Defendant’s Counsel” means Bartko Zankel Bunzel & Miller

including An Nguyen Ruda and Ronnie Shou.

16. Effective Date. “Effective Date” means the later of the following dates: (i) sixty-five (65) days after the Court enters Final Judgment and no appeal, writ or other challenge to the finality of the judgment has been filed; or (ii) five (5) days after the day when all appeals, writs or other challenges to the Final Judgment have been resolved in a manner that affirms the finality of the judgment and the time for the filing of any further appeals, writs or other challenges has lapsed.

17. Employer’s Share of Payroll Taxes. “Employer’s Share of Payroll Taxes” means the amount of Defendant’s employer payroll tax obligations on the wage portion of Individual Settlement Payments including withholdings and contributions for federal, state, local taxes and any similar tax or charge, payable from Defendant’s own accounts, separate from the Gross Settlement Amount and due to the applicable governing authorities.

18. Exhibits. “Exhibits” mean the two (2) exhibits attached to this Settlement Agreement including Exhibit 1 (draft Class Notice) and Exhibit 2 (Plaintiff’s January 20, 2022 PAGA letter).

19. Final Approval Hearing. “Final Approval Hearing” means the hearing the Court sets wherein Plaintiff shall move the Court to find that the Settlement is fair, reasonable, and adequate and enter a Final Approval Order and Final Judgment.

20. Final Approval Order. “Final Approval Order” means the Court’s order which shall, among other things, finally approve the fairness, reasonableness, and adequacy of this Settlement Agreement.

21. Final Judgment. “Final Judgment” means the Court’s judgment which shall, among other things, finally adjudge the Action as resolved pursuant to this Settlement Agreement and deeming it binding as provided herein.

22. Gross Settlement Amount. “Gross Settlement Amount” means the non-reversionary amount of no less than two hundred sixty thousand dollars and zero cents (\$260,000.00) that Defendant shall pay as monetary consideration in exchange for releases of the Released Claims including released PAGA Claims and which amount shall be used to establish a common settlement fund for: (1) Individual Settlement Payments; (2) Settlement Administration Costs; (3) the PAGA Payment to the LWDA; (4) the PAGA Payment to PAGA Members; (5) the Class Representative Service Award; (6) the Class Counsel Fee Award; and (7) the Class Counsel Cost Award payable under this Settlement.

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23. Gross Settlement Amount Escalator Clause. “Gross Settlement Amount Escalator” means the conditional provision that provides that if the actual number of Workweeks worked by Class Members exceeds six thousand, three hundred, ninety-five (6,395) Workweeks by fifteen percent (15%), meaning that the actual Workweeks are more than seven thousand three hundred fifty-four (7,354) Workweeks, then Defendant shall have the option to either (i) establish the end date of the Class Period as of the 7,354th Workweek, which shall end the Class Period and the PAGA Period, or (ii) pay additional money for the additional release period commensurate with the number of Workweeks that exceed 7,354 Workweeks.

24. Individual PAGA Payment. “Individual PAGA Payment” means a PAGA Member’s pro rata share of the PAGA Payment to PAGA Members that is payable to PAGA Members from the Gross Settlement Amount, which shall be determined by dividing the PAGA Payment to PAGA Members by the aggregate number of PAGA Pay Period credits assigned to all PAGA Members, resulting in a PAGA Pay Period Dollar Value and then by multiplying the PAGA Pay Period Dollar Value by the number of PAGA Pay Period credits assigned to each PAGA Member.

25. Individual Settlement Payment. “Individual Settlement Payment” means a Participating Class Member’s pro-rata share of the Net Settlement Amount, which shall be determined by dividing the Net Settlement Amount by the aggregate number of Workweek credits assigned to all Participating Class Members, resulting in the Workweek Dollar Value and then by multiplying the Workweek Dollar Value by the number of Workweek credits assigned to each Participating Class Member.

26. LWDA. “LWDA” means the California Labor and Workforce Development Agency.

27. Net Settlement Amount. “Net Settlement Amount” means the aggregate amount payable to Participating Class Members, which shall be determined by subtracting the PAGA Payment, Settlement Administration Costs, Class Representative Service Award, Class Counsel Fee Award and Class Counsel Cost Award from the Gross Settlement Amount.

28. Objection. “Objection” means a Participating Class Member’s timely and valid written objection to the terms and conditions of this Settlement Agreement.

29. Opt-Out Request. “Opt-Out Request” means a Class Member’s timely and valid written request to be excluded from the Settlement and release of Released Claims that do not arise under PAGA.

30. PAGA. “PAGA” means the California Labor Code Private Attorneys General Act of 2004.

31. PAGA Claims. “PAGA Claims” means all claims or causes of action under PAGA that were or could have been premised on the claims, liabilities, demands, causes of action, rights, penalties, legal theories of relief, or obligations of any nature in Plaintiff’s January 20, 2022 PAGA notice to the LWDA and Defendant in LWDA Case No. LWDA-CM-863868-22 and that were alleged or reasonably could have been alleged based on the facts asserted in the operative complaint in the Action including, but not limited to, for violations of the California Labor Code and California Industrial Welfare Commission Wage Orders. A true and correct copy of the January 20, 2022 PAGA notice is attached as Exhibit 2.

32. PAGA Member. “PAGA Members” means a current or former hourly non-exempt employee who worked for Defendant in California at any time during the PAGA Period.

33. PAGA Pay Period. “PAGA Pay Period” means any 14-day period starting on the first day of the PAGA Period up to the first Monday of the PAGA Period and ending on the second Sunday thereafter, and so on, during which a PAGA Member worked at least one (1) day as Defendant’s employee in the state of California in Defendant’s records during the PAGA Period, which the Settlement Administrator preliminarily and finally assigns as credits to individual PAGA Members when calculating Individual PAGA Payments.

34. PAGA Pay Period Dollar Value. “PAGA Pay Period Dollar Value” means the dollar value for each PAGA Pay Period credit assigned to PAGA Members, which shall be determined by dividing the PAGA Payment to PAGA Members by the aggregate number of all PAGA Pay Period credits assigned to all PAGA Members.

35. PAGA Payment. “PAGA Payment” means the amount of twenty thousand dollars, and zero cents (\$20,000.00), payable from the Gross Settlement Amount to resolve the PAGA Claims as alleged in the Action. Subject to the approval of the Court, seventy-five percent (75%) of the PAGA Payment or fifteen thousand dollars and zero cents (\$15,000.00) shall be distributed to the LWDA, and twenty-five percent (25%) of the PAGA Payment or five thousand dollars and zero cents (\$5,000.00) shall be distributed to PAGA Members on a pro rata basis. If the LWDA or the Court rejects this allocation, then Parties shall meet and confer with the Court and the LWDA to reach a penalty allocation acceptable to all Parties and the Court that does not materially alter the terms of the Settlement Agreement, nor require Defendant to pay more than the Gross Settlement Amount.

1 **36. PAGA Payment to PAGA Members.** “PAGA Payment to PAGA Members” means the
2 amount of five thousand dollars and zero cents (\$5,000.00), payable from the Gross Settlement Amount
3 to PAGA Members as their aggregate twenty-five percent (25%) share of the PAGA Payment.

4 **37. PAGA Payment to the LWDA.** “PAGA Payment to the LWDA” means the amount of
5 fifteen thousand dollars and zero cents (\$15,000.00), payable from the Gross Settlement Amount and due
6 to the LWDA as its seventy-five percent (75%) share of the PAGA Payment.

7 **38. PAGA Period.** “PAGA Period” means the period commencing on January 20, 2021 and
8 ending on the date the Court preliminarily approves this Settlement, or to an earlier date that Defendant
9 may select to end to prevent the triggering of the Gross Settlement Amount Escalator Clause.

10 **39. PAGA Settlement.** “PAGA Settlement” means the settlement and release of the PAGA
11 Claims that arise under PAGA, which Plaintiff brought against Defendant, as a deputized PAGA
12 representative of the State of California, which shall bind the State of California and which PAGA
13 Members shall not be entitled to opt out of.

14 **40. Participating Class Members.** “Participating Class Members” means Plaintiff and all Class
15 Members who do not submit a timely and valid Opt-Out Request.

16 **41. Parties’ Counsel.** “Parties’ Counsel” means the attorneys of record for Plaintiff and
17 Defendant.

18 **42. Plaintiff.** “Plaintiff” means Plaintiff Oscar Sanchez.

19 **43. Preliminary Approval Order.** “Preliminary Approval Order” means the Court’s order,
20 among other things, preliminarily approving the fairness, reasonableness, and adequacy of this Settlement
21 Agreement.

22 **44. Released Claims.** “Released Claims” means all claims, rights, demands, liabilities and
23 causes of action arising from the alleged (1) Failure to Pay Minimum Wages (Cal. Lab. Code §§ 204,
24 1194, 1194.2, and 1197); (2) Failure to Pay Overtime Compensation (Cal. Lab. Code §§ 510, 1194 and
25 1198); (3) Failure to Provide Meal Periods (Cal. Lab. Code §§ 226.7, 512); (4) Failure to Authorize and
26 Permit Rest Breaks (Cal. Lab. Code §§ 226.7); (5) Failure to Indemnify Necessary Business Expenses
27 (Cal. Lab. Code § 2802); (6) Failure to Timely Pay Final Wages at Termination (Cal. Lab. Code §§ 201-
28 203); (7) Failure to Provide Accurate Itemized Wage Statements (Cal. Lab. Code § 226); (8) Unfair

Business Practices (Cal. Bus. & Prof. Code §§ 17200, *et seq.*); (9) Civil Penalties Under PAGA (Cal. Lab. Code §§2699, *et seq.*); and all other claims, rights, demands, liabilities and causes of action that may have been alleged based on the facts alleged in Plaintiff’s January 20, 2022 PAGA letter, the initial Complaint, and the operative complaint in the Action including Labor Code section 210, 218.5, 218.6, 226.3, 227.3, 558, 1021.5, 1174, 1174.5, 1197.1, and Wage Order 7.

45. Released Parties. “Released Parties” means Defendant and each of its current and former agents, officers, employees, directors, owners, members, subsidiaries, affiliates, parent companies, licensors, licensees, insurers, attorneys and other related parties who may be liable for any of the Released Claims.

46. Response Deadline. “Response Deadline” means the date sixty (60) days after the postmarked date on Class Notices the Settlement Administrator initially mails to Class Members in bulk, which shall be extended by additional ten (10) days for affected Class Members to whom the Settlement Administrator re-mails or reissues previously undelivered, misrouted or misplaced Class Notices.

47. Settlement Administration Costs. “Settlement Administration Costs” means the amount not exceeding twelve thousand, five hundred dollars, and zero cents (\$12,500.00), payable from the Gross Settlement Amount and due to the Settlement Administrator for the Settlement Administrator’s administration of the notice and distribution process pursuant to this Settlement Agreement and the Court’s orders; if the Court finally approves a lesser amount, then the difference shall remain a part of the Net Settlement Amount.

48. Settlement Administrator. “Settlement Administrator” means Simpluris, Inc., whom the Parties have agreed to request the Court appoint as the third-party settlement administrator to perform notice and settlement administration duties pursuant to this Settlement Agreement.

49. Unclaimed Property Fund. “Unclaimed Property Fund” means the California Controller’s Unclaimed Property Fund (Cal. Code Civ. Proc. § 1314).

50. Workweek. “Workweek” means any calendar week starting on the first day of the Class Period up to the first Monday of the Class Period and ending on the Sunday thereafter, and so on, during which a Class Member worked at least one (1) day as Defendant’s employee in the state of California in Defendant’s records during the Class Period, which the Settlement Administrator preliminarily and finally

1 assigns as credits to individual Participating Class Members when calculating Individual Settlement
2 Payments.

3 51. Workweek/PAGA Pay Period Dispute. “Workweek/PAGA Pay Period Dispute” means a
4 Class Member’s timely and valid written dispute about the number of Workweeks and/or PAGA Pay
5 Periods that the Settlement Administrator preliminarily credits to the affected Class Member.

6 52. Workweek Dollar Value. “Workweek Dollar Value” means the dollar value for each
7 Workweek credit assigned to Participating Class Members, which shall be determined by dividing the Net
8 Settlement Amount by the aggregate number of all Workweek credits assigned to all Participating Class
9 Members.

10 **III. RELEVANT PROCEDURAL HISTORY**

11 53. Plaintiff’s PAGA Notice. On January 20, 2022, Plaintiff sent a PAGA notice to the LWDA
12 and Defendant, in LWDA Case No. LWDA-CM-863868-22, alleging Defendant violated various
13 provisions of the California Labor Code and other laws along with the facts and theories supporting the
14 alleged violations including those alleged in the operative complaint in the Action.

15 54. Plaintiff’s Complaint. On January 25, 2022, Plaintiff filed a putative class action complaint
16 alleging Defendant’s (1) failure to pay minimum wages; (2) failure to pay overtime wages; (3) failure to
17 provide required meal periods; (4) failure to provide required rest periods; (5) failure to indemnify
18 employees for necessary expenditures incurred in discharge of duties; (6) failure to furnish accurate
19 itemized wage statements; (7) failure to pay timely and all wages due to discharged and quitting
20 employees; and (8) unfair and unlawful business practices.

21 55. Plaintiff’s First Amended and Operative Complaint. On July 6, 2022, Plaintiff filed a First
22 Amended Complaint, the operative complaint in this Action, which added a ninth cause of action, resulting
23 in the operative complaint alleging Defendant’s (1) failure to pay minimum wages; (2) failure to pay
24 overtime wages; (3) failure to provide required meal periods; (4) failure to provide required rest periods;
25 (5) failure to indemnify employees for necessary expenditures incurred in discharge of duties; (6) failure
26 to furnish accurate itemized wage statements; (7) failure to pay timely and all wages due to discharged
27 and quitting employees; (8) unfair and unlawful business practices; and (9) conduct giving rise to PAGA
28 civil penalties.

1 **56. Plaintiff's Discovery and Investigation.** Prior to the filing of this Action, Plaintiff and
 2 Plaintiff's counsel, engaged in substantial investigation about the Defendant's business practices in
 3 California. After the Action was filed and prior to mediation, the Parties engaged in extensive informal
 4 exchange of information. Plaintiff obtained documents, data and information from Defendant and other
 5 resources including, but not limited to, a sampling of Class Member time and pay records consisting of a
 6 large volume of data and indicative of Defendant's timekeeping, recordkeeping and wage payment
 7 policies and practices.

8 **57. Mediation and Agreement to Settle the Action.** On September 20, 2022, the Parties
 9 participated in a private mediation session with an experienced wage and hour class action mediator, Marc
 10 Feder, Esq., which led to the Parties' September 20, 2022 agreement about the material terms of a class
 11 and representative settlement, which formed the basis of this Settlement Agreement.

12 **IV. RECITALS AND REPRESENTATIONS**

13 **58. This Settlement is Fair, Adequate, and Reasonable.** The Parties represent this Settlement
 14 Agreement is a fair, adequate and reasonable settlement of the Action and that the Parties have arrived at
 15 this Settlement Agreement after extensive arms-length negotiations while accounting for materially
 16 relevant factors, present and potential. The Parties further agree that the consideration described herein
 17 constitutes adequate consideration for the Settlement and releases described herein.

18 **58.a. Numerosity of Potential Class Members.** For purposes of settlement only, the
 19 Parties agree that because the potential Class is so numerous, it is impossible or impractical to have each
 20 Class Member execute this Settlement Agreement.

21 **58.b. Notice and Opportunity to Respond Comporting with Due Process.** For purposes
 22 of settlement only, the Parties agree that because of the numerosity of the potential Class, the notice and
 23 response procedure outlined in this Settlement Agreement provides the best and most practical notice to
 24 Class Members and fully complies with due process.

25 **58.c. Benefits of Settlement to Plaintiff and Class Members.** Plaintiff recognizes
 26 continued litigation in the Action through trial, appeals and final judgment would be time consuming,
 27 uncertain, risky, and expensive. Plaintiff recognizes these uncertainties and risks include Plaintiff's ability
 28 obtain class certification of claims, as well as to meet the burdens of proof necessary to establish liability,

1 damages, penalties, and other relief sought for the causes of action asserted in the Action, generally and
2 in response to Defendant's defenses thereto. Plaintiff also recognizes Defendant's agreement to enter into
3 a settlement may result in substantial benefits for Class Members because it is a good faith compromise
4 of highly disputed claims. Accordingly, Plaintiff, under Class Counsel's guidance, has determined the
5 Settlement is fair, adequate, and reasonable and that it is in the best interests of the Class.

6 **58.d. Defendant's Reasons for Settlement.** Defendant recognizes continued defensive
7 litigation in the Action would be protracted and expensive for it. Defendant recognizes it would continue
8 to expend substantial time and expense to prove the merits of its defenses. While Defendant is confident
9 that it has done no wrong, continued litigation in the Action through trial, appeals and final judgment
10 would be time consuming, uncertain, risky and expensive. Defendant continues to assert Plaintiff's
11 allegations have no merit and do not give rise to Defendant's liability for damages, restitution, penalties,
12 or other payments and that this Settlement is a compromise of disputed claims. Defendant has agreed to
13 settle in the manner and upon the terms set forth in this Settlement Agreement to put the claims alleged in
14 the Action to rest.

15 **58.e. No Admissions by Defendant or Plaintiff.** Defendant denies all claims alleged in
16 the Action and denies all wrongdoing. Defendant contends it has complied with all applicable state, federal
17 and local laws and reserves its right to assert all available defenses to Plaintiff's claims in the Action.
18 Nothing contained in this Settlement Agreement, nor any documents referred to herein and no action that
19 the Parties have undertaken to effectuate this Settlement Agreement should be construed or used as an
20 admission by or against any of the Parties as to suitability of class or representative adjudication or about
21 the merits of the claims asserted in the Action. The Parties maintain that neither this Settlement
22 Agreement, nor any of its terms and conditions, nor any of the negotiations connected with it, is a
23 concession, admission, or inference regarding wrongdoing or that class certification is proper under the
24 standard applied to contested certification motions.

25 **58.f. Certification for Settlement Purposes Only.** The Parties agree to the certification of
26 the proposed class for settlement purposes only.

27 **58.g. No Conflicts of Interest with Relevant Third-Parties.** The Parties represent they do
28 not have any financial interest in the Settlement Administrator, or otherwise have a relationship with the

Settlement Administrator, or any third party that could create an appearance of a conflict of interest.

59. No Tax Advice & Circular 230 Disclaimer. The Parties represent that no provision of this Settlement Agreement or other communications or disclosures is, or was intended, to constitute tax advice within the meaning of United States Treasury Department Circular 230 (31 C.F.R., Subtitle A, Part 10, as amended). The Parties further represent they: (i) shall be solely responsible for reporting and paying any applicable federal, state and/or local income tax, employment tax or any other withholding on all taxable income or other benefit they individually receive as consideration exchanged pursuant to this Settlement Agreement; (ii) have relied exclusively upon their own, independent legal and tax advisors for tax advice in connection with this Settlement Agreement; and (iii) in keeping with their individual rights to due process, shall not be entitled to rely upon any communication or disclosure by Plaintiff, Defendant or Parties' Counsel to avoid the payment of any assessment, penalty, tax, attorneys' fees, or other amounts based on the taxability of any consideration provided or exchanged pursuant to this Settlement Agreement.

**V. SETTLEMENT CONSIDERATION AND RELEASED CLAIMS ON AND AFTER
EFFECTIVE DATE**

60. No Release of Claims Against any Other Defendant. Because Defendant Sociedad Textil Lonia, Corp., a Delaware Corporation is the only individual defined as a "Defendant" for the purposes of this Settlement Agreement, there shall be no release of any claims of any nature against any other person pursuant to this Settlement Agreement unless such person qualifies as one of the Released Parties and the claim qualifies as a Released Claim.

61. Non-Reversionary Nature of Settlement Agreement. No portion of the Gross Settlement Amount shall revert to Defendant.

62. No Claim-Submission Process. There shall be no claim or claim form submission process or requirement and, as such, Class Members shall not receive, nor shall they be required to submit, a claim form to be entitled to an Individual Settlement Payment and/or Individual PAGA Payment.

63. Releases of Claims Against Released Parties. In exchange for Defendant's performance of its obligations during settlement administration, culminating in Defendant remitting the entire Gross Settlement Amount to the Settlement Administrator, the Released Claims, and PAGA Claims shall be released as follows.

63.a. Participating Class Members' Release of Released Claims. After Defendant remits the Gross Settlement Amount in full to the Settlement Administrator, Plaintiff and all other Participating Class Members shall be deemed to have settled and released all Released Claims against the Released Parties that do not arise under PAGA.

63.b. California's Release of PAGA Claims. After Defendant remits the Gross Settlement Amount in full to the Settlement Administrator, the State of California, by and through Plaintiff, its deputized PAGA representative, and all PAGA Members shall be deemed to have settled and released all PAGA Claims against the Released Parties. Neither the Settlement Administrator's distribution of Individual PAGA Payment checks to, nor the use or enjoyment of any Individual PAGA Payment by Class Members, Participating Class Members, or PAGA Members shall constitute consideration offered or exchanged for the release of any Class Member, Participating Class Member, or PAGA Member's individual, private rights of action against any person.

VI. SETTLEMENT ADMINISTRATOR AND GENERAL SETTLEMENT ADMINISTRATION DUTIES

64. Appointment of Settlement Administrator. The Parties have agreed to request that the Court appoint Simpluris, Inc. as the third-party settlement administrator to perform settlement administration duties pursuant to this Settlement Agreement. The Parties and Parties' Counsel represent they have no financial interest in, or relationship with, the Settlement Administrator that could create an appearance of a conflict of interest.

65. Settlement Administrator's Duties During Settlement Administration. The Settlement Administrator shall perform the express and implied settlement administration tasks in this Settlement Agreement including: (i) printing and mailing Class Notices; (ii) collecting, validating and attempting to resolve Workweek/PAGA Pay Period Disputes; (iii) collecting and validating Opt-Out Requests and Objections; (iv) establishing a qualified settlement fund; (v) preparing and mailing tax forms to Class Members and others; (vi) computing and distributing all payments made under the Settlement; (vii) calculating and remitting all employee payroll and other tax obligations to the appropriate government agencies; (viii) calculating all employer payroll and other tax obligations; (ix) transferring uncashed Individual Settlement Payments and Individual PAGA Payments to the Unclaimed Property Fund; and (x)

all other duties as listed below.

65.a. Settlement Administrator's Secure Recordkeeping and File Maintenance. The Settlement Administrator shall secure and protect Class Member information from unauthorized access, use, deletion and modification including all information in the Class List. The Settlement Administrator shall also exercise its best judgment and discretion to limit the disclosure of Class Member information to only those persons who need it to implement the terms and conditions of this Settlement Agreement and shall maintain all records related to the settlement administration tasks it performs for at least four (4) years after settlement administration has been completed.

65.b. Records of Communication with Class Members and Class List Maintenance. The Settlement Administrator shall create and maintain records of all communications with Class Members or other persons affected by this Settlement Agreement including by maintaining documents it sends to and receives from Class Members and the Settlement Administrator's own notes describing oral or written communications with Class Members. The Settlement Administrator shall also promptly and continuously update the Class List with all notes and information resulting from Settlement Administrator's communications with Class Members or other persons affected by this Settlement Agreement including updated Class Members addresses; timely, untimely, valid or invalid Opt-Out Requests; timely, untimely, valid or invalid Objections; and timely, untimely, valid or invalid Workweeks/Pay Periods Disputes to ensure it possesses the most accurate information about Class Members throughout settlement administration.

VII. CONTENTS OF CLASS NOTICE

66. Class Notice Generally. The Parties have agreed to request that the Court approve a class notice, substantially in the form attached as Exhibit 1, which shall provide, among other things: (1) a brief explanation of the case, including the basic contentions or denials of the Parties; (2) a statement that the Court will exclude a member from the Class if the Class Member so requests by the Response Deadline; (3) a procedure for the Class Member to follow in requesting exclusion from the Class; (4) a statement that a judgment, whether favorable or not, will bind all Class Members who do not request exclusion; and (5) a statement that any Class Member who does not request exclusion may, if the Class Member so desires, enter an appearance through counsel.

1 66.a. Notice and Binding Nature of Settlement Agreement. The Class Notice shall
2 indicate the potentially binding nature of this Settlement Agreement on all Class Members.

3 66.b. Settlement Administration Disputes Prior to the Final Approval Hearing Subject to
4 Court Review. The Class Notice shall indicate the Settlement Administrator, who the Court has appointed
5 as a third-party to execute settlement administration duties, shall attempt to resolve all disputes including
6 all Workweek/PAGA Pay Period Disputes, Opt-Out Request disputes and Objection disputes, prior to the
7 Final Approval Hearing and that the Settlement Administrator's determinations or decisions regarding the
8 timeliness and validity of any dispute regarding this Settlement Agreement, shall be subject to Court
9 review.

10 66.c. Individualized Class Notices and Response Deadline. The Settlement
11 Administrator shall print Class Notices addressed to Class Members whose names appear on the Class
12 List along with information specifically applicable to Class Members including the number of Workweek
13 credits and PAGA Pay Period credits the Settlement Administrator intends on assigning Class Members
14 and shall expressly identify the Response Deadline, by providing a date certain, which shall occur sixty
15 (60) days after the Settlement Administrator's initial bulk mailing of Class Notices.

16 67. Gross Settlement Amount. The Class Notice shall indicate that the non-reversionary Gross
17 Settlement Amount shall be no less than is two hundred sixty thousand dollars, and zero cents
18 (\$260,000.00), which Defendant shall pay as monetary consideration for the release of Released Claims
19 and which amount shall be used to establish a common settlement fund comprising: (1) Individual
20 Settlement Payments; (2) Settlement Administration Costs; (3) the PAGA Payment to the LWDA; (4) the
21 PAGA Payment to PAGA Members; (5) the Class Representative Service Award; (6) the Class Counsel
22 Fee Award; and (7) the Class Counsel Cost Award payable under this Settlement.

23 67.a. Aggregate Workweek and PAGA Pay Period Estimate. The Class Notice shall
24 provide the aggregate number of Workweeks worked by Class Members and the aggregate number of
25 PAGA Pay Periods worked by PAGA Members according to Defendant's records.

26 67.b. Gross Settlement Amount Escalator Clause. The Class Notice shall indicate that if
27 the actual number of Workweeks worked by Class Members exceeds six thousand, three hundred, ninety-
28 five (6,395) Workweeks by fifteen percent (15%), meaning that they are more than seven thousand three

1 hundred fifty-four (7,354) Workweeks, then Defendant shall have the option to either (i) establish the end
2 date of the Class Period as of the 7,354th Workweek, which shall end the Class Period and the PAGA
3 Period, or (ii) pay additional money for the additional release period commensurate with the number of
4 Workweeks that exceed 7,354 Workweeks.

5 68. Net Settlement Amount. The Class Notice shall indicate that the Net Settlement Amount,
6 which, subject to a final accounting, is estimated to be no less than one hundred ten thousand, eight
7 hundred thirty-three dollars, and thirty-three cents (\$110,833.33), shall be the aggregate amount payable
8 to Participating Class Members, which shall be determined by subtracting the PAGA Payment, Settlement
9 Administration Costs, Class Representative Service Award, Class Counsel Fee Award and the Class
10 Counsel Cost Award from the Gross Settlement Amount.

11 68.a. Settlement Administration Costs. The Class Notice shall indicate that an amount
12 not exceeding twelve thousand, five hundred dollars, and zero cents (\$12,500.00), which Defendant has
13 agreed not to oppose, shall be payable from the Gross Settlement Amount and due to the Settlement
14 Administrator for the Settlement Administrator's administration of the notice and distribution process
15 pursuant to this Settlement Agreement and that if the Court finally approves a lesser amount, then the
16 difference shall remain a part of the Net Settlement Amount.

17 68.b. Class Representative Service Award. The Class Notice shall indicate that an
18 amount not exceeding five thousand dollars, and zero cents (\$5,000.00), payable from the Gross
19 Settlement Amount and due to Plaintiff, which Defendant has agreed not to oppose, shall be payable from
20 the Gross Settlement Amount and due to Plaintiff, separate from any Individual Settlement Payment and
21 Individual PAGA Payment, for Plaintiff's efforts and risks in bringing and resolving the Action and that
22 if the Court finally approves a lesser amount, then the difference shall remain part of the Net Settlement
23 Amount.

24 68.c. Class Counsel Fee Award. The Class Notice shall indicate that an amount of no less
25 than eighty-six thousand six hundred and sixty-six dollars and sixty-seven cents (\$86,666.67) or one-third
26 (1/3) of the Gross Settlement Amount, whichever is greater, which Defendant has agreed not to oppose,
27 shall be payable from the Gross Settlement Amount and due to Class Counsel as reasonable attorneys'
28 fees for litigating and resolving the Action and that if the Court finally approves a lesser amount, then the

1 difference shall remain part of the Net Settlement Amount.

2 68.d. Class Counsel Cost Award. The Class Notice shall indicate that an amount not
3 exceeding twenty-five thousand dollars and zero cents (\$25,000.00), which Defendant has agreed not to
4 oppose, shall be payable from the Gross Settlement Amount and due to Class Counsel for reimbursement
5 of Class Counsel's reasonable litigation expenses incurred in litigating and resolving the Action and that
6 if the Court finally approves a lesser amount, then the difference shall remain part of the Net Settlement
7 Amount.

8 68.e. PAGA Payment to the LWDA. The Class Notice shall indicate that fifteen thousand
9 dollars and zero cents (\$15,000.00), which Defendant has agreed not to oppose, shall be payable from the
10 Gross Settlement Amount and due to the LWDA as its seventy-five percent (75%) share of the PAGA
11 Payment and that if the Court finally approves a lesser amount, then the difference shall remain a part of
12 the Net Settlement Amount. Individual PAGA Payments reported on IRS Form 1099-MISC.

13 68.f. Individual PAGA Payments Reported on IRS Form 1099-MISC. The Class Notice
14 shall indicate that five thousand dollars and zero cents (\$5,000.00) shall be payable from the Gross
15 Settlement Amount to PAGA Members as their aggregate twenty-five percent (25%) share of the PAGA
16 Payment, which the Settlement Administrator shall report as non-wage income on IRS Form 1099-MISC,
17 and that if the Court finally approves a lesser amount, then the difference shall remain a part of the Net
18 Settlement Amount.

19 68.f.i. Individual PAGA Payment Calculations Based on PAGA Pay Period
20 Credits. The Class Notice shall indicate that Individual PAGA Payments due to PAGA Members shall be
21 based on their respective pro rata shares of the PAGA Payment to PAGA Members, which shall be
22 determined by the following three-step process: (i) the Settlement Administrator shall credit each PAGA
23 Member with PAGA Pay Period credits based on the data in the Class List, which shall be presumed
24 accurate, subject to the Workweek/PAGA Pay Period Dispute process; (ii) the Settlement Administrator
25 shall determine the PAGA Pay Period Dollar Value by dividing the PAGA Payment to PAGA Members
26 by the number of PAGA Pay Periods credited to all PAGA Members; and (iii) the Settlement
27 Administrator shall determine the Individual PAGA Payment due to each PAGA Member by multiplying
28 the number of PAGA Pay Periods credited to each PAGA Member by the PAGA Pay Period Dollar Value.

1 68.f.ii. Individualized PAGA Payment Amount Estimates. The Class Notice shall
 2 indicate the estimated Individual PAGA Payment due to each PAGA Member based on the PAGA Pay
 3 Period credits that the Settlement Administrator intends on assigning to each PAGA Member, subject to
 4 the Workweek/PAGA Pay Period Dispute process.

5 68.g. Individual Settlement Payments Reported on Twenty Percent (20%) Wages on IRS
 6 Form W-2 and Eighty Percent (80%) Non-Wages on IRS Form 1099-MISC. The Class Notice shall
 7 indicate that Net Settlement Amount, which, subject to a final accounting, is estimated to be no less than
 8 one hundred ten thousand, eight hundred thirty-three dollars, and thirty-three cents (\$110,833.33), shall
 9 be the aggregate amount payable to Participating Class Members, which the Settlement Administrator
 10 shall report as twenty percent (20%) wages, subject to reduction for applicable employee payroll taxes
 11 and customary withholdings, on IRS Form W-2, and eighty percent (80%) as non-wage income on IRS
 12 Form 1099-MISC.

13 68.g.i. Individual Settlement Payments Based on Workweek Credits. The Class
 14 Notice shall indicate that Individual Settlement Payments due to Participating Class Members shall be
 15 based on their respective pro rata shares of the Net Settlement Amount, which shall be determined by the
 16 following three-step process: (i) the Settlement Administrator shall credit each Participating Class
 17 Member with Workweek credits based on the data in the Class List, which shall be presumed accurate,
 18 subject to the Workweek/PAGA Pay Period Dispute process; (ii) the Settlement Administrator shall
 19 determine the Workweek Dollar Value by dividing the Net Settlement Amount by the number of
 20 Workweeks credited to all Participating Class Members; and (iii) the Settlement Administrator shall
 21 determine the Individual Settlement Payment due to each Participating Class Member by multiplying the
 22 number of Workweeks credited to each Participating Class Member by the Workweek Dollar Value.

23 68.g.ii. Individualized Settlement Payment Amount Estimates. The Class Notice
 24 shall indicate the estimated Individual Settlement Payment due to each Class Member based on the
 25 Workweek credits that the Settlement Administrator intends on assigning to each Class Member, subject
 26 to the Workweek/PAGA Pay Period Dispute process.

27 69. Individual Settlement Payment and Individual PAGA Payment Checks Void After 180
 28 Days. The Class Notice shall indicate that all Individual Settlement Payment and Individual PAGA

1 Payment checks shall be valid for one hundred eighty (180) days after the Settlement Administrator's bulk
2 mailing of the Individual Settlement Payment or Individual PAGA Payment checks and that if any such
3 check has not been cashed or deposited by that time, then they shall become void.

4 69.a. Void Individual Settlement Payment and Individual PAGA Payment Checks Still
5 Binding. The Class Notice shall indicate that if any Participating Class Members or PAGA Members do
6 not cash, deposit or receive Individual Settlement Payment or Individual PAGA Payment checks after the
7 Settlement Administrator's bulk mailing and before the date they become void, then all affected
8 Participating Class Members and PAGA Members shall, nevertheless, be bound to the Settlement to the
9 fullest extent under the law.

10 69.b. Transfer of Void Individual Settlement Payment and Individual PAGA Payment
11 Amounts to the Unclaimed Property Fund. The Class Notice shall indicate that the Settlement
12 Administrator shall, after the date that Individual Settlement Payment and Individual PAGA Payment
13 checks become void, transfer all amounts associated with the voided checks to the Unclaimed Property
14 Fund for deposit in the name of the affected Participating Class Members or PAGA Members.

15 70. No Tax Advice in Class Notice. The Class Notice shall indicate that the Parties make no
16 representations concerning the taxability, tax treatment, or legal effect of any tax laws on any
17 consideration provided or exchanged pursuant to the Settlement Agreement including any Individual
18 Settlement Payments or any Individual PAGA Payments and that Class Members should consult their own
19 tax advisors concerning the tax consequences of any payment under the Settlement Agreement.

20 71. Workweek/PAGA Pay Period Disputes. The Class Notice shall indicate that if a Class
21 Member wishes to dispute the number of Workweeks or PAGA Pay Periods credited to the affected Class
22 Member in the Class Notice, then the affected Class Member must submit a timely and valid written
23 Workweek/PAGA Pay Period Dispute to the Settlement Administrator by United States Mail, facsimile
24 and/or in other written form by no later than the Response Deadline.

25 71.a. Timeliness of Workweek/PAGA Pay Period Disputes. The Class Notice shall
26 indicate that the Settlement Administrator shall determine whether a Workweek/PAGA Pay Period
27 Dispute is timely based on the postmarked date on the mailing envelope, or by other indicia of timeliness.

28 71.b. Validity of Workweek/PAGA Pay Period Disputes. The Class Notice shall indicate

1 that the Settlement Administrator shall determine whether a Workweek/PAGA Pay Period Dispute is valid
2 based on whether it is in writing and includes the following five (5) enumerated items: (1) the Class
3 Member's full name; (2) the Class Member's approximate dates of employment; (3) the Class Member's
4 current contact information (e.g., a current mailing address and telephone number); (4) a statement
5 indicating the number of Workweeks and/or PAGA Pay Periods that the affected Class Member contends
6 should be credited along with documentary evidence to support the affected Class Member's contentions,
7 if any; and (5) the Class Member or Class Member's legal representative's signature.

8 71.c. Untimely or Invalid Workweek/PAGA Pay Period Disputes. The Class Notice shall
9 indicate that if a Workweek/PAGA Pay Period Dispute is not submitted in a timely and valid manner, then
10 it may result in an affected Class Member being credited with fewer Workweeks or PAGA Pay Periods
11 than the affected Class Member may be entitled to.

12 72. Opt-Out Requests. The Class Notice shall indicate that if a Class Member wishes to be
13 excluded from the Settlement and release of Released Claims (that do not arise under PAGA), then the
14 affected Class Member must submit a timely and valid written Opt-Out Request to the Settlement
15 Administrator by United States Mail, facsimile and/or in other written form by no later than the Response
16 Deadline. The Class Notice shall also indicate that if a Class Member submits a timely and valid Opt-Out
17 Request, then the Class Member shall not be entitled to any benefits under the Settlement, other than an
18 entitlement to an Individual PAGA Payment (if the Class Member qualifies as a PAGA Member) and the
19 Class Member shall have no right to object to the Settlement Agreement or appeal the Final Judgment.

20 72.a. Timeliness of Opt-Out Requests. The Class Notice shall indicate that the Settlement
21 Administrator shall determine whether an Opt-Out Request is timely based on the postmarked date on the
22 mailing envelope, or by other indicia of timeliness.

23 72.b. Validity of Opt-Out Requests. The Class Notice shall indicate that the Settlement
24 Administrator shall determine whether an Opt-Out Request is valid based on whether it is in writing and
25 includes the following five (5) enumerated items: (1) the Class Member's full name; (2) the Class
26 Member's approximate dates of employment; (3) the Class Member's contact information (e.g., current
27 mailing address and telephone number); (4) the Class Member's statement in no exact words but,
28 nevertheless, substantially in a form and substance indicating a desire to be excluded from the Settlement

1 Agreement (e.g., “I wish to be excluded from the settlement.”; “I opt out from the settlement.”; or “I do
2 not want to be part of the settlement.”); and (5) the Class Member or Class Member’s legal representative’s
3 signature.

4 72.c. Untimely or Invalid Opt-Out Requests. The Class Notice shall indicate that if an
5 Opt-Out Request is not submitted in a timely and valid manner, then it may result in an affected Class
6 Member being deemed a Participating Class Member who is bound by the Settlement and release of
7 Released Claims.

8 73. Objections. The Class Notice shall indicate that if a Class Member wishes to object to the
9 Settlement Agreement, then the Class Member must submit a timely and valid written Objection to the
10 Settlement Administrator by United States Mail, facsimile and/or in other written form by no later than
11 the Response Deadline and that any Class Member may hire an attorney at his or her own expense as a
12 representative, who may assist the Class Member in submitting or raising an objection. The Class Notice
13 shall also indicate that if a Class Member submits a timely and valid Objection, then the Class Member
14 may still be bound by the terms of the Settlement, the release of Released Claims and the Final Judgment
15 as a Participating Class Member.

16 73.a. Timeliness of Objections. The Class Notice shall indicate that the Settlement
17 Administrator shall determine whether an Objection is timely based on the postmarked date on the mailing
18 envelope, or by other indicia of timeliness.

19 73.b. Validity of Objections. The Class Notice shall indicate that the Settlement
20 Administrator shall determine whether an Objection is valid based on whether it is in writing and includes
21 the following five (5) enumerated items: (1) the Class Member’s full name; (2) the Class Member’s
22 approximate dates of employment; (3) the Class Member’s current contact information (e.g., a current
23 mailing address and telephone number); (4) the Class Member’s statement indicating the grounds for the
24 objection; and (5) the Class Member or Class Member’s legal representative’s signature.

25 73.c. Untimely or Invalid Objections. The Class Notice shall indicate that if an Objection
26 is not submitted in a timely and valid manner, then it may result in an affected Class Member’s objection
27 not being considered by the Court and that the affected Class Member may be deemed to have waived any
28 right to object to the Settlement and prohibited from raising an objection to the Settlement at any hearing.

**VIII. PRELIMINARY APPROVAL AND CLASS NOTICE ADMINISTRATION AFTER
PRELIMINARY APPROVAL ORDER**

74. Motion for Preliminary Approval of Settlement. No later than sixteen (16) court days before the Preliminary Approval Hearing, Plaintiff shall file a motion for preliminary approval, seeking, among other things, entry of a Preliminary Approval Order, conditionally certifying the Class for settlement purposes only, appointing Plaintiff as a representative of the Class, appointing Class Counsel as counsel for the Class, appointing the Settlement Administrator, setting a Final Approval Hearing date and ordering the Settlement Administrator to mail the Class Notice to Class Members.

74.a. Defendant's Provision of Updated Number of Class Members, Workweeks, PAGA Members and PAGA Pay Periods. No later than seven (7) days before Plaintiff's motion for preliminary approval hearing date, Defendant shall provide Class Counsel the updated number of Class Members, Workweeks worked by Class Members, PAGA Members and PAGA Pay Periods worked by PAGA Members that will be subject to this Settlement Agreement.

74.b. Defendant's Provision of the Class List to the Settlement Administrator. No later than seven (7) days after the Court's entry of a Preliminary Approval Order, Defendant shall provide the Settlement Administrator with the Class List.

75. Mailing of Class Notice by Bulk First Class U.S. Mail. No later than fourteen (14) days after receiving the Class List, the Settlement Administrator shall mail copies of the Class Notice in English to all Class Members via bulk First Class United States Mail, forwarding service requested.

75.a. Verification of Class Member Current Addresses and Presumption of Accuracy. Prior to mailing Class Notices to Class Members, the Settlement Administrator shall search the National Change of Address Database maintained by the United States Postal Service and perform skip tracing or other verification procedures to verify Class Members' current addresses. The addresses the Settlement Administrator determines as Class Members' current mailing addresses shall be presumed accurate.

75.b. IRS Form W-9 and Additional Withholdings for Unverified Social Security or Taxpayer Identification Numbers. Prior to mailing Class Notices to Class Members, the Settlement Administrator shall use verification procedures to verify Class Member social security numbers and/or taxpayer identification numbers and shall update the Class List accordingly. If the Settlement

1 Administrator is unable to verify a Class Member's social security number and/or taxpayer identification
2 number prior to its initial bulking mailing of Class Notices, then the Settlement Administrator shall enclose
3 an IRS Form W-9 along with each affected Class Member's Class Notice and a writing informing the
4 affected Class Member that the Settlement Administrator was unable to verify the affected Class
5 Member's social security number and/or taxpayer identification number and that the affected Class
6 Member must submit a completed and executed IRS Form W-9 to the Settlement Administrator on or
7 before the Response Deadline to avoid additional withholdings and potential delays in distribution of any
8 payments the affected Class Member may be entitled to under the Settlement.

9 75.c. Re-Mailing of Undelivered Class Notices. No later than three (3) business days
10 after receiving a Class Notice returned as undelivered up to ten (10) days after the Response Deadline,
11 Settlement Administrator shall attempt to determine another mailing address for the affected Class
12 Member by use of skip tracing or other verification or search procedures using the name, address,
13 telephone number, social security number and/or taxpayer identification number of the affected Class
14 Member. If the Settlement Administrator identifies another mailing address for the affected Class
15 Member, then it shall re-mail the Class Notice to the affected Class Member on the same day. If the
16 Settlement Administrator does not identify another mailing address for the affected Class Member, then
17 the Settlement Administrator shall be deemed to have satisfied its obligations to attempt to re-mail the
18 undelivered Class Notice to that affected Class Member. The Settlement Administrator shall maintain
19 records of the dates it receives undelivered Class Notices and re-mails Class Notices.

20 76. Settlement Administrator's Weekly Reports Regarding Class Notice Mailings,
21 Workweek/PAGA Pay Period Disputes, Opt-Out Requests and Objections. After its initial bulk mailing
22 of Class Notices, the Settlement Administrator shall provide the Parties a weekly report, which shall
23 include information about the number of Class Notices mailed, Class Notices returned as undelivered,
24 Class Notices re-mailed, Workweek/PAGA Pay Period Disputes received, Opt-Out Requests received,
25 and Objections received. The Settlement Administrator shall and continuously provide the Parties such
26 weekly reports until at least ten (10) days after the Response Deadline.

27 77. Determination of Timeliness and Validity of Workweek/PAGA Pay Period Disputes.
28 Subject to Parties' Counsel and Court review, the Settlement Administrator shall determine whether the

1 submission of a Workweek/PAGA Pay Period Dispute is timely and valid.

2 77.a. Workweek/PAGA Pay Period Dispute Timeliness. The Settlement Administrator
3 shall determine whether a Workweek/PAGA Pay Period Dispute is timely based on the postmarked date
4 on the mailing envelope, or by other indicia of timeliness. If the postmarked date or other indicia shows
5 the dispute was submitted after the Response Deadline, then the Settlement Administrator shall conclude
6 that the submission was untimely, which may render the submission null, void, and ineffective.

7 77.b. Workweek/PAGA Pay Period Dispute Validity. The Settlement Administrator shall
8 determine whether a Workweek/PAGA Pay Period Dispute is valid based on whether it is in writing and
9 includes the five (5) enumerated items required for validity. If the dispute is submitted orally or a written
10 submission is ambiguous or lacks any of the five (5) enumerated items required for validity, then the
11 Settlement Administrator shall conclude that the submission is invalid, which may render the submission
12 null, void and ineffective.

13 77.c. Workweek/PAGA Pay Period Dispute Cure Notices and Notice to the Court. No
14 later than three (3) business days after the Settlement Administrator concludes that a Workweek/PAGA
15 Pay Period Dispute is untimely or invalid prior to the Final Approval Hearing, the Settlement
16 Administrator shall attempt to communicate with the affected Class Member to request that the affected
17 Class Member cure any deficiencies in writing. Regardless of the timeliness or validity of any
18 Workweek/PAGA Pay Period Dispute, the Parties shall ensure that all Workweek/PAGA Pay Period
19 Disputes or any other written statements arguably constituting a timely and valid Workweek/PAGA Pay
20 Period Dispute are brought to the Court's attention in advance of the Final Approval Hearing.

21 78. Workweek/PAGA Pay Period Dispute Notice, Investigation and Resolution. If the
22 Settlement Administrator receives a Workweek/PAGA Pay Period Dispute prior to the Final Approval
23 Hearing, then the Settlement Administrator shall promptly investigate and attempt to resolve the dispute.

24 78.a. Workweek/PAGA Pay Period Dispute Notice to the Parties. No later than three (3)
25 business days after receiving a Workweek/PAGA Pay Period Dispute, and unless the Settlement
26 Administrator has good cause to limit the disclosure of an affected Class Member's personal information
27 considering factors including the affected Class Member's stated or unstated privacy interests, the
28 Settlement Administrator shall notify the Parties of its receipt of the Workweek/PAGA Pay Period Dispute

1 via electronic mail or facsimile, which shall include the identity and contact information of the affected
2 Class Member and any evidence submitted by the affected Class Member.

3 78.b. The Parties' Submission and Evaluation of Further of Evidence. No later than seven
4 (7) days after receiving the Settlement Administrator's notice of a Workweek/PAGA Pay Period Dispute
5 Defendant shall provide the Settlement Administrator with all relevant information it possesses about the
6 affected Class Member's contentions. Given Class Counsel's fiduciary duties owed to Class Members,
7 Class Counsel may undertake reasonable efforts to communicate with and obtain information from the
8 affected Class Member (or the Class Member's representative) to support the affected Class Member's
9 contentions. The Settlement Administrator shall evaluate all relevant evidence and, in consultation with
10 Parties' Counsel, shall render a final decision regarding the Workweek/PAGA Pay Period Dispute.

11 78.c. Notice to Affected Class Members Regarding Workweek/PAGA Pay Period
12 Dispute Investigation and Resolution. No later than three (3) business days of rendering its final decision
13 regarding a Workweek/PAGA Pay Period Dispute, the Settlement Administrator shall send the affected
14 Class Member written notice of its decision via United States Mail, facsimile and/or electronic mail, which
15 shall: (a) indicate whether the Settlement Administrator found the Workweek/PAGA Pay Period Dispute
16 wholly or partly meritorious, unmeritorious, or that it was unable to make a merits determination and the
17 reasons why it made such a finding; (b) indicate the number of Workweeks and/or PAGA Pay Periods
18 that the Settlement Administrator presently intends to credit the affected Class Member including the
19 number of additional Workweeks or PAGA Pay Periods, if any, and any corresponding changes to the
20 estimated Individual Settlement Payment or Individual PAGA Payment that the affected Class Member
21 may receive; and (c) indicate that the Settlement Administrator's final decision is subject to Court review
22 and that the Final Approval Hearing may be the best and final opportunity for the affected Class Member
23 to seek the Court's review or intervention.

24 79. Determination of Timeliness and Validity of Opt-Out Requests. Subject to Parties' Counsel
25 and Court review, the Settlement Administrator shall determine whether the submission of an Opt-Out
26 Request is timely and valid.

27 79.a. Opt-Out Request Timeliness. The Settlement Administrator shall determine
28 whether an Opt-Out Request is timely based on the postmarked date on the mailing envelope, or by other

indicia of timeliness. If the postmarked date or other indicia shows the request was submitted after the Response Deadline, then the Settlement Administrator shall conclude that the submission was untimely, which may render the submission null, void and ineffective.

79.b. Opt-Out Request Validity. The Settlement Administrator shall determine whether an Opt-Out Request is valid based on whether it is in writing and includes the five (5) enumerated items required for validity. If the request is submitted orally or a written submission is ambiguous or lacks any of the five (5) enumerated items required for validity, then the Settlement Administrator shall conclude that the submission is invalid, which may render the submission null, void and ineffective.

79.c. Opt-Out Request Cure Notices and Notice to the Court. No later than three (3) business days after the Settlement Administrator concludes that an Opt-Out Request is untimely or invalid prior to the Final Approval Hearing, the Settlement Administrator shall attempt to communicate with the affected Class Member to request that the affected Class Member cure any deficiencies in writing. Regardless of the timeliness or validity of any Opt-Out Request, the Parties shall ensure that all Opt-Out Requests or any other written statements arguably constituting a timely and valid Opt-Out Request are brought to the Court's attention in advance of the Final Approval Hearing.

80. Determination of Timeliness and Validity of Objections. Subject to Parties' Counsel and Court review, the Settlement Administrator shall determine whether the submission of an Objection is timely and valid.

80.a. Objection Timeliness. The Settlement Administrator shall determine whether an Objection is timely based on the postmarked date on the mailing envelope, or by other indicia of timeliness. If the postmarked date or other indicia shows the objection was submitted after the Response Deadline, then the Settlement Administrator shall conclude that the submission was untimely, which may render the submission null, void and ineffective.

80.b. Objection Validity. The Settlement Administrator shall determine whether an Objection is valid based on whether it is in writing and includes the five (5) enumerated items required for validity. If the request is submitted orally or a written submission is ambiguous or lacks any of the five (5) enumerated items required for validity, then the Settlement Administrator shall conclude that the submission is invalid, which may render the submission null, void and ineffective.

1 80.c. Objection Cure Notices and Notice to the Court. No later than three (3) business
 2 days after the Settlement Administrator concludes that an Objection is untimely or invalid prior to the
 3 Final Approval Hearing, the Settlement Administrator shall attempt to communicate with the affected
 4 Class Member to request that the affected Class Member cure any deficiencies in writing. Regardless of
 5 the timeliness or validity of any Objection, the Parties shall ensure that all Objections or any other written
 6 statements arguably constituting a timely and valid Objection are brought to the Court's attention in
 7 advance of the Final Approval Hearing.

8 81. Settlement Administrator's Written Notice to the Parties of Timely and Valid Opt-Out
 9 Requests from Ten Percent (10%) of Class Members. If the Settlement Administrator unilaterally, or in
 10 response to Plaintiff's or Defendant's request to investigate, determines it has received timely and valid
 11 Opt-Out Requests from ten percent (10%) of Class Members, then the Settlement Administrator shall,
 12 within three (3) business days, provide Parties' Counsel written notice that it has verified, or intends on
 13 further investigating to verify, the applicable Class Members' identities.

14 81.a. Settlement Administrator's and the Parties' Further Investigation of Timely and
 15 Valid Opt-Out Requests from Ten Percent (10%) of Class Members. If the Settlement Administrator
 16 indicates it has verified or that it intends on further investigation to determine whether it has received
 17 timely and valid Opt-Out Requests from ten percent (10%) of Class Members, then, given Class Counsel's
 18 fiduciary duties owed to Class Members, Class Counsel may undertake reasonable efforts to communicate
 19 with and obtain information from the Settlement Administrator, the applicable Class Members (or the
 20 Class Members' representatives) and Defendant to investigate and verify the same information.

21 81.b. Parties' Written Consensus that the Settlement Administrator has Received Timely
 22 and Valid Opt-Out Requests from Ten Percent (10%) of Class Members. If the Settlement Administrator
 23 has verified it has received timely and valid Opt-Out Requests from ten percent (10%) of Class Members,
 24 and Class Counsel has investigated and verified the same information, then the Parties shall agree in a
 25 writing, which includes Parties' Counsel and the Settlement Administrator, that there is a consensus
 26 between the Parties and the Settlement Administrator that the Settlement Administrator has received
 27 timely and valid Opt-Out Requests from ten percent (10%) of Class Members.

28 82. Defendant's 30-Day Option to Rescind and Void Settlement After the Parties' Written

Consensus Timely and Valid Opt-Out Requests from Ten Percent (10%) of Class Members. If the Parties agree in a writing, which includes Parties' Counsel and the Settlement Administrator, that there is a consensus between the Parties and the Settlement Administrator that the Settlement Administrator has received timely and valid Opt-Out Requests from ten percent (10%) of Class Members, then Defendant shall have the option to rescind or terminate its further obligations under this Settlement Agreement no later than thirty (30) days after the date of the Parties' written consensus. If Defendant does not exercise its right to rescind or terminate its further obligations under this Settlement Agreement within thirty (30) days of the date of the Parties' written consensus, then Defendant shall waive its right to rescind or terminate its obligations under this Settlement Agreement.

82.a. Defendant's Exercise of Option to Rescind and Void Settlement. If Defendant timely exercises its right to rescind or terminate its further obligations under this Settlement Agreement, then the Settlement Agreement shall be rendered null and void ab initio, Defendant shall be obligated to pay the Settlement Administrator all Settlement Administration Costs incurred up to the date the Settlement is rendered void, and the Parties shall, accordingly, proceed in all respects as if this Settlement Agreement had not been executed. If this Settlement Agreement is nullified, then the Parties shall return to their positions preceding this Settlement Agreement and Defendant shall retain all rights to challenge the Plaintiff's claims and the certification of any class.

82.b. Defendant's Written Notice of Intent to Exercise Option to Rescind and Void Settlement. Defendant shall provide Plaintiff written notice of its intent to exercise its option to rescind or terminate its further obligations under this Settlement Agreement no less than seven (7) days in advance of exercising its option to rescind or terminate this Settlement Agreement and shall meet and confer with Class Counsel about its decision in good faith during the 7-day period.

IX. FINAL APPROVAL AND FINAL JUDGMENT AND FINAL JUDGMENT

83. Motion for Final Approval of Settlement. No later than sixteen (16) court days before the Final Approval Hearing, Plaintiff shall file a motion for final approval, seeking, among other things, entry of a Final Approval Order, finally certifying the Class for settlement purposes only, ordering Defendant to remit the Gross Settlement Amount to the Settlement Administrator, approving and ordering the Settlement Administrator to distribute the amounts payable pursuant to the Settlement and setting a date

1 for the Court's review of the Settlement fund distribution.

2 84. Final Judgment. At the time Plaintiff moves for final approval of the Settlement, Plaintiff
3 shall also move the Court to enter a Final Judgment, which shall, among other things, finally adjudge this
4 Action and include a provision for the retention of the Court's jurisdiction over the Parties including the
5 Class to enforce the terms of the judgment.

6 84.a. Settlement Administrator's Declaration in Advance of Final Approval Hearing. The
7 Settlement Administrator shall, no later than ten (10) days prior to the Final Approval Hearing, or at an
8 earlier date at either Parties' request, provide written declarations to the Parties describing, among other
9 things, the process and results of the settlement administration process, the number of Opt-Out Requests
10 received (both timely and valid or otherwise), Objections received (both timely and valid or otherwise),
11 Workweeks/Pay Periods Disputes received (both timely and valid or otherwise) and the actual or projected
12 Settlement Administration Costs to date, which declarations Plaintiff shall file with the Court prior to the
13 Final Approval Hearing.

14 84.b. Notice of Final Approval Order and Final Judgment. If the Court enters the Final
15 Judgment, then the Settlement Administrator shall post copies of the Final Approval Order and Final
16 Judgment for two hundred forty (240) days on its website and Plaintiff shall cause copies of the Final
17 Approval Order and Final Judgment to be submitted to the LWDA. No individualized notice regarding
18 the entry of the Final Approval Order and Final Judgment shall be required to be provided to the Class.

19 **X. SETTLEMENT ADMINISTRATION AFTER FINAL APPROVAL AND THE**
20 **EFFECTIVE DATE**

21 85. Establishment of a Qualified Settlement Fund After Final Approval. No later than seven
22 (7) days after the Court enters a Final Approval Order, the Settlement Administrator shall establish a
23 qualified settlement fund, account, or trust pursuant to applicable state and federal rules and regulations
24 to hold the Gross Settlement Amount and distribute payments therefrom.

25 85.a. Defendant's Payment of the Gross Settlement After Final Approval. No later than
26 fourteen (14) days after the Court enters a Final Approval Order, Defendant shall remit the Gross
27 Settlement Amount in its entirety to the Settlement Administrator via secure wire transfer or by other
28 secure means and the Settlement Administrator shall report to the Parties whether it received the entire

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1 Gross Settlement Amount in a timely manner within three (3) business days.

2 85.b. Distribution Process and Court Intervention if Gross Settlement Amount is
3 Untimely or Incomplete. If Defendant fails to remit the entire Gross Settlement Amount to the Settlement
4 Administrator in full on the date it is due or within a reasonable time thereafter, then the Settlement
5 Administrator shall refrain from distributing any part of the Gross Settlement Amount until the Parties
6 provide the Settlement Administrator further instruction including by way of the Court's intervention or
7 further orders.

8 85.c. Interest on Gross Settlement Amount that is Untimely or Incomplete. If Defendant
9 fails to remit the entire Gross Settlement Amount to the Settlement Administrator in full on the date it is
10 due, then Defendant shall be obligated to pay the legal rate of interest on all amounts due and owing until
11 Defendant remits the entire Gross Settlement Amount to the Settlement Administrator along with the
12 accrued interest; the accrued interest shall remain part of the Net Settlement Amount and shall be
13 distributed to Participating Class Members.

14 86. Settlement Fund Distribution After Effective Date. No later than seven (7) days after
15 receiving the Gross Settlement Amount in full and the Effective Date occurs, the Settlement Administrator
16 shall distribute all payments from the Settlement fund. The Parties and Parties' Counsel shall have the
17 right to monitor and review the administration of the Settlement to verify that monies allocated under this
18 Settlement Agreement are distributed to the correct persons and in correct amounts in keeping with the
19 Final Approval Order and Final Judgment.

20 86.a. Settlement Administration Costs Distribution. The Settlement Administrator shall
21 distribute Settlement Administration Costs to itself for the Settlement Administrator's execution of
22 settlement administration duties.

23 86.b. Class Representative Service Award Distribution. The Settlement Administrator
24 shall distribute the Class Representative Service Award to Plaintiff via a check in Plaintiff's name, but
25 mailed to Class Counsel, separate from any Individual Settlement Payment and Individual PAGA
26 Payment, for Plaintiff's efforts and risks in bringing and resolving the Action, which the Settlement
27 Administrator shall report as non-wage income on IRS Form 1099-MISC.

28 86.c. Class Counsel Fee Award Distribution. The Settlement Administrator shall

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1 distribute the Class Counsel Fee Award to Class Counsel via secure wire transfer as reasonable attorneys’
 2 fees for litigating and resolving the Action, which the Settlement Administrator shall report as non-wage
 3 income on IRS Form 1099-MISC.

4 86.d. Class Counsel Cost Award Distribution. The Settlement Administrator shall
 5 distribute the Class Counsel Fee Award to Class Counsel via secure wire transfer for reimbursement of
 6 Class Counsel’s reasonable litigation expenses incurred in litigating and resolving the Action, which the
 7 Settlement Administrator shall report as non-wage income on IRS Form 1099-MISC.

8 86.e. PAGA Payment to the LWDA Distribution. The Settlement Administrator shall
 9 distribute the PAGA Payment to the LWDA via check, made out to the Labor and Workforce
 10 Development Agency, and sent by certified mail to Department of Industrial Relations, Accounting Unit,
 11 455 Golden Gate Avenue, 10th Floor, San Francisco, California 94102, as its seventy-five percent (75%)
 12 share of the PAGA Payment. The Settlement Administrator shall include a copy of the order or judgment
 13 awarding the penalties or other documentation identifying the court case and parties to which the payment
 14 applies.

15 86.f. Individual PAGA Payment Distribution. The Settlement Administrator shall
 16 distribute Individual PAGA Payment checks to all PAGA Members via bulk First Class United States
 17 Mail addressed to each PAGA Members’ last known mailing address based on data in the Class List
 18 including all updated data resulting from Class Members’ timely and valid Opt-Out Requests and the
 19 resolution of Workweek/PAGA Pay Period Disputes, which the Settlement Administrator shall report as
 20 non-wage income on IRS Form 1099-MISC.

21 86.g. Individual Settlement Payment Distribution. The Settlement Administrator shall
 22 distribute Individual Settlement Payment checks to all Participating Class Members via bulk First Class
 23 United States Mail addressed to each Participating Class Members’ last known mailing address based on
 24 data in the Class List including all updated data resulting from Class Members’ timely and valid Opt-Out
 25 Requests and the resolution of Workweek/PAGA Pay Period Disputes, which the Settlement
 26 Administrator shall report as twenty percent (20%) wages, subject to reduction for applicable employee
 27 payroll taxes and customary withholdings, on IRS Form W-2s and twenty percent (80%) as non-wage
 28 income on IRS Form 1099-MISC.

87. 120-Day Reminder Postcard for Uncashed Individual Settlement Payment and Individual PAGA Payment Checks Void. No later than one hundred and twenty (120) days of mailing Individual Settlement Payment and Individual PAGA Payment checks in bulk, the Settlement Administrator shall mail a reminder postcard to all Participating Class Members and PAGA Members, who have not cashed or deposited their Individual Settlement Payment or Individual PAGA Payment checks, that indicates their Individual Settlement Payment or Individual PAGA Payment checks shall become void if they are not cashed or deposited by the 180 day deadline and shall provide the exact date the checks become void on the postcard.

87.a. Check Reissuance and Re-Mailing Prior to Void Date. The Settlement Administrator shall, prior to the date that all Individual Settlement Payment or Individual PAGA Payment checks become void after 180 days, reissue any misrouted, misplaced, lost or stolen Individual Settlement Payment or Individual PAGA Payment checks to an affected Participating Class Member or PAGA Member, so long as the affected Participating Class Member or PAGA Member's original Individual Settlement Payment or Individual PAGA Payment check has not been cashed or deposited.

87.b. Transfer of Void Individual Settlement Payment and Individual PAGA Payment Amounts to the Unclaimed Property Fund. No later than fourteen (14) days after Individual Settlement Payment and Individual PAGA Payment checks become void, the Settlement Administrator shall transfer all amounts associated with the voided checks Unclaimed Property Fund in the name of the affected Participating Class Members or PAGA Members thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure section 384(b).

88. Settlement Administrator's Declaration Following Settlement Fund Distribution. After settlement fund distribution, and at the Parties' and Parties' Counsel's joint or independent requests, the Settlement Administrator shall provide declarations to the Parties and Parties' Counsel describing, among other things, the results of the settlement fund distribution process, including an accounting of: (1) Individual Settlement Payments; (2) Settlement Administration Costs; (3) the PAGA Payment to the LWDA; (4) Individual PAGA Payments; (5) the Class Representative Service Award; (6) the Class Counsel Fee Award; and (7) the Class Counsel Cost Award payable under this Settlement as well as the transfer of all amounts associated with any voided checks to the Unclaimed Property Fund, which

1 declarations Plaintiff shall file with the Court.

2 **XI. ADDITIONAL SETTLEMENT PROVISIONS**

3 89. Authorization to Enter into Settlement Agreement and Indemnification. Parties' Counsel
4 warrant and represent they were expressly authorized by the Parties whom they respectively represent to
5 negotiate this Settlement Agreement and to take all appropriate actions required or permitted to be taken,
6 on behalf of the Class, to effectuate its terms. The person signing this Settlement Agreement on behalf of
7 Defendant represents and warrants that he or she is authorized to sign this Settlement Agreement on behalf
8 of Defendant.

9 90. Intent to be Binding and Enforceability. The Parties intend this Settlement Agreement to
10 be fully binding on each other and that the Court shall have jurisdiction to enforce the terms and conditions
11 of the Settlement Agreement pursuant to Code of Civil Procedure section 664.6 (or the federal equivalent)
12 upon noticed motion. If any of the Parties breach any terms of this Settlement Agreement and an action is
13 brought to enforce its terms, then the prevailing party in any enforcement action shall be entitled to recover
14 reasonable attorneys' fees and costs.

15 91. Continuing Jurisdiction of the Court. Following entry of Final Judgment, the Court shall
16 retain jurisdiction with respect to the interpretation, implementation and enforcement of the terms of this
17 Settlement Agreement and all orders and directives entered in connection therewith. Parties and Parties'
18 Counsel shall submit to the jurisdiction of the Court for purposes of interpreting, implementing and
19 enforcing this Settlement Agreement and all orders and directives entered in connection therewith.

20 91.a. Interim Stay of Action. The Parties agree to stay and shall request that the Court
21 stay all proceedings in the Action, except such proceedings necessary to obtain preliminary and final
22 approval of the Settlement to fully implement this Settlement Agreement up to the time the Court enters
23 Final Judgment and the distribution of Settlement funds occurs.

24 91.b. Effect of Settlement Not Being Final. If this Settlement Agreement does not
25 become final by way of entry of a Final Judgment or by a denial of a preliminary approval or a final
26 approval with prejudice that binds the Parties from exercising their rights to renegotiate a settlement over
27 the same or similar subject matter, then it shall be rendered null and void ab initio. The Parties shall return
28 to their positions preceding this Settlement Agreement and Defendant shall retain all rights to challenge

1 the Plaintiff's claims and the certification of any class. If this Settlement Agreement is rendered null and
2 void ab initio, then no Class Member or person shall use this Settlement Agreement to support any claim
3 or request for class certification in the Action or in any other civil proceeding against Defendant. The
4 Parties shall, accordingly, proceed in all respects as if this Settlement Agreement had not been executed,
5 except that Plaintiff, on the one hand, and Defendant, on the other hand, shall each pay fifty percent (50%)
6 of the Settlement Administration Costs incurred to date.

7 91.c. Agreement to Cooperate if Court Does Not Approve Settlement. If the Court does
8 not finally approve this Settlement for any reason and in a manner that does not bind the Parties from
9 exercising their rights to renegotiate a settlement over the same or similar subject matter, then the Parties
10 agree to cooperate to reach a settlement that may be approved by the Court.

11 91.d. Best Efforts and Cooperation. The Parties and Parties' Counsel pledge their good
12 faith and fair dealing in supporting the approval of this Settlement Agreement by the Court, including, but
13 not limited to, fully documenting the settlement, timely delivering documents and information to each
14 other, completing or filing any other required documents or pleadings, arguing that the terms and
15 conditions agreed upon should be enforced fully, commencing any required action (either in court or in
16 arbitration), and jointly appealing and/or otherwise exhausting judicial review of any adverse ruling.
17 Defendant agrees that it shall not oppose Plaintiff's motion for preliminary approval or motion for final
18 approval nor any motions or requests for fees, costs, or awards so long as Plaintiff's motions and requests
19 are materially consistent with the terms and provisions of this Settlement Agreement.

20 91.e. Disclosure of Discovery and Further Confirmatory Discovery to Support Fairness,
21 Reasonableness and Adequacy of Settlement. The Parties shall meet and confer if Class Counsel intends
22 to reveal information that Defendant may have marked as confidential under the mediation privilege
23 including the data, documents, and sampling exchanged for mediation purposes in connection with
24 obtaining Court approval of the Settlement. Provided that the Parties reach a consensus on the information
25 to be disclosed, and memorialize the agreement in writing, Defendant shall not object to Class Counsel's
26 disclosure. If the Court denies entry of an order granting preliminary approval or final approval for want
27 of additional information about the fairness, reasonableness or adequacy of the Settlement, then Defendant
28 shall provide Class Counsel informal confirmatory discovery, as reasonably necessary, to secure

preliminary or final approval of the Settlement including additional data, documents, and time and pay record samples and a “Kullar” declaration under penalty of perjury regarding Defendant’s financial condition, changes to its timekeeping and wage payment policies and practices during the pendency of the Action, and/or other facts about the Defendant’s wage payment policies and practices, signed by a declarant with personal knowledge to support Plaintiff’s agreement to settle at a discount, which Plaintiff shall disclose to the Court, as necessary, to secure preliminary or final approval of the Settlement.

91.f. Resolution of Disputes. If the Court fails to approve this Settlement for any reason, or if the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provision that may become necessary to effectuate the terms of this Settlement Agreement, then the Parties agree to meet and confer and attend mediation with Mr. Marc Feder, as necessary, to reach a settlement that the Court may approve or to resolve such disagreement, as necessary.

91.g. No Discouragement of Class Member Participation or Obstruction of Settlement. The Parties and Parties’ Counsel agree not to encourage Class Members to file Opt-Out Requests, Objections, oppositions or other motions that oppose the entry of a Preliminary Approval Order or a Final Approval Order that approves this Settlement Agreement, appeal the entry of the Final Judgment or otherwise obstruct the full and final settlement of the Action including by refraining from obtaining waivers or *Pick Up Stix* agreements from Class Members.

91.h. Confidentiality Limitation on Public Statements About Settlement. Other than to present this Settlement to the Court for preliminary and final approval, the Parties and Parties’ Counsel agree to limit public comment on this settlement, the case, and the claims to stating that the matter has been resolved to the satisfaction of the Parties. Neither side will initiate public comment.

91.i. California Law Governs. All terms of this Settlement Agreement and the Exhibits attached hereto shall be governed by and interpreted according to the laws of the State of California. However, if any material inconsistencies or ambiguities arise during the construction and interpretation of the terms and provisions of any of the Exhibits as compared to the terms and provisions in this Settlement Agreement, then the terms and provisions in this Settlement Agreement shall control.

91.j. Method of Signature and Counterparts. This Settlement Agreement may be

executed by facsimile, electronic, document scan, or other means, in one or more counterparts or duplicates of originals and each of them shall be deemed an original and shall constitute one instrument.

91.k. Amendment or Modification. This Settlement Agreement shall not be amended or modified in any material respect unless by a written instrument signed by the Parties.

91.l. Binding on Successors and Assigns. This Settlement Agreement shall be binding upon and inure to the benefit of the Parties' successors and assigns.

91.m. Headings. The descriptive headings of any paragraphs or sections of this Settlement Agreement including the capitalized terms therein are inserted for convenience only.

91.n. Construction. The Parties have drafted this Settlement Agreement together. Hence, in any construction of this Settlement Agreement, the same shall not be construed against any of the Parties by reason of any claim that one of the Parties drafted the Settlement Agreement.

91.o. Invalidity of Any Provision. If any term or provision of this Settlement Agreement is deemed invalid, then the Parties agree that the Court should strike the invalid term or provision and then fully construe the remaining terms and provisions valid and, in a manner, resulting in a construction giving all remaining terms and provisions of this Settlement Agreement validity and enforceability.

91.p. Waivers. The waiver of any breach of this Settlement Agreement shall not be deemed or construed as a waiver of any other breach of this Settlement Agreement, whether prior, subsequent, contemporaneous, or continuing.

92. Severability. If one or more of the provisions contained in this Settlement Agreement is deemed or held invalid, illegal, or unenforceable in any respect, then the invalid, illegal, or unenforceable provisions shall be deemed stricken and the remaining provisions shall remain valid, illegal and enforceable including if Defendant's Counsel and Class Counsel, on behalf of the Parties and the Class, mutually elect in writing to proceed as if such invalid, illegal, or unenforceable provision had never been included in this Settlement Agreement, as necessary, or in lieu of written amendment or modification.

93. Entire Agreement. This Settlement Agreement and the attached Exhibits constitute the entire agreement between the Parties. The Exhibits to this Settlement Agreement are an integral part of the Settlement. No oral or written representations, warranties, or inducements have been made to Plaintiff or Defendant concerning this Settlement Agreement other than the representations, warranties and

covenants contained and memorialized in this Settlement Agreement. No other prior or contemporaneous written or oral agreements regarding the subject matter herein shall be deemed binding on the Parties.

IT IS SO STIPULATED.

DATED: 3/29/2023

Plaintiff OSCAR SANCHEZ

DocuSigned by:
By: 
OSCAR SANCHEZ

DATED: _____

Defendant SOCIEDAD TEXTIL LONIA, CORP.

By: _____
PILAR PEREZ GONZALEZ

Vice-President HR and Legal, SOCIEDAD TEXTIL LONIA, CORP., a Delaware corporation

APPROVED AS TO FORM:

DATED: 4/11/2023

MOON & YANG, APC

By: 
KANE MOON
ROY K. SUH

Attorneys for Plaintiff OSCAR SANCHEZ, individually, and on behalf of all others similarly situated

DATED: 4/12/2023

BARTKO ZANKEL BUNZEL & MILLER

By: 
AN NGUYEN RUDA
RONNIE SHOU

Attorneys for Defendant SOCIEDAD TEXTIL LONIA, CORP., a Delaware corporation

covenants contained and memorialized in this Settlement Agreement. No other prior or contemporaneous written or oral agreements regarding the subject matter herein shall be deemed binding on the Parties.

IT IS SO STIPULATED.

DATED: 3/29/2023

Plaintiff OSCAR SANCHEZ

DocuSigned by:
O.S.
By: OSCAR SANCHEZ

DATED: 4/12/2023

Defendant SOCIEDAD TEXTIL LONIA, CORP.

By: PILAR PEREZ GONZALEZ

Vice-President HR and Legal, SOCIEDAD TEXTIL LONIA, CORP., a Delaware corporation

APPROVED AS TO FORM:

DATED: 4/11/2023

MOON & YANG, APC

By: KANE MOON
ROY K. SUH

Attorneys for Plaintiff OSCAR SANCHEZ, individually, and on behalf of all others similarly situated

DATED:

BARTKO ZANKEL BUNZEL & MILLER

By: AN NGUYEN RUDA
RONNIE SHOU

Attorneys for Defendant SOCIEDAD TEXTIL LONIA, CORP., a Delaware corporation

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EXHIBIT 1
(Draft Class Notice)

NOTICE OF CLASS AND REPRESENTATIVE ACTION SETTLEMENT

Sanchez v. Sociedad Textil Lonia, Corp.
San Diego County Superior Court, Case No. 37-2022-00003074-CU-OE-CTL

**A COURT AUTHORIZED THIS NOTICE. THIS IS NOT A SOLICITATION BY A LAWYER.
YOU ARE NOT BEING SUED.**

IF YOU ARE OR WERE EMPLOYED BY SOCIEDAD TEXTIL LONIA, CORP. AS A NON-EXEMPT EMPLOYEE IN CALIFORNIA AT ANY TIME BETWEEN JANUARY 25, 2018 AND [DATE], THEN THIS CLASS ACTION SETTLEMENT MAY AFFECT YOUR RIGHTS.

Why should you read this Notice?

A proposed settlement (the “Settlement” or “proposed Settlement”) has been reached in class and representative action entitled *Sanchez v. Sociedad Textil Lonia, Corp.*, San Diego County Superior Court, Case No. 37-2022-00003074-CU-OE-CTL (the “Action”). The purpose of this Notice of Class and Representative Action Settlement (“Class Notice”) is to briefly describe the Action and to inform you of your rights and options in connection with the Action and the proposed Settlement. The proposed Settlement will resolve all claims in the Action. A formal Settlement Agreement is filed with the Court, which you may request a copy of, as described below. If there are any material inconsistencies between this notice and the Settlement Agreement, then subject to Court review, the provisions in the Settlement Agreement shall control.

The Court has preliminarily approved the Settlement’s payment provisions and other terms and conditions described in this notice. The Honorable Ronald F. Frazier will determine whether the Settlement is fair, adequate and reasonable and whether a Final Approval Order and a Final Judgment should be entered during a Final Approval Hearing at [FINAL APPROVAL HEARING DATE & TIME] in Department C-65 of the San Diego County Superior Court, located at 330 West Broadway, San Diego, California 92101. Because the date and time of the Final Approval Hearing may change without further notice, you should contact the Settlement Administrator or Class Counsel for further updates.

IF YOU DO NOT REQUEST TO BE EXCLUDED OR “OPT-OUT” OF THE SETTLEMENT ON TIME AND THE COURT ENTERS A FINAL APPROVAL ORDER AND A FINAL JUDGMENT, THEN YOU MAY BE ENTITLED TO AN INDIVIDUAL SETTLEMENT PAYMENT AND MAY BE BOUND BY THE RELEASE OF THE “RELEASED CLAIMS” DESCRIBED IN THIS NOTICE.

YOUR RIGHTS AND OPTIONS IN THIS SETTLEMENT

Do nothing	If you do nothing, then you will be considered part of the Class and will receive settlement benefits as explained more fully below. You will also give up various rights to pursue a separate legal action against Defendant Sociedad Textil Lonia, Corp. (“Defendant”) and any Released Parties based on any of the Released Claims.
Request to exclude yourself from or “Opt-Out” of the Settlement	If you do not want to participate in this Settlement, then you must exclude yourself from or “Opt-Out” of the Settlement, by writing to the Settlement Administrator by [RESPONSE DEADLINE]. If you choose to Opt-Out, then you will not receive any benefits under the Settlement nor will you release any claims against Defendant. If you qualify as a PAGA Member, however, then you will still receive an Individual PAGA Payment even if you choose to Opt-Out.
Object to the Settlement	If you wish to object to the Settlement, then you must write to the Settlement Administrator by [RESPONSE DEADLINE], about why you object to the Settlement. This option is available only if you do not Opt-Out of the Settlement.
Contest or dispute your Workweek or PAGA Pay Period credits	If you wish to contest or dispute the number of Workweek or PAGA Pay Period credits the Settlement Administrator intends on assigning to you for the purpose of calculating your share of the Settlement funds, then you must write to the Settlement Administrator by [RESPONSE DEADLINE], about why you dispute the credits and provide supporting documentation that you possess to support your dispute.

Who is affected by this proposed Settlement?

The Court has certified, for settlement purposes only, the following class of persons (the “Class”):

All current and former hourly non-exempt employees who worked for Defendant in California as an hourly, non-exempt employee at any time at any time from January 25, 2018 to [DATE] (“Class Period”).

According to Defendant’s records, you are a member of the Class (“Class Member”).

What is this Action about?

Plaintiff Oscar Sanchez (“Plaintiff”), individually, and on behalf of the Class, alleges Defendant: (1) failed to pay minimum wages; (2) failed to pay overtime wages; (3) failed to provide required meal periods; (4) failed to provide required rest periods; (5) failed to indemnify employees for necessary expenditures; (6) failed to furnish accurate itemized wage

statements; (7) failed to pay timely and all wages due to discharged and quitting employees; (8) engaged in unfair and unlawful business practices under California Business and Professions Code; (9) and engaged in conduct giving rise to civil penalties pursuant to the California Labor Code Private Attorneys General Act (“PAGA”).

Plaintiff believes this Settlement is in the best interests of all Class Members. Defendant denies all liability and is confident it has strong legal and factual defenses to these claims, but it recognizes the risks, distractions and costs associated with continued litigation. Defendant contends that its conduct is and has been lawful at all relevant times and that Plaintiff’s claims do not have merit and do not meet the requirements for class certification. This Settlement is a compromise reached after good faith, arm’s length negotiations between Plaintiff and Defendant (the “Parties”). Considering the risks and expenses associated with continued litigation, the Parties agree this Settlement is fair, adequate and reasonable.

The Court has not ruled on the merits of Plaintiff’s claims or Defendant’s defenses.

Who are the attorneys representing the Class?

The attorneys representing the Class in the Action (“Class Counsel”) are: Kane Moon (Cal. SBN 249834) and Roy K. Suh (Cal. SBN 283988), MOON & YANG, APC, 1055 West Seventh Street, Suite 1880, Los Angeles, California 90017; Telephone: (213) 232-3128; Facsimile: (213) 232-3125.

What are the Settlement payment terms?

Gross Settlement Amount. The “Gross Settlement Amount” of \$260,000.00 includes: (1) the amount of all Individual Settlement Payments to Class Members who do not Opt-out (“Participating Class Members”); (2) Settlement Administration Costs to the Settlement Administrator; (3) the PAGA Payment to the California Labor and Workforce Development Agency (“LWDA”); (4) Individual PAGA Payments to PAGA Members; (5) the Class Representative Service Award to Plaintiff; (6) the Class Counsel Fee Award to Class Counsel; and (7) the Class Counsel Cost Award to Class Counsel.

Net Settlement Amount. The “Net Settlement Amount” is currently estimated to be \$110,833.33. The Net Settlement Amount is subject to a final accounting and will be the amount remaining for disbursement to Participating Class Members after the following amounts are deducted from Gross Settlement Amount: (1) Settlement Administration Costs estimated not to exceed \$12,500.00; (2) the \$15,000.00 PAGA Payment to the LWDA for PAGA penalties; (3) the \$5,000.00 aggregate PAGA Payment to PAGA Members; (4) the \$5,000.00 Class Representative Service Award to Plaintiff; (5) the greater of \$86,667.67 or one-third (1/3) of the Gross Settlement Amount as a Class Counsel Fee Award to Class Counsel; and (6) and a Class Counsel Cost Award not to exceed \$25,000.00.

Individual Settlement Payments to Participating Class Members. The Settlement Administrator shall disburse Individual Settlement Payments from the estimated \$110,833.33 Net Settlement Amount to Participating Class Members based on the Workweek credits assigned to them. Individual Settlement Payments shall be characterized as Twenty percent (20%) wages, subject to IRS Form W-2 reporting, and eighty percent (80%) non-wages, subject to IRS Form 1099 reporting. The Settlement Administrator shall deduct applicable local, state and federal taxes from the wage portion of the Individual Settlement Payments only.

Individual PAGA Payments to PAGA Members. If you worked as an hourly non-exempt employee for Defendant in California at any time from **January 20, 2021** to **[DATE]** (“PAGA Period”), then you may also be a PAGA Member. The Settlement Administrator shall disburse Individual PAGA Payments from the \$5,000.00 aggregate PAGA Payment to PAGA Members based on the Pay Period credits assigned to them. Individual PAGA Payments shall be characterized as 100% non-wages, subject to IRS Form 1099 reporting.

PAGA Members Cannot opt-out of the “PAGA Component” of the Settlement. If you are a PAGA Member and the Settlement becomes final, then you will be entitled to an Individual PAGA Payment even if you choose to Opt-out of the Class component of the Settlement. This is because Individual PAGA Payments do not constitute consideration offered or exchanged for the release of any Class Members’ individual, private rights of action. In other words, PAGA Members cannot opt-out of the PAGA component of the Settlement but they can still preserve their individual, private rights to sue Defendant for any of the Released Claims as long as they Opt-out the “Class component” of the Settlement on time.

Checks Void at 180 Days & Transfer to the California State Controller’s Unclaimed Property Fund. If the Settlement becomes final, then the Settlement Administrator shall mail Individual Settlement Payment and Individual PAGA Payment checks no sooner than 75 days thereafter. If any Individual Settlement Payment or Individual PAGA Payment checks remain uncashed 180 days after the Settlement Administrator’s initial bulk mailing, then the uncashed checks will automatically become void and the Settlement Administrator shall transfer the uncashed check amounts to the California Controller’s Unclaimed Property Fund for deposit in the names of affected Participating Class Members, who shall remain bound by the Settlement. If the monies represented by your check is sent to the Unclaimed Property Fund, then you may consult the Unclaimed Property Fund’s website (https://www.sco.ca.gov/upd_msg.html) for instructions on how to retrieve the funds.

No Tax Advice. Parties and their attorneys make no representations concerning the tax consequences of this Settlement or your participation in it. Class Members should consult with their own tax advisors concerning the tax consequences of the Settlement. Class Counsel is unable to offer advice concerning any tax consequences of payments to any Class Member.

How much money should you expect as an Individual Settlement Payment and an Individual PAGA Payment?

Individual Settlement Payment Calculations. The Settlement Administrator shall determine Individual Settlement Payment amounts by (1) dividing the Net Settlement Amount by the aggregate number of Workweek credits assigned to all Participating Class Members, resulting in the “Workweek Dollar Value” amount; and (2) multiplying the Workweek Dollar Value with the number of Workweek credits assigned to each Participating Class Member.

Workweek Credits. The Settlement Administrator shall credit each individual Participating Class Member with a single Workweek credit for every calendar week that the individual Participating Class Member worked at least one day as Defendant’s employee in the state of California during the Class Period. Defendant estimates Class Members worked for Defendant during an aggregated 6,395 Workweeks.

Individual PAGA Payment Calculations. The Settlement Administrator shall determine Individual PAGA Payment amounts by (1) dividing the PAGA Payment to PAGA Members by the aggregate number of PAGA Pay Period credits assigned to all PAGA Members, resulting in the “PAGA Pay Period Dollar Value” amount; and (2) multiplying the PAGA Pay Period Dollar Value with the number of PAGA Pay Period credits assigned to each PAGA Member.

PAGA Pay Period Credits. The Settlement Administrator shall credit each individual PAGA Member with a single PAGA Pay Period credit for every bi-weekly pay period that the individual PAGA Member worked at least one day as Defendant’s employee in the State of California during the PAGA Period. Defendant estimates PAGA Members worked for Defendant during an aggregated 716 PAGA Pay Periods.

Your Preliminarily Assigned Workweeks and PAGA Pay Periods and Estimated Individual Settlement Payment and Individual PAGA Payment: Defendant has provided the Settlement Administrator with the dates all Class Members and PAGA Members worked during the Class Period and PAGA Periods. Based on the Defendant’s records, the Settlement Administrator estimates Class Members worked during a combined [X,XXX] Workweeks and PAGA Members during a combined [X,XXX] PAGA Pay Periods. Based on Defendant’s records, the Settlement Administrator intends to credit you with the following Workweek and PAGA Pay Period credits:

<<Total Workweeks>> Workweek Credits

<<Total Workweeks>> PAGA Pay Period Credits

Based on the Preliminary Workweek Dollar Value of <<\$X.XX.00>> and the preliminary PAGA Pay Period Dollar Value of <<\$X.XX.00>>, **your estimated Individual Settlement Payment and estimated Individual PAGA Payment are:**

<<EstSettPayment>> **Individual Settlement Payment**

<<EstPAGAPayment>> **Individual PAGA Payment**

Please note that the foregoing amounts are only estimates before a final accounting is conducted and before all required legal deductions; your actual payment may be greater or smaller than the amount reported above. If the actual number of Workweeks worked by Class Members exceeds 7,354 Workweeks, then Defendant shall have the option to either (i) establish the end date of the Class Period as of the 7,354th Workweek, which shall end the Class Period and the PAGA Period, or (ii) pay additional money for the additional release period commensurate with the number of Workweeks that exceed 7,354 Workweeks.

Who are the Released Parties and what claims will be released by the proposed Settlement’s Released Claims?

The Effective Date of the Settlement. The “Effective Date” is the date that the Class is served notice of the Court’s entry of a Final Judgment in the manner specified by the Court and (i) sixty-five (65) days after the Court enters Final Judgment and no appeal, writ or other challenge to the finality of the judgment has been filed; or (ii) five (5) days after the day when all appeals, writs or other challenges to the Final Judgment have been resolved in a manner that affirms the finality of the judgment and the time for the filing of any further appeals, writs or other challenges has lapsed, whichever date is later.

Participating Class Members’ Release of Released Claims Against Released Parties. If Defendant remits the Gross Settlement Amount in full to the Settlement Administrator and the Effective Date occurs, then Plaintiff and each Participating Class Member shall be deemed to have fully, finally and forever released:

- The “Released Parties” means Defendant and each of its current and former agents, officers, employees, directors, owners, members, subsidiaries, affiliates, parent companies, licensors, licensees, insurers, attorneys and other related parties who may be liable for any of the Released Claims.
- The “Released Claims” means all claims, rights, demands, liabilities and causes of action arising from the alleged (1) Failure to Pay Minimum Wages (Cal. Lab. Code §§ 204, 1194, 1194.2, and 1197); (2) Failure to Pay Overtime Compensation (Cal. Lab. Code §§ 510, 1194 and 1198); (3) Failure to Provide Meal Periods (Cal. Lab. Code §§ 226.7, 512); (4) Failure to Authorize and Permit Rest Breaks (Cal. Lab. Code §§ 226.7); (5) Failure to Indemnify Necessary Business Expenses (Cal. Lab. Code § 2802); (6) Failure to Timely Pay Final Wages at Termination (Cal. Lab. Code §§ 201-203); (7) Failure to Provide Accurate Itemized Wage Statements (Cal. Lab. Code § 226); (8) Unfair Business Practices (Cal. Bus. & Prof. Code §§ 17200, *et seq.*); (9) Civil Penalties Under PAGA (Cal. Lab. Code §§ 2699, *et seq.*; and all other claims, rights, demands, liabilities and causes of action that may have been alleged based on the facts alleged in Plaintiff’s January 20, 2022 PAGA letter, the initial Complaint, and the

operative complaint in the Action including Labor Code section 210, 218.5, 218.6, 226.3, 227.3, 558, 1021.5, 1174, 1174.5, 1197.1, and Wage Order 7.

California's Release of PAGA Claims Against Released Parties. On the Effective Date, the State of California, by and through Plaintiff, its deputized PAGA representative, shall be deemed to have settled and released all PAGA Claims against the Released Parties. "PAGA Claims" means all claims or causes of action under PAGA that could have been premised on the claims, causes of action, or legal theories of relief alleged in Plaintiff's January 20, 2022 PAGA notice to the LWDA and Defendant in LWDA Case No. LWDA-CM-863868-22, and that were alleged or reasonably could have been alleged based on the facts asserted in the operative complaint in the Action including, but not limited to, violations of the California Labor Code and California Industrial Welfare Commission Wage Orders.

What are my options in this matter?

Class Members' Four Options and Communications with the Settlement Administrator & Class Counsel. You have four (4) options under this Settlement. You may: (A) do nothing and remain in the Class and receive an Individual Settlement Payment; (B) request to exclude yourself from or "Opt-Out" of the Settlement; (C) object to the Settlement; and (D) contest or dispute your Workweek or PAGA Pay Period credits. All Opt-Out Requests, Objections and Workweek/PAGA Pay Period Disputes must be submitted to the Settlement Administrator at: Settlement Administrator for *Sanchez v. Sociedad Textil Lonia, Corp.* P.O. Box _____, [City], [State] [Zip] [Fax number] by United States Mail, facsimile and/or in other written form by no later than [RESPONSE DEADLINE DATE]. The Settlement Administrator is authorized to communicate with you if you exercise any of these options under this Settlement. Additionally, unless you clearly state that you do not wish to be contacted by Class Counsel, Class Counsel may contact you to resolve any uncertainties about the validity of any Opt-Out Requests, Objections or Workweek/PAGA Pay Period Disputes you submit.

OPTION A. (Do Nothing). If you wish to remain in the Class and be eligible to receive an Individual Settlement Payment under the proposed Settlement, then **you do not need to take any action and you do not need to submit a claim form.** If you do nothing (for example, if you do not submit timely and valid Opt-Out Request), then you will remain in the Class, Class Counsel will represent you for the purposes of this Settlement at no direct cost and you will be deemed to have consented to release the Released Claims described above.

OPTION B. (Request to Exclude Yourself from or "Opt-Out" of the Settlement). If you do not want to be part of the proposed Settlement, then you must submit a timely and valid written Opt-Out Request to the Settlement Administrator by [RESPONSE DEADLINE DATE] with the following information: (1) your full name; (2) your dates of employment; (3) your contact information (e.g., current mailing address and telephone number); (4) **your statement in no exact words but, nevertheless, substantially in a form and substance indicating a desire to be excluded from the Settlement Agreement (e.g., "I wish to be excluded from the settlement."; "I opt out from the settlement.");** and (5) your or your legal representative's signature. If you submit a timely and valid written Opt-Out Request, then you will have no further role in the Action, you will not be entitled to any benefit (except for being entitled to an Individual PAGA Payment, if you qualify) under the proposed Settlement and you may not be entitled or permitted to assert or raise an objection to the Settlement.

If you do not submit an Opt-Out Request in the manner described above in time, then the Court may determine that you have not opted out, you may be deemed a Participating Class Member and you may be bound by the release of Released Claims as described above and all other terms of the Settlement. Subject to review by Class Counsel, Defendant's Counsel and the Court, the Settlement Administrator shall determine whether an Opt-Out Request is in writing and whether the writing lacks any of the foregoing five (5) enumerated items, which may render the request null and void.

OPTION C. (Object to the Settlement). If you wish to object to the settlement, then you may object to it by submitting a timely and written Objection to the Settlement Administrator by [RESPONSE DEADLINE DATE] with the following information: (1) your full name; (2) your dates of employment; (3) your current contact information (e.g., a current mailing address and telephone number); (4) your statement indicating the grounds for the objection; and (5) your or your legal representative's signature. Class Counsel will not assist or represent you for the purposes of objecting to the Settlement. However, you may hire an attorney at your own expense to represent you in your objection. **If Court finally approves the Settlement despite any Objections, then you may and will likely be bound by the terms of the Settlement including the release of Released Claims as set forth above.**

If you do not submit an Objection in the manner described above in time, then the Court may determine that you have waived any objections and may not allow you to make any objection (whether by appeal or otherwise) to the proposed Settlement. Subject to review by Class Counsel, Defendant's Counsel and the Court, the Settlement Administrator shall determine whether an objection is in writing and whether the writing lacks any of the foregoing five (5) enumerated items, which may render the objection null and void.

OPTION D. (Contest or Dispute Your Workweek or PAGA Pay Period Credits). If you disagree with the number of Workweek or PAGA Pay Period credits you have been assigned above, then you must submit a timely and valid written Workweek/PAGA Pay Period Dispute to the Settlement Administrator by [RESPONSE DEADLINE DATE] with the following information: (1) your full name; (2) your dates of employment; (3) your current contact information (e.g., a current mailing address and telephone number); (4) **a statement indicating the number of Workweeks and/or PAGA Pay Periods that you contend should be credited along with documentary evidence to support your contentions, if any;**

and (5) your or your legal representative's signature.

If you do not submit a Workweek/PAGA Pay Period Dispute in the manner described above in time, then the Court may determine that you have waived any challenge to the Workweek or PAGA Pay Period credits you have been assigned. Subject to review by Class Counsel, Defendant's Counsel and the Court, the Settlement Administrator shall determine whether a Workweek/PAGA Pay Period dispute is in writing and whether the writing lacks any of the foregoing five (5) enumerated items, which may render the Workweek/PAGA Pay Period dispute null and void.

What is the next step in the approval of the Settlement?

The Court will hold a Final Approval Hearing **[FINAL APPROVAL HEARING DATE & TIME]** in Department C-65 of the San Diego County Superior Court, located at 330 West Broadway, San Diego, California 92101 regarding the fairness, reasonableness and adequacy of the proposed Settlement. The Final Approval Hearing may be rescheduled without further notice to Class Members. **You are not required to attend the Final Approval Hearing to receive an Individual Settlement Payment.**

If the Court grants final approval of the Settlement, then notice of the Final Judgment may be provided by electronic posting on the Settlement Administrator's website (**www.**) within seven (7) days after entry of the Final Judgment or in another manner other than direct mailing or notice to you.

How can I get additional information?

This Class Notice summarizes the Action and the basic terms of the Settlement. More details are in the Stipulation of Class and Representative Action Settlement, which, along with other records in the Action, may be available for inspection and/or copying during regular business hours at the Court Clerk's Office or by visiting the Court's Court Index website or webpage at: <https://courtindex.sdcourt.ca.gov/CISPublic/enter>. Please visit the Court's website for more information about accessing case related documents. You may also request a copy of the Settlement Agreement from Class Counsel, or contact Class Counsel with any questions, at the addresses and telephone numbers listed above.

PLEASE DO NOT CONTACT THE COURT FOR INFORMATION REGARDING THIS SETTLEMENT.

[FURTHER WITHHOLDINGS NOTICE]

The Settlement Administrator has identified you as a Class Member but has been unable to verify your social security number or tax identification number. If you do not complete the IRS Form W-9 enclosed with this Notice and return it to the Settlement Administrator, the Settlement Administrator may deduct additional withholdings from your Individual Settlement Payment. If you have any questions or concerns about completing and returning the enclosed IRS Form W-9, you may contact the Settlement Administrator to discuss other available options to verify your social security number or tax identification number.

[NEXT PAGE – IRS FORM W-9]

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EXHIBIT 2

(Plaintiff's January 20, 2022 PAGA Letter)

MOON & YANG, APC

ATTORNEYS AT LAW
WWW.MOONYANGLAW.COM

1055 W. SEVENTH ST., SUITE 1880
LOS ANGELES, CALIFORNIA 90017
TELEPHONE: (213) 232-3128
FACSIMILE: (213) 232-3125

Kane Moon, Esq.
Kane.Moon@moonyanglaw.com

January 20, 2022

VIA ONLINE SUBMISSION

Labor & Workforce Development Agency
Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612

VIA CERTIFIED MAIL

Sociedad Textil Lonia, Corp.
445 Park Avenue, Suite 937
New York, NY 10022

Notice of Labor Code Violations and PAGA Penalties

Re: ***Oscar Sanchez v. Sociedad Textil Lonia, Corp.***

To Whom It May Concern:

Please be advised that my office has been retained by Oscar Sanchez ("Plaintiff") to pursue a Labor Code Private Attorney General Act (PAGA) representative action (Cal. Lab. Code §§ 2699, *et seq.*) against his former employer, Sociedad Textil Lonia, Corp. ("Defendant"). The purpose of this letter is to comply with PAGA and set forth the facts and theories of California Labor Code violations which we allege Defendant engaged in with respect to Plaintiff and all of Defendant's aggrieved employees.

Plaintiff wishes to pursue a PAGA representative action on behalf of Plaintiff as an aggrieved employee, on behalf of the State of California, and on behalf of all other current and former aggrieved employees who worked for Defendant in California as an hourly paid, non-exempt employee at any time within the applicable statutory period (hereafter, the "Aggrieved Employees").

Plaintiff and the Aggrieved Employees of Defendant suffered the Labor Code violations described below.

Factual Background Regarding Plaintiff's Employment with Defendant

Defendant owns and operates an industry, business, and establishment within the State of California, including San Diego County. As such, Defendant is subject to the California Labor Code and the Wage Orders issued by the Industrial Welfare Commission ("IWC").

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Plaintiff worked for Defendant as a painter from approximately 2015 to January 2018, primarily in San Diego County. Defendant classified Plaintiff as non-exempt from overtime. During the time period that Plaintiff was employed by Defendant, Plaintiff typically worked 5 days per week, and in excess of 8 hours each workday.

Throughout Plaintiff's employment, Defendant committed numerous labor code violations under state law. As discussed below, Plaintiff's experience working for Defendant was typical and illustrative.

Failure to Pay for All Hours Worked, Including Overtime

Under California law, an employer must pay for all hours worked by an employee. "Hours worked" is the time during which an employee is subject to the control of an employer, and includes all the time the employee is suffered or permitted to work, whether or not required to do so.

In addition, Labor Code § 510 provides that employees in California shall not be employed more than eight (8) hours in any workday or forty (40) hours in a workweek unless they receive additional compensation beyond their regular wages in amounts specified by law.

Labor Code §§ 1194 and 1198 also provide that employees in California shall not be employed more than eight hours in any workday unless they receive additional compensation beyond their regular wages in amounts specified by law. Additionally, Labor Code § 1198 states that the employment of an employee for longer hours than those fixed by the Industrial Welfare Commission is unlawful.

Throughout the statutory period, Defendants maintained a policy and practice of not paying Plaintiff and the Aggrieved Employees for all hours worked, including all overtime wages. Defendants regularly use a system of time rounding in a manner that resulted, over a period of time, in failing to compensate Plaintiff and the Aggrieved Employees properly for all the time they have actually worked, even though the realities of Defendants' operations are such that it is possible, practical, and feasible to count and pay for work time to the minute. As a result, Defendants frequently paid Plaintiff and the Aggrieved Employees less than all their work time, some of which should have been paid at the overtime rate. Also during the statutory period, Defendants shaved time from Plaintiff and the Aggrieved Employees by changing employees' time clock records, leading to underpayment. Also throughout the statutory period, Plaintiff and the Aggrieved Employees were required to work "off the clock" and uncompensated. For example, in the instances where Plaintiff and the Aggrieved Employees arrived early to work, they were expected to begin work immediately prior to the shift beginning, uncompensated. Also, Plaintiff and the Aggrieved Employees were required to undergo security checks after clocking out of work, which included a check of bags, uncompensated. Plaintiff and the

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Aggrieved Employees were also required to use their own personal cellular telephones outside of their regular shifts, off the clock and uncompensated. Also throughout the statutory period, Plaintiff and the Aggrieved Employees received non-discretionary bonuses/incentives, commissions and other remuneration. However, Defendants failed to incorporate all remuneration when calculating the correct overtime rate of pay, meal premium rate of pay, and sick day rate of pay, leading to underpayment. In maintaining a practice of not paying all wages owed, Defendants failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210, 558, 1197.1, and 2699(f)(2) for failing to pay for all hours worked, including overtime.

Failure to Provide Meal Periods

Under California law, employers have an affirmative obligation to relieve employees of all duty in order to take their first 30-minute, duty-free meal periods no later than the start of sixth hour of work in a workday, and to allow employees to take their second 30-minute, duty-free meal period no later than the start of the eleventh hour of work in the workday. Further, employees are entitled to be paid one hour of additional wages for each workday they were not provided with all required meal period(s).

Despite these legal requirements, Defendant wrongfully failed to provide Plaintiff and the Aggrieved Employees with legally compliant meal periods. Defendant regularly required Plaintiff and the Aggrieved Employees to work in excess of five consecutive hours a day without providing a 30-minute, continuous and uninterrupted, duty-free meal period for every five hours of work, or without compensating Plaintiff and the Aggrieved Employees for meal periods that were not provided by the end of the fifth hour of work or tenth hour of work. Defendant did not adequately inform Plaintiff and the Aggrieved Employees of their right to take a meal period by the end of the fifth hour of work, or, for shifts greater than 10 hours, by the end of the tenth hour of work. Moreover, Defendant did not have adequate written policies or practices providing meal periods for Plaintiff and the Aggrieved Employees, nor did Defendant have adequate policies or practices regarding the timing of meal periods. Defendant also did not have adequate policies or practices to verify whether Plaintiff and the Aggrieved Employees were taking their required meal periods. Accordingly, Defendant's policy and practice was to not provide meal periods to Plaintiff and the Aggrieved Employees in compliance with California law.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not provided with all required meal period(s). Defendant, however, regularly failed to pay Plaintiff and the Aggrieved Employees the additional wages to which they were entitled for meal periods and that were not provided.

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As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210, 558, and 2699(f)(2) for failing to provide meal periods and pay meal period premium wages.

Failure to Authorize and Permit Rest Periods

Employers are required by California law to authorize and permit breaks of 10 uninterrupted minutes for each four hours of work or major fraction of four hours (i.e. more than two hours). Thus, for example, if an employee's work time is 6 hours and ten minutes, the employee is entitled to two rest breaks. Each failure to authorize rest breaks as so required is itself a violation of California's rest break laws.

Defendant, however, wrongfully failed to authorize and permit Plaintiff and the Aggrieved Employees to take timely and duty-free rest periods. Defendant regularly required Plaintiff and the Aggrieved Employees to work in excess of four consecutive hours a day without Defendant authorizing and permitting them to take a 10 minute, continuous and uninterrupted, rest period for every four hours of work (or major fraction of four hours), or without compensating Plaintiff and the Aggrieved Employees for rest periods that were not authorized or permitted. Defendant did not adequately inform Plaintiff and the Aggrieved Employees of their right to take a rest period. Moreover, Defendant did not have adequate policies or practices permitting or authorizing rest periods for Plaintiff and the Aggrieved Employees, nor did Defendant have adequate policies or practices regarding the timing of rest periods. Defendant also did not have adequate policies or practices to verify whether Plaintiff and the Aggrieved Employees were taking their required rest periods. Further, Defendant did not maintain accurate records of employee work periods, and therefore Defendant cannot demonstrate that Plaintiff and the Aggrieved Employees took rest periods during the middle of each work period. Plaintiff and the Aggrieved Employees were also required to stay on the premises during rest breaks. Accordingly, Defendant's policy and practice was for Plaintiff and the Aggrieved Employees to work through rest periods and to not authorize or permit them to take any rest periods.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not authorized and permitted to take all required rest period(s). Defendant, however, regularly failed to pay Plaintiff and the Aggrieved Employees the additional wages to which they were entitled for rest periods and that they were not authorized and permitted to take.

As a result, Defendant are liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210, 558, and 2699(f)(2) for failing to authorize and permit rest periods and pay rest period premium wages.

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Failure to Maintain Accurate Records of Hours Worked and Meal Periods

Plaintiff seeks penalties under Labor Code § 1174(d). Pursuant to Labor Code § 1174.5, any person, including any entity, employing labor who willfully fails to maintain accurate and complete records required by Labor Code § 1174 is subject to a penalty under § 1174.5. Pursuant to the applicable IWC Order § 7(A)(3), every employer shall keep time records showing when the employee begins and ends each work period. Meal periods and total hours worked daily shall also be recorded.

Defendant, however, failed to maintain accurate records of hours worked and all meal periods taken or missed by Plaintiff and the Aggrieved Employees.

Defendant's failure to provide and maintain records required by the Labor Code IWC Wage Orders deprived Plaintiff and the Aggrieved Employees the ability to know, understand and question the accuracy and frequency of meal periods, and the accuracy of their hours worked stated in Defendant's records. Therefore, Plaintiff and the Aggrieved Employees had no way to dispute the resulting failure to pay wages, all of which resulted in an unjustified economic enrichment to Defendant. As a direct result, Plaintiff and the Aggrieved Employees have suffered and continue to suffer, substantial losses related to the use and enjoyment of such wages, lost interest on such wages and expenses and attorney's fees in seeking to compel Defendant to fully perform its obligation under state law, all to their respective damage in amounts according to proof at trial. As a result of Defendant's knowing failure to comply with the Labor Code and applicable IWC Wage Orders, Plaintiff and the Aggrieved Employees have also suffered an injury in that they were prevented from knowing, understanding, and disputing the wage payments paid to them.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 1174.5 for failing to maintain accurate records of hours worked and meal periods.

Failure to Reimburse and Indemnify Expenses

California Labor Code § 2802 requires employers to reimburse employees for their necessary expenditures and losses incurred in direct consequence of the discharge of their duties or of their obedience to directions of the employer.

Throughout the statutory period, Defendant wrongfully required Plaintiff and the Aggrieved Employees to pay expenses that they incurred in direct discharge of their duties for Defendant without reimbursement, which included the purchase of masks. Further, Plaintiff and the Aggrieved Employees were required to use their own personal cellular telephones for work. Plaintiff and the Aggrieved Employees incurred these substantial expenses as a direct result of

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performing their job duties for Defendant, and Defendant has failed to indemnify Plaintiff and the Aggrieved Employees for these employment-related expenses.

Failure to Pay All Accrued Vacation Wages at Termination

Labor Code § 227.3 requires employers to pay employees for all unused vested vacation time at their final rate of pay upon termination of their employment.

During the statutory period, Defendant maintained a policy and practice of failing to pay Plaintiff and the Aggrieved Employees the correct amount of vacation pay owed at the termination of employment. For instance, when Plaintiff's employment with Defendant terminated, he was owed vacation wages at his true final wage rate on his final pay check from Defendant even though he had accrued unused vacation time. On information and belief, Defendant's failure to pay Plaintiff the correct amount of vacation pay was not a single, isolated incident, but was instead part of Defendant's policy and practice that applied to the Aggrieved Employees.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 2699(f)(2) for failing to pay all accrued vacation wages at termination.

Failure to Timely Pay All Wages at Termination

Labor Code §§ 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an employee voluntarily leaves his or her employment, his or her wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting.

Within the applicable statute of limitations, the employment of Plaintiff and many other Aggrieved Employees ended, i.e. was terminated by quitting or discharge, and the employment of others will be. However, during the relevant time period, Defendant failed, and continues to fail to pay Plaintiff and terminated Aggrieved Employees, without abatement, all wages required to be paid by Labor Code sections 201 and 202 either at the time of discharge, or within seventy-two (72) hours of their leaving Defendant's employ. These unpaid wages include wages for unpaid work time (including minimum and straight time wages), missed meal periods, and missed rest periods.

Defendant's conduct violates Labor Code §§ 201 and 202. Labor Code § 203 provides that if an employer willfully fails to pay wages owed, in accordance with sections 201 and 202, then the wages of the employee shall continue as a penalty wage from the due date, and at the same rate

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until paid or until an action is commenced; but the wages shall not continue for more than thirty (30) days.

Accordingly, Plaintiff and the Aggrieved Employees are entitled to recover from Defendant their additionally accruing wages for each day they were not paid, at their regular hourly rate of pay, up to 30 days maximum pursuant to Labor Code § 203.

Moreover, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 2699(f)(2) for failing to timely pay all wages at termination.

Failure to Furnish Accurate Itemized Wage Statements

Labor Code § 226(a) provides that every employer shall furnish each of his or her employees an accurate itemized wage statement in writing showing nine pieces of information, including: (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and the last four digits of his or her social security number or an employee identification number other than a social security number, (8) the name and address of the legal entity that is the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee. An employee is presumed to suffer an injury if this information is missing. (Lab. Code § 226(e)(2)(B)(iii).)

The statute further provides: “An employee suffering injury as a result of a knowing and intentional failure by an employer to comply with subdivision (a) is entitled to recover the greater of all actual damages or fifty dollars (\$50) for the initial pay period in which a violation occurs and one hundred dollars (\$100) per employee for each violation in a subsequent pay period, not to exceed an aggregate penalty of four thousand dollars (\$4,000), and is entitled to an award of costs and reasonable attorney’s fees.” (Lab. Code § 226(e)(1).)

Defendant intentionally and willfully failed to provide employees with complete and accurate wage statements. The deficiencies include, among other things, the failure to correctly identify hourly rates, the failure to correctly list gross wages earned, and the failure to list the true net wages earned, including wages for meal periods that were not provided in accordance with California law, wages for rest periods that were not authorized and permitted to take in accordance with California law, and correct wages earned for all hours worked.

As a result of Defendant violating Labor Code § 226, Plaintiff and similarly Aggrieved Employees suffered injury and damage to their statutorily protected rights.

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Accordingly, Plaintiff and similarly Aggrieved Employees are entitled to recover from Defendant the greater of their actual damages caused by Defendant's failure to comply with Labor Code § 226(a), or an aggregate penalty not exceeding \$4,000 dollars per employee.

Moreover, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 226.3 for failing to furnish accurate itemized wage statements.

Failure to Pay All Earned Wages Twice Per Month

Based on its failure to pay Plaintiff and the Aggrieved Employees for all wages as discussed above, Defendant also violated Labor Code § 204.

Labor Code § 204 requires employers to pay employees all earned wages two times per month. Throughout the statute of limitations period applicable to this cause of action, employees were entitled to be paid twice a month at their regular rates, including all meal period premium wages owed, rest period premium wages owed, and wages owed for hours worked. However, during all such times, Defendant systematically failed and refused to pay the employees all wages due, and failed to pay those wages twice a month, in that employees were not paid all wages for all meal periods not provided by Defendant, all wages for all rest periods not authorized and permitted by Defendant, and all wages for all hours worked. As a result, Defendant owes employees the legally required wages for unpaid wages, and Plaintiff and the Aggrieved Employees suffered damages in those amounts.

Moreover, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 210 for failing to pay all earned wages twice per month.

Action for Civil Penalties Under PAGA

In light of the above, Plaintiff alleges that Defendant violated the following provisions of the Labor Code with respect to the Aggrieved Employees:

1. Labor Code § 204, 510, 1194, 1197, and 1198 by failing to pay for all hours worked, including minimum wages, straight time wages and overtime wages;
2. Labor Code § 226.7, 512 and applicable Wage Orders by failing to provide meal periods;
3. Labor Code § 226.7 and applicable Wage Orders by failing to authorize and permit rest periods;
4. Labor Code § 1174.5 and applicable Wage Orders by failing to maintain accurate records of hours worked and meal periods taken or missed;

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5. Labor Code § 2802 by failing to reimburse and indemnify employees for expenses and losses in the direct consequence and discharge of their duties;
6. Labor Code § 227.3 by failing to pay all vacation wages at termination;
7. Labor Code §§ 201 to 203 by willfully failing to pay all wages owed at termination;
8. Labor Code § 226 by failing to provide accurate itemized wage statements; and
9. Labor Code § 204 by failing to pay all earned wages two times per month.

Therefore, on behalf of all Aggrieved Employees, Plaintiff seeks applicable penalties related to the violations alleged above pursuant to the PAGA. These include, but are not limited to, penalties under Labor Code §§ 210, 226.3, 558, 1174.5, 1197.1, 2802, and 2699(f)(2).

Plaintiff has placed Defendant on notice by mailing a certified copy of this correspondence to its corporate address, as indicated on the first page.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

MOON & YANG, APC



Kane Moon, Esq.
Attorney at Law