

PRIVATE ATTORNEYS GENERAL ACT SETTLEMENT AGREEMENT AND RELEASE

IT IS HEREBY STIPULATED AND AGREED by and between Plaintiff Larry Otis (“Employee”), on behalf of himself and on behalf of the State of California and all aggrieved employees (referred to herein as the “Aggrieved Employees”), and Defendant Delta Associated Investigations, Inc. (“DAI”) (collectively the “Parties”), subject to the approval of the Court, that the settlement of the Action (as defined below) shall be effectuated upon and subject to the following terms and conditions. Capitalized terms as used herein shall have the meanings set forth in Section I or elsewhere in this Settlement Agreement and Release.

I. RECITALS

WHEREAS, on January 18, 2022, Plaintiff notified the Labor and Workforce Development Agency (“LWDA”) of his intent to file an action under California’s Private Attorneys General Act, California Labor Code § 2698, *et seq.* (“PAGA”);

WHEREAS, on June 13, 2022, Plaintiff filed his Representative Action Complaint, on behalf of the State of California and other aggrieved employees of DAI, for violation of the PAGA, Labor Code § 2698, *et seq.* contending that DAI violated Labor Code § 204 by failing to pay wages to Plaintiff and other aggrieved employees in a timely manner;

WHEREAS, the Parties have engaged in informal settlement negotiations. As part of those negotiations, the Parties engaged in an informal exchange of data, whereby DAI produced to Plaintiff data regarding the Aggrieved Employees;

WHEREAS, the Parties desire to settle, compromise, and avoid litigation relating to the claims in the Action, and have agreed to settle the Action upon the terms and conditions and for the consideration set forth in this Settlement Agreement;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, it is hereby agreed by and between the Parties hereto as follows:

II. SETTLEMENT TERMS

A. Definitions

1. “Action” means the case entitled *Larry Otis v. Delta Associated Investigations, Inc.*, pending in the Superior Court of the State of California for the County of San Benito (“Court”), Case No. CU-22-00111.

2. “Aggrieved Employees” means Plaintiff and all employees of Defendant who were paid wages at any time from January 18, 2021 to January 28, 2022. Defendant represents that the number of Aggrieved Employees does not exceed 69 individuals and that the number of pay periods at issue during the Settlement Period does not exceed 967.

3. “Aggrieved Employee List” means the list of full names, most recent mailing addresses, Social Security numbers, and number of pay periods each Aggrieved Employee was paid wages during the Settlement Period, which Defendant will diligently and in good faith compile from the records that it has reasonable access to. Defendant’s records will be presumed to be accurate.

4. “Attorney’s Fees” means such attorney’s fees as the Court may award to Plaintiff’s Counsel for the services they have rendered and will render to the Aggrieved Employees in the Action, and which shall not exceed one-third of the total settlement amount, or \$23,000.00.

5. “Attorney’s Costs” means such litigation costs as the Court may award to Plaintiff’s Counsel for the costs it has incurred and will incur in the investigation, litigation, and resolution of the Action, and in administration of the Settlement, and which shall not exceed Five Thousand Dollars (\$5,000.00).

6. “Complete and General Release” means Plaintiff’s agreement, in consideration of Defendant’s promises and agreements as set forth herein, to fully release and discharge the Released Parties from any and all Released Claims and also generally release and discharge the Released Parties from any and all claims, demands, obligations, causes of action, rights, or liabilities of any kind which have been or could have been asserted against the Released Parties arising out of any occurrence or failure to act, arising out of Plaintiff’s employment with Defendant, including but not limited to claims for wages, restitution, penalties, retaliation, defamation, discrimination, harassment or wrongful termination of employment. Plaintiff’s Complete and General Release specifically includes any and all claims, demands, obligations, and/or causes of action for damages, restitution, penalties, interest, and attorneys’ fees and costs relating to or in any way connected with Plaintiff’s employment with Defendant, whether or not known or suspected to exist, and whether or not specifically or particularly described herein. Plaintiff’s Complete and General Release includes all federal and state statutory claims, and federal and state common law claims (including but not limited to, those for contract, tort, and equity), including, without limitation, the Americans with Disabilities Act, the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964 (as amended), 42 U.S.C. § 1981, 42 U.S.C. § 1983, the Fair Labor Standards Act, the Employee Retirement Security Income Act of 1974, the California Constitution, the California Fair Employment and Housing Act, the California Unfair Competition Act (California Business and Professions Code § 17200 *et seq.*), and the California Labor Code. Plaintiff’s Complete and General Release includes a waiver of all rights and benefits afforded by California Civil Code § 1542, which provides:

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

7. “Defense Counsel” means Nathan W. Austin, Esq. of Jackson Lewis P.C.

8. “Effective Date” means the date this Settlement is approved as provided herein and the Court’s order granting Settlement Approval and entry of Final Judgment becomes final and is

no longer appealable. For purposes of this Settlement, “becomes final and is no longer appealable” shall mean the following: (a) if no motion to intervene and/or objection to this Settlement is filed before the Court’s order granting Settlement Approval, then the date the Court signs the order granting Settlement Approval; or (b) if any motion to intervene and/or objection to this Settlement is filed before the Court’s order granting Settlement Approval, then the day after the last date by which a notice of appeal to the applicable Court of Appeal of the order and judgment approving this Settlement may be timely filed and none is filed (*i.e.*, 61 days from notice of entry of judgment), or if an appeal is filed, and the appeal is finally disposed of by ruling, dismissal, denial, or in any other manner that confirms the validity of the order and judgment, the day after the last date for filing a request for further review of the order and judgment approving this Settlement passes, and no further review is requested, or if further review of the order is requested, the day after the review is finally resolved and the order and judgment approving this Settlement is affirmed. In the event that: (i) the Court does not approve the Settlement as provided herein; or (ii) the Effective Date does not occur for any other reason, then this Settlement Agreement, and any documents generated to bring it into effect, will be null and void, and the Parties will be returned to their respective positions prior to the signing the Settlement.

9. “Individual Settlement Payment” means the portion of the PAGA Settlement Fund allocated to each PAGA Affected Employee, as calculated pursuant to Section C (11) below. One hundred percent (100%) of the Individual Settlement Payments made to Aggrieved Employees shall be deemed miscellaneous income for which a Form 1099 will be issued.

10. “Notice” means the form of notice that will be sent to each PAGA Affected Employee accompanying their Individual Settlement Payments, which shall be substantially in the form attached hereto as **Exhibit A**.

11. “PAGA Settlement Fund” means the amount from the Total Monetary Settlement Amount that is allocated to resolve the claims in the Action. Seventy-five percent (75%) of the PAGA Settlement Fund will be distributed to the LWDA and twenty-five percent (25%) will be distributed to Aggrieved Employees.

12. “Plaintiff’s Counsel” means Larry Lee, Esq., Max W. Gavron, Esq., and Mai Tulyathan, Esq. of Diversity Law Group, P.C., and William L. Marder, Esq. of Polaris Law Group LLP.

13. “Released Claims” means all claims for civil penalties under PAGA that were alleged or that could have been alleged in the Action by Plaintiff, on behalf of the State of California, himself, and the Aggrieved Employees, for penalties pursuant to PAGA for violation of the California Labor Code arising from the alleged failure to comply with the timing requirements of California Labor Code § 204 during the Settlement Period.

14. “Released Parties” means Defendant and its predecessors, successors, acquiring entities, merged entities, subsidiaries, affiliates, affiliated companies, parents, and attorneys, and their respective successors and predecessors in interest, all of their respective officers, directors, employees, administrators, fiduciaries, trustees, beneficiaries, and agents, and each of their past,

present, and future owners, officers, directors, shareholders, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers, and reinsurers.

15. “Service Award” means the amount from the Total Monetary Settlement Amount that the Court awards to Plaintiff in recognition of his efforts in obtaining the benefits of the Settlement and as consideration for executing this Settlement Agreement. The Service Award shall not exceed Ten Thousand Dollars (\$10,000.00).

16. “Settlement Administrator” means Phoenix Settlement Administrators a third-party claims administrator that the Parties will ask the Court to appoint for the purposes of administering this Settlement. The Parties each represent that they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

17. “Settlement Administration Costs” means the amount from the Total Monetary Settlement Amount which shall be allocated, subject to the Court’s approval, to the Settlement Administrator for services rendered in administering the Settlement, and which shall not exceed Two Thousand Two Hundred Dollars (\$2,200.00).

18. “Settlement Fund Account” means the bank account established by the Settlement Administrator pursuant to the terms of this Settlement Agreement, from which all monies payable under the terms of this Settlement shall be paid, as set forth herein.

19. “Settlement Period” means the period from January 18, 2021 to January 28, 2022.

20. “Total Monetary Settlement Amount” means the amount of Sixty-Nine Thousand Dollars (\$69,000.00) that Defendant is required to pay under this Settlement Agreement for full and complete settlement of this Action. The Total Monetary Settlement Amount will be used to pay: (a) the PAGA Settlement Fund to the LWDA and Aggrieved Employees; (b) the award of Attorney’s Fees to Plaintiff’s Counsel; (c) the award of Attorney’s Costs to Plaintiff’s Counsel; (d) the Service Award to Plaintiff; and (e) Settlement Administration Costs. Under no circumstances will Defendant be required to pay more than Sixty-Nine Thousand Dollars (\$69,000.00). In no event will any money revert to Defendant.

21. “Void Date” means the 181st day after issuance of Individual Settlement Payment checks to Aggrieved Employees, upon which the Individual Settlement Payment checks will no longer be valid and negotiable.

B. Consideration

1. No Admission of Liability. Defendant has contended and continues to contend that the allegations in the Action have no merit and do not give rise to liability. Defendant specifically denies all of the allegations in the PAGA Notice to the LWDA and the Complaint. This Settlement Agreement is a compromise of such disputed claims. Nothing contained in this Settlement Agreement and no documents referred to herein and no action taken to carry out this Settlement

Agreement may be construed or used as an admission by or against Defendant or any of the Released Parties of any fault, wrongdoing, or liability whatsoever.

2. Funding the Settlement. Within fifteen (15) calendar days after approval of the settlement by the Court, Defendant shall fund the Total Monetary Settlement Amount into the Settlement Fund Account. Phoenix Settlement Administrators will provide Defendant with wiring instructions to the Settlement Fund Account. Phoenix Settlement Administrators will facilitate Defendant's deposit of the full amount of Sixty-Nine Thousand Dollars (\$69,000.00). This amount represents the total amount of funds provided by Defendant for settlement of this action and represents payment for all costs, fees, and distributions including but not limited to Attorney's Fees, Attorney's Costs, Plaintiff's Service Award, Settlement Administration Costs, and the PAGA Settlement Fund, as follows:

- a. Attorney's Fees. The Parties agree that Defendant will pay Plaintiff's Counsel up to one-third of the Total Monetary Settlement Amount, or \$23,000.00, in Attorney's Fees. Defendant agrees not to oppose Plaintiff's application for Attorney's Fees not to exceed this sum. The Attorney's Fees to be awarded to Plaintiff are subject to the approval of the Court and will be paid only from the Total Monetary Settlement Amount. Any portion of the Attorney's Fees not awarded to Plaintiff's Counsel will be added to the PAGA Settlement Fund.
- b. Attorney's Costs. In full satisfaction of all claims Plaintiff may have for litigation costs and expenses arising out of the Action, the Parties agree that Defendant will pay Plaintiff's Counsel up to a total of Five Thousand Dollars (\$5,000.00) in Attorney's Costs. Defendant agrees not to oppose Plaintiff's application for Attorney's Costs not to exceed this sum. The Attorney's Costs to be awarded to Plaintiff are subject to the approval of the Court and will be paid only from the Total Monetary Settlement Amount. Any portion of the Attorney's Costs not awarded to Plaintiff's Counsel will be added to the PAGA Settlement Fund.
- c. Plaintiff's Service Award. In recognition of Plaintiff's effort and work in prosecuting the Action for the benefit of the State of California and Aggrieved Employees, Defendant agrees to pay Plaintiff a Service Award in the amount of Ten Thousand Dollars (\$10,000.00). Defendant agrees not to oppose Plaintiff's application for a Service Award not to exceed this sum. The Service Award is subject to approval of the Court and will be paid only from the Total Monetary Settlement Amount. Any portion of the Service Award not awarded to Plaintiff will be added to the PAGA Settlement Fund. Plaintiff understands and agrees that this Agreement and Release shall remain in full force and effect even if the full amount of Plaintiff's Service Award identified herein is not awarded by the Court.
- d. Settlement Administration Costs. Defendant shall pay for third-party administration fees that are necessary to administer the Settlement up to a maximum payment of Two Thousand Two Hundred Dollars (\$2,200.00). The Settlement Administration Costs to be paid to the Settlement Administrator are subject to the Court's approval and will be paid only from the Total Monetary

Settlement Amount. Any portion of the Settlement Administration Costs not awarded by the Court will be added to the PAGA Settlement Fund.

- e. PAGA Settlement Fund. The Parties agree that the remaining total of the Settlement Fund of Twenty-Eight Thousand Eight Hundred Dollars (\$28,800.00) – plus any un-awarded Attorney’s Fees, Attorney’s Costs, Service Award, and Settlement Administration Costs – shall be paid to Aggrieved Employees and the LWDA in full satisfaction of all claims for PAGA civil penalties under the California Labor Code alleged to have been violated in the Action with respect to Aggrieved Employees. Pursuant to PAGA, seventy-five percent (75%) of the PAGA Settlement Fund, or \$21,600.00, will be paid to the LWDA. The remaining twenty-five percent (25%) of the PAGA Settlement Fund, or \$7,200, will be paid to all Aggrieved Employees pursuant to the calculation method set forth in Section C.13 below.

3. Procedures on Default. Should Defendant fail to pay any of the payments described in Section B.2 (“Default”), the Parties agree that Plaintiff’s Counsel will provide written notice to Defense Counsel, and Defendant shall have seven (7) business days from the date the notice was received to cure. In the event that any motion, action, and/or application is brought to enforce the payment procedures herein, the prevailing party shall be entitled to his/its reasonable attorneys’ fees and costs.

4. Order of Payments to Plaintiff, Class Counsel, and Aggrieved Employees. Upon sufficient funding, unless modified by the Court, the Settlement Administrator will distribute settlement funds based on the following priority: (1) Attorney’s Fees and Attorney’s Costs to Class Counsel; (2) Plaintiff’s Service Award to Plaintiff; (3) Individual Settlement Payments to Aggrieved Employees; (4) the portion of the PAGA Settlement Fund to be paid to the LWDA; and (5) Settlement Administration Costs.

5. Plaintiff’s Complete and General Release. Plaintiff, for himself only, hereby provides the Released Parties with a Complete and General Release, as defined above, which shall become effective upon complete payment of the Total Monetary Settlement Amount by Defendant into the Settlement Fund Account established by the Settlement Administrator, in consideration of Defendant’s promises and agreements as set forth herein.

6. Aggrieved Employees’ Release. Effective upon complete payment of the Total Monetary Settlement Amount by Defendant into the Settlement Fund Account established by the Settlement Administrator, Plaintiff, the State of California, and all Aggrieved Employees, shall be deemed to have fully released and discharged the Released Parties from any and all Released Claims. The release and discharge of the Released Claims is not contingent upon any Aggrieved Employees receiving or negotiating their settlement checks.

C. Settlement Administration Procedures

1. Settlement Approval Motion. Following full execution of this Settlement Agreement, Plaintiff will promptly request a hearing before the Court to seek approval of the

Settlement on a mutually available date. In conjunction with such hearing, Plaintiff's Counsel will present this Settlement Agreement to the Court and will request that the Court issue an order approving this Settlement and incorporating by reference the terms and conditions of the Settlement Agreement. Plaintiff's Counsel will be primarily responsible for drafting all documents necessary to obtain approval of the Settlement. Defendant agrees not to oppose Plaintiff's request for Settlement Approval unless the request is inconsistent with the terms set forth in this Settlement Agreement.

2. No Right of Aggrieved Employees to Object or Opt-Out. The Parties agree there is no statutory right for any Aggrieved Employee to object, opt out, or otherwise exclude himself or herself from the Settlement. Except as otherwise stated, Plaintiff will vigorously defend against any attempt by any Aggrieved Employee or by any entity or agency to intervene in this matter or object to/opt-out of this settlement. The Parties further agree there is no right or opportunity for any Aggrieved Employee to appeal the approval of the Settlement by the Court. The Parties will jointly defend against any appeal filed with respect to the Final Order.

3. LWDA Notice. Pursuant to California Labor Code § 2699(l), Plaintiff will provide a copy of this Settlement to the LWDA concurrently with the filing of the request for Settlement Approval. Plaintiff will also file a declaration in support of his request for Settlement Approval confirming that he has submitted the Settlement to the LWDA in compliance with Labor Code § 2699(l).

4. Judgment and Continued Jurisdiction. After entry of the Final Approval order and judgment, the Court will have continuing and exclusive jurisdiction solely for purposes of addressing: (a) the interpretation and enforcement of the terms of the Settlement; (b) matters relating to the administration of the Settlement; and (c) such post-Judgment matters as may be appropriate under Court rules or as set forth in this Settlement Agreement.

5. Settlement Administrator. Upon approval of the Court, Plaintiff's Counsel will retain Phoenix Settlement Administrators as the third-party Settlement Administrator to administer this Settlement. The Settlement Administrator will be responsible for: establishing the Settlement Fund Account; calculating Individual Settlement Payments; preparing, printing, and mailing the Individual Settlement Checks and accompanying Notice to Aggrieved Employees; disbursing payment of Attorney's Fees and Attorney's Costs to Plaintiff's Counsel; disbursing payment of the Service Award and Plaintiff's Individual Claims Release amount to Plaintiff; disbursing payment to the LWDA consisting of seventy-five percent (75%) of the PAGA Settlement Fund; printing and providing Aggrieved Employees, Plaintiff, and Plaintiff's Counsel with IRS Forms 1099 as required under this Settlement Agreement and applicable law; providing a due diligence declaration for submission to the Court upon completion of the terms of the Settlement; and for such other tasks as the Parties mutually agree or the Court orders. The Settlement Administrator shall keep the Parties timely apprised of the performance of all Settlement Administrator responsibilities, and shall not mail any payments to Plaintiff, the LWDA, Plaintiff's counsel or any Aggrieved Employee until the amounts are approved by the Parties. Any legally mandated tax reports, tax filings, or other tax documents required by the administration of this Settlement shall be prepared by the Settlement Administrator. Any expenses incurred in connection with such preparation shall be part of the Settlement Administration Costs.

6. Aggrieved Employee List. On or before the Effective Date, Defendant will provide the Settlement Administrator with the Aggrieved Employee List, which shall be used solely for the administration of this Settlement and for no other purpose, and which shall not be shared with any persons or entity not employed by the Settlement Administrator and working on the administration of this Settlement. Because Aggrieved Employees' sensitive personal information is included in the Aggrieved Employee List, the Settlement Administrator shall maintain the Aggrieved Employee List securely and in confidence, maintaining the strictest standards of data privacy. Access to the Aggrieved Employee List shall be limited to employees of the Settlement Administrator with a need to use the Aggrieved Employee List for administration of this Settlement and the Aggrieved Employee List shall be returned to Defendant once settlement administration is concluded.

7. Payment of Attorney's Fees and Attorney's Costs. Within ten (10) calendar days following sufficient funding, the Settlement Administrator shall pay from the Settlement Fund Account the Court-approved Attorney's Fees and Attorney's Costs to Plaintiff's Counsel. Plaintiff's Counsel agrees to provide the Settlement Administrator with an executed IRS Form W-9 before payments for Attorney's Fees and Attorney's Costs are issued. The Settlement Administrator shall issue an IRS Form 1099 to Plaintiff's Counsel for the payments made pursuant to this paragraph.

8. Payment of Service Award Amount. Within ten (10) calendar days following sufficient funding, the Settlement Administrator shall pay from the Settlement Fund Account the Court-approved Service Award amount to Plaintiff. Plaintiff agrees to provide the Settlement Administrator with an executed IRS Form W-9 before the Service Award amount is issued. The Settlement Administrator shall issue an IRS Form 1099 to Plaintiff for said payment. Plaintiff shall be solely and legally responsible for paying any and all applicable taxes on his Service Award amount and shall hold Defendant harmless from any claim or liability for taxes, penalties, or interest arising as a result of such payments. The Service Award amount shall be in addition to Plaintiff's Individual Settlement Payment, which he shall receive as an Aggrieved Employee. Plaintiff shall not have the right to revoke his agreement to the Settlement on the grounds the Court does not approve any or all of the requested Service Award.

9. Settlement Administration Costs. Within ten (10) calendar days following sufficient funding, the Settlement Administrator shall pay from the Settlement Fund Account the Court-approved Settlement Administration Costs. The Settlement Administrator shall issue payment in the order provided pursuant to Section B.4.

10. Payment to LWDA. Within ten (10) calendar days following sufficient funding, the Settlement Administrator shall issue from the Settlement Fund Account a check payable to the LWDA for seventy-five percent (75%) of the PAGA Settlement Fund. The Settlement Administrator shall issue payment in the order provided pursuant to Section B.4.

11. Individual Settlement Payments. Within ten (10) calendar days following sufficient funding, the Settlement Administrator shall issue from the Settlement Fund Account Individual Settlement Payments based on the twenty-five percent (25%) of the PAGA Settlement Fund to

each Aggrieved Employee's last known mailing address. Prior to mailing, the Settlement Administrator will perform a search based on the National Change of Address Database for information to update and correct for any known or identifiable address changes. Any checks returned as non-deliverable on or before the Void Date will be sent promptly via regular First Class U.S. Mail to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator will promptly attempt to determine the correct address using a skip trace, or other search using the name, address or Social Security number of the Aggrieved Employee involved, and will then perform a single re-mailing. Any check re-mailings will not extend the 180-day period to cash a check. Any checks issued to Aggrieved Employees shall remain valid and negotiable for one hundred and eighty (180) calendar days from the date of their issuance and then shall become void on the 181st day after issuance, *i.e.*, the Void Date. The Parties agree that, within fourteen (14) calendar days after the Void Date, any unclaimed funds in the Settlement Fund Account as a result of the failure to cash Individual Settlement Payment checks prior to the Void Date shall be paid by the Settlement Administrator to the LWDA.

12. Calculation of Individual Settlement Payments. All Aggrieved Employees will receive an Individual Settlement Payment. The amount of each Aggrieved Employee's Individual Settlement Payment will be calculated based on the total number of pay periods each Aggrieved Employee was paid wages during the Settlement Period. The precise amount of the pay period value will be calculable once the amount of the PAGA Settlement Fund is set based on the amounts approved by the Court with respect to the Attorney's Fees, Attorney's Costs, Service Award, and Settlement Administration Costs. To establish the pay period value, the Settlement Administrator will first determine the total number of pay periods that all Aggrieved Employees was paid wages during the Settlement Period. Twenty-five percent (25%) of the PAGA Settlement Fund will then be divided by the total number of pay periods that Aggrieved Employees were paid wages during the Settlement Period to determine the pay period value. The pay period value will be rounded to the nearest cent. If there are any settlement funds remaining in the Settlement Fund Account due to rounding the pay period value to the nearest cent, those funds will be paid to the LWDA in addition to the LWDA's seventy-five percent (75%) share of the PAGA Settlement Fund. The Individual Settlement Payment to each Aggrieved Employee will then be determined by multiplying the pay period value and the total number of pay periods each Aggrieved Employee were paid wages during the Settlement Period.

13. Tax Treatment of Individual Settlement Payments and Plaintiff's Service Award Amount. One hundred percent (100%) of each Individual Settlement Payment and Service Award amount shall be allocated as penalties for which an IRS Form 1099 will issue, if required by law.

14. Administration of Taxes. The Settlement Administrator will be responsible for issuing to Plaintiff, each Aggrieved Employee, and Plaintiff's Counsel the Form 1099s or other tax forms as may be required by law for all amounts paid pursuant to this Settlement, and for forwarding all penalties to the appropriate government authorities.

15. Certification of Completion. Upon completion of administration of the Settlement, and if required by the Court, the Settlement Administrator will provide a written declaration under oath to certify such completion to the Court and counsel for all Parties. If required by the Court,

Plaintiff's Counsel shall file this declaration with the Court within seven (7) calendar days of receipt.

D. Miscellaneous Provisions

1. No Effect on Employee Benefits. Amounts paid to Plaintiff and other Aggrieved Employees pursuant to this Settlement Agreement do not count as earnings or compensation for purposes of any benefits (e.g., 401(k) plans or retirement plans) sponsored by Defendant.

2. Tax Liability. The Parties make no representation as to the tax treatment or legal effect of the payments called for hereunder, and the Parties are not relying on any statement, representation, or calculation by any of the Parties or by the Settlement Administrator in this regard. Plaintiff understands and agrees that he will be solely responsible for the payment of any taxes and penalties assessed on the payments described herein and will hold Plaintiff's Counsel, Defendant, the Released Parties, Defense Counsel, and the Settlement Administrator free and harmless from and against any claims resulting from treatment of such payments as non-taxable damages. Each Party to this Settlement (for purposes of this section, the "Acknowledging Party" and each Party to this Settlement Agreement other than the Acknowledging Party, an "other Party") acknowledges and agrees that: (a) no provision of this Settlement, and no written communication or disclosure between or among the Parties or their attorneys and other advisers, is or was intended to be, nor will any such communication or disclosure constitute or be construed or be relied upon as, tax advice within the meaning of United States Treasury Department Circular 230 (31 C.F.R. Part 10, as amended); (b) the Acknowledging Party (i) has relied exclusively upon his, her or its own, independent legal and tax counsel for advice (including tax advice) in connection with this Settlement, (ii) has not entered into this Settlement based upon the recommendation of any other Party or any attorney or advisor to any other Party, and (iii) is not entitled to rely upon any communication or disclosure by any attorney or adviser to any other Party to avoid any tax penalty that may be imposed on the Acknowledging Party; and (c) no attorney or adviser to any other Party has imposed any limitation that protects the confidentiality of any such attorney's or adviser's tax strategies (regardless of whether such limitation is legally binding) upon disclosure by the Acknowledging Party of the tax treatment or tax structure of any transaction, including any transaction contemplated by this Settlement Agreement.

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

4. Jurisdiction. The Court shall retain continuing and exclusive jurisdiction over the Parties to this Settlement Agreement for the purpose of the administration and enforcement of this Settlement Agreement. If an action is brought to enforce this Agreement, the prevailing party shall be entitled to his/its reasonable attorneys' fees and costs.

5. Exhibits Incorporated by Reference. The terms of this Settlement Agreement include the terms set forth in any attached Exhibits, which are incorporated by this reference as

though fully set forth herein. Any Exhibits to this Settlement Agreement are an integral part of the Settlement.

6. Entire Agreement. This Settlement Agreement and any attached Exhibits constitute the entirety of the Parties' settlement terms, and no oral or written representations, warranties or inducements have been made to any Party concerning this Settlement Agreement or its Exhibits other than the representations, warranties, and covenants contained and memorialized in the Settlement Agreement and its Exhibits.

7. Amendment or Modification. This Agreement may be amended or modified only by a formal written instrument signed by counsel for all Parties or their successors-in-interest.

8. Authorization to Enter Into Settlement Agreement. The Parties warrant and represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Settlement Agreement to effectuate its terms. The person or persons signing this Settlement Agreement on behalf of Defendant represent and warrant that he/she/they are authorized to sign this Settlement Agreement on behalf of Defendant. Plaintiff represents and warrants that he is authorized to sign this Settlement Agreement and that he has not assigned any claim covered by this Settlement to a third party.

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

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

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

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

13. Acknowledgement that the Settlement is Fair, Adequate, and Reasonable. The Parties believe this Agreement is a fair, adequate, and reasonable settlement of the Action and have arrived at this Settlement after arm's-length negotiations, and in the context of adversarial litigation, taking into account all relevant factors, present and potential. The Parties further acknowledge that they are each represented by competent counsel and that they have had an

opportunity to consult with their counsel regarding the fairness, adequacy, and reasonableness of this Settlement.

14. Waiver of Certain Appeals. In the event the Court grants Approval of this Settlement, the Parties agree to waive appeals concerning this Settlement.

15. Captions. The captions and paragraph numbers in this Agreement are inserted for the reader's convenience, and in no way define, limit, construe or describe the scope or intent of the provisions of this Agreement.

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

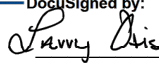
17. Representation by Counsel. The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Agreement, and that this Agreement has been executed with the consent and advice of counsel, and reviewed in full. Further, Plaintiff and Plaintiff's Counsel warrant and represent that there are no liens on the Agreement.

18. Cooperation and Execution of Necessary Documents. All Parties will cooperate in good faith and execute all documents to the extent reasonably necessary to effectuate the terms of this Agreement. If the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of the Court to resolve such disagreement.

It is hereby agreed.

Dated: 8/11/2022 _____

PLAINTIFF

DocuSigned by:

Larry Otis

8/9/2022
Dated: _____

**DEFENDANT DELTA ASSOCIATED
INVESTIGATIONS, INC.**

Raymond Therrien

Raymond Therrien
Chief Executive Officer

Approved as to form:

Dated: August 12, 2022

DIVERSITY LAW GROUP, P.C.



Larry Lee
Max W. Gavron
Mai Tulyathan
Attorney for Plaintiff Larry Otis and
Aggrieved Employees

Approved as to form:

Dated: 8/9/2022

JACKSON LEWIS P.C.

Nathan W. Austin

Nathan W. Austin
Attorney for Defendant Delta Associated
Investigations, Inc.

Exhibit A – Sample 1

Otis v. Delta Associated Investigations, Inc.
XXXX

CHECK DATE: <<MONTH ##, ####>>
CHECK NUMBER: <<#####>>
CHECK AMOUNT: <<\$###,###.##>>
TRACKING NUMBER: <<XXXXXX>>



<<FIRSTMILASTNAME1>>
<<FIRSTMILASTNAME2>>
<<FIRSTMILASTNAME3>>
<<ADDRESS3>>
<<ADDRESS2>>
<<ADDRESS1>>
<<CITY>> <<ST>> <<ZIPCODE>>
<<COUNTRY>>

You are receiving this payment because of a lawsuit brought by Plaintiff Larry Otis ("Plaintiff"), an employee of Delta Associated Investigations, Inc. ("DAI"), for civil penalties pursuant to the Private Attorneys General Act, Labor Code § 2698, *et seq.* ("PAGA"). In this lawsuit, Plaintiff claimed that he and other employees of DAI were not paid wages under the timing requirements of the California Labor Code.

DAI denies these claims and denies that it owes any penalties, but to avoid further time and expense in litigation, DAI and Plaintiff have agreed to settle the case. The settlement resolves the PAGA claims asserted in the lawsuit on behalf of all DAI Employees who worked in California and were paid wages at any time from January 18, 2021 to January 28, 2022 ("Aggrieved Employees").

According to DAI's records, you are an Aggrieved Employee and are therefore entitled to a share of the settlement. This settlement check shall remain valid until XXXXX.

This check is issued pursuant to the terms of the PAGA action settlement *Otis v. Delta Associated Investigations, Inc.*, San Benito County Superior Court Case No. CU-22-00111.

This payment is taxable income for federal, state, and local tax purposes and may be reported to the appropriate taxing authorities. You may be required to make additional tax payments. Please consult a tax advisor to determine your individual tax payment and reporting situation. Please notify us of any address changes so that any necessary tax forms can be mailed to your most current address.

If you have any questions about your award, please contact the Settlement Administrator at XXXXX, (XXX) XXX-XXXX.