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Attorneys for Defendant:

TEDDYS INVESTMENTS INC; TEDDYS ATTITUDE OF GRATITUDE
INVESTMENTS; TEDDYS RED TACOS LAX INC; THE ORIGINAL TEDDY'S
RED TACOS VENICE LLC

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DULCE ZUAZO, individually and on behalf of
all others similarly situated,

Plaintiff,

vs.

TEDDYS INVESTMENTS INC; TEDDYS
ATTITUDE OF GRATITUDE INVESTMENTS;
TEDDYS RED TACOS LAX INC; THE
ORIGINAL TEDDY'S RED TACOS VENICE
LLC; and DOES 1 through 20, inclusive,

Defendants.

Case No. 22STCV00296

*Assigned for All Purposes to:
Hon. David S. Cunningham III
Dept. SS11*

JOINT STIPULATION OF SETTLEMENT

1 It is stipulated and agreed by and among the undersigned Parties, subject to the approval of
2 the Court pursuant to the California Rules of Civil Procedure, Rules of Court, and applicable case
3 law, that the Settlement of this Action shall be effectuated upon and subject to the following terms
4 and conditions. Capitalized terms used herein shall have the meanings set forth in Article I or as
5 defined elsewhere in this Joint Stipulation of Settlement (“Agreement” or “Settlement”).

6 This Agreement is made by and between Named Plaintiff Dulce Zuazo (“Named Plaintiff”) and the Class Members, on the one hand, and Defendants Teddy’s Investments, Teddy’s Attitude of
7 Gratitude Investments; Teddy’s Red Tacos LAX, Inc. and The Original Teddy’s Red Taco Venice
8 LLC (collectively referred to herein as “Defendants”) and Released Parties, defined below, on the
9 other hand. Named Plaintiff and Defendants collectively are referred to in this Agreement as “the
10 Parties.”

11 The Parties agree that the Action shall be, and hereby is, ended, settled, resolved, and
12 concluded by agreement of Defendants to pay the gross settlement amount of Three hundred Ninety-
13 Five Thousand Dollars and Zero Cents (\$395,000.00) as provided in Section 3.06(a) below (“Gross
14 Settlement Amount”) pursuant to the terms and conditions of this Agreement and for the
15 consideration set forth herein, including but not limited to, a release of all claims by Plaintiff and the
16 Class Members as set forth herein.

17 **ARTICLE I**

18 **DEFINITIONS**

19 Unless otherwise defined herein, the following terms used in this Agreement shall have the
20 meanings ascribed to them as set forth below:

21 a. “Action” means the action described as follows: *Dulce Zuazo, individually and on*
22 *behalf of all others similarly situated v. Teddys Investments Inc; Teddys Attitude of Gratitude*
23 *Investments; Teddys Red Tacos LAX Inc; the Original Teddy’s Red Tacos Venice LLC; and DOES I*
24 *through 20, inclusive,”* Case No. 22STCV00296, commenced on January 4, 2022, in the Superior
25 Court of the State of California for the County of Los Angeles asserting legal claims against
26 Defendants for (i) failure to provide meal periods; (ii) failure to permit rest breaks; (iii) failure to
27 provide accurate itemized wages statements; (iv) failure to pay all wages dues upon separation of
28

employment; (v) failure to reimburse necessary business expenses; and (vi) violation of Business and Professions Code §§ 17200, *et seq.*, (viii). and any other such similar or related claims that could have or should have been raised.

b. “Agreement” means this Joint Stipulation of Settlement, including the attached Exhibit(s).

c. “Class” means all current and former non-exempt employees who are or were employed by Defendants in California at any time during the Class Period.

d. “Class Counsel” means the attorneys for the Class and the Class Members, who are:

Samuel A. Wong
Kashif Haque
Jessica L. Campbell
Steven A. McNicholl
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Irvine, California 92618
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e. “Class List” means a list based on Defendant’s business records that identifies each Class Member’s name, last known home or mailing address, Social Security number or, as applicable, other taxpayer identification number, dates of employment, and the number of Qualifying Workweeks worked during the Class Period.

f. “Class Member(s)” means all members of the Class.

g. “Class Period” means July 10, 2017 through January 11, 2023.

h. “Court” means the California Superior Court for the County of Los Angeles, where the Action is currently pending.

i. “Date of Finality” means ten (10) days after the date that an order by the Court granting final approval becomes non-appealable. Non-appealable means that no party, including objectors, if any, has a right to appeal to, or seek reconsideration in, the California Court of Appeal, the California Supreme Court, or the U.S. Supreme Court or, to the extent any appeals have been filed, they have been resolved, exhausted or settled, such that no further appeal activity may be taken.

j. “Defendants” mean all named defendants to this Action.

k. “Defense Counsel” means counsel for Defendant:

Shahrokh Sheik
Ashley Morris
David Ching
WEINBERG GONSER FOST LLP
10866 Wilshire Blvd., Suite 1650
Los Angeles, California 90024
Telephone: (424) 407-4122

l. “Disposition” means the method by which the Court approves the terms of the Settlement and retains jurisdiction over its enforcement, implementation, construction, administration, and interpretation.

m. “Final Order Approving Settlement of Class Action” or “Final Order” means the final formal court order signed by the Court following the Final Fairness and Approval Hearing in accordance with the terms herein, approving this Agreement.

n. “Gross Settlement Amount” means Three hundred Ninety-Five Thousand Dollars and Zero Cents (\$395,000.00) to be paid by Defendants as provided by this Agreement to settle this Action. All payments to the Class, administration costs, attorney’s fees and costs, and Incentive Awards, pursuant to Section 3.07(a) below, shall be paid out of the Gross Settlement Amount. The employer’s share of payroll taxes arising from the payments made under this settlement shall be paid by Defendants separate from and in addition to the Gross Settlement Amount. The Gross Settlement Amount is subject to a pro rata increase pursuant to Section 3.04(e) below. No part of the Gross Settlement Amount shall revert to Defendant.

o. “Enhancement Award” means a monetary amount of up to Seven Thousand Five Hundred Dollars (\$7,500.00) for the Named Plaintiff, subject to Court approval, in recognition of her effort and work in prosecuting the Action on behalf of Class Members, and for her general release of claims.

p. “Individual Settlement Payment(s)” means each Participating Class Member’s respective share of the Net Settlement Amount. Individual Settlement Payments will be determined by the calculations provided in this Agreement.

q. “Initial Payment” means the first settlement payment of \$197,500 that represents one-half of the Gross Settlement Amount.

r. “LWDA” means The State of California Labor and Workforce Development Agency.

s. “LWDA Payment” means 75% of the \$30,000 allocated to the settlement of PAGA claims which, subject to Court approval, will be paid to the LWDA pursuant to Section 3.06(e) of this Agreement, as provided for below.

t. “Motion for Final Approval” means Plaintiff’s submission of a written motion, including any evidence as may be required for the Court to conduct an inquiry into the fairness of the Settlement as set forth in this Agreement, to conduct a Final Fairness and Approval Hearing, and to enter a Final Order in this Action.

u. “Motion for Preliminary Approval” means Plaintiff’s submission of a written motion, including any evidence as may be required for the Court to grant preliminary approval of the Settlement as required by Rule 3.769 of the California Rules of Court.

v. “Named Plaintiff” means Dulce Zuazo.

w. “Net Settlement Amount” means the Gross Settlement Amount less Court-approved administration costs, Class Counsels’ attorney’s fees and costs, Incentive Award, pursuant to Section 3.06(a)-(e) below.

x. “Non-Participating Class Member(s)” means any Class Member(s) who submit to the Settlement Administrator a valid and timely written request to be excluded from the Class pursuant to Section 3.04(b) below.

y. “Notice Packet” means the Notice of Proposed Class Action Settlement in a form substantially similar to the Notice Packet attached hereto as **Exhibit A**, subject to Court approval.

z. “PAGA” means the California Private Attorneys General Act of 2004, which is codified in California Labor Code §§ 2698 *et seq.*

aa. “Participating Class Member(s)” is defined as a Class Member who does not timely exclude himself or herself from the Settlement and will therefore receive his or her share of the Net Settlement Amount automatically without the need to return a claim form. Each Participating Class Member will be paid his/her Individual Settlement Payment.

bb. “PAGA Group Members” means all Class Members employed by Defendants at any time between July 10, 2020 through January 11, 2023 (“PAGA Period”).

cc. “Preliminary Approval Date” means the date the Court preliminarily approves the Settlement embodied in this Agreement.

dd. “Qualified Settlement Fund” or “QSF” means a fund within the meaning of Treasury Regulation § 1.468B-1, 26 CFR § 1.468B-1 *et seq.*, that is established by the Settlement Administrator for the benefit of Participating Class Members.

ee. “Qualifying Workweeks” means the number of weeks that Class Members worked for Defendants as non-exempt employees during the Class Period.

ff. “Released Parties” means all named defendants in this Action as well as and their past, present, and future parent entities, subsidiaries, divisions, affiliates, legal successors, predecessors (including companies they have acquired, purchased, or absorbed), Long Beach 8527, LLC., Lower Azusa 11003 LLC, Whittier 13317 LLC, La Brea 1292 LLC, FT Slauson LLC, FT Echo Park LLC, TRT East LA LLC, and TRT Anaheim LLC, and each and all of their respective owners, management, officers, partners, and directors.

gg. “Response Deadline” means the deadline by which Class Members must postmark or fax to the Settlement Administrator requests for exclusion or written notices of objection. The Response Deadline will be sixty (60) calendar days after the initial mailing of the Notice Packet by the Settlement Administrator, unless the sixtieth (60th) calendar day falls on a Sunday or federal holiday, in which case the Response Deadline will be extended to the next day on which the U.S. Postal Service is open. The Response Deadline will be extended as set forth herein if there is a re-mailing.

hh. “Settlement Administration Costs” means all costs incurred by the Settlement Administrator in administration of the Settlement, including, but not limited to, mailing of notice to the class, calculation of Individual Settlement Payments, generation of Individual Settlement Payment checks and related tax reporting forms, administration of unclaimed checks, and generation of checks to Class Counsel for attorneys’ fees and costs, to Named Plaintiffs for their Incentive

Awards, and to the LWDA. The Settlement Administration Costs shall be paid from the Gross Settlement Amount.

ii. “Settlement Administrator” means ILYM Group, Inc., which the Parties have agreed will be responsible for the administration of the Individual Settlement Payments to be made by Defendants from the Gross Settlement Amount and related matters under this Agreement.

ARTICLE II

CONTINGENT NATURE OF THE AGREEMENT

Section 2.01: Stipulation of Class Certification for Settlement Purposes Only

Because the Parties have stipulated to the certification of the Class with respect to all causes of action alleged in the Action for settlement purposes only, this Agreement requires preliminary and final approval by the Court. Accordingly, the Parties enter into this Agreement on a conditional basis. This Agreement is contingent upon the approval and certification by the Court. If the Date of Finality does not occur, the fact that the Parties were willing to stipulate for the purposes of this Agreement to a Class shall have no bearing on, nor be admissible in connection with, the issue of certification of the Class with respect to all causes of action alleged in the Action. Defendants do not consent to certification of the Class for any purpose other than to effectuate settlement of the Action. If the Date of Finality does not occur, or if Disposition of this Action is not effectuated, any certification of the Class as to Defendants will be vacated and Named Plaintiff, Defendants, and the Class will be returned to their positions with respect to the Action as if the Agreement had not been entered into. In the event that the Date of Finality does not occur: (a) any Court orders preliminarily or finally approving certification of any class contemplated by this Agreement shall be null, void, and vacated, and shall not be used or cited thereafter by any person or entity; and (b) the fact of the settlement reflected in this Agreement, the fact that Defendants do not oppose the certification of a Class under this Agreement, or that the Court preliminarily approved the certification of the Class, shall not be used or cited thereafter by any person or entity, including in any manner whatsoever, including without limitation any contested proceeding relating to the certification of any class. If the Date of Finality does not occur, this Agreement shall be deemed null and void, shall be of no force or effect whatsoever, and shall not be referred to or used for any purpose whatsoever. Defendants expressly

1 reserve the right to challenge the propriety of class certification in the Action for any purpose, if the
2 Date of Finality does not occur. Defendants deny liability on all claims made in this Action.

3 The Parties and their respective counsel shall take all steps that may be requested by the Court
4 relating to the approval and implementation of this Agreement, and shall otherwise use their
5 respective best efforts to obtain Court approval and implement this Agreement. If the Court does not
6 grant the Motion for Preliminary Approval and/or the Motion for Final Approval, the Parties agree
7 to meet and confer to address the Court's concerns. If the Parties are unable to agree upon a
8 resolution, the Parties agree to seek the assistance of mediator Ann Kotlarski, Esq. to resolve the
9 dispute.

10 ARTICLE III

11 **PROCEDURE FOR APPROVAL AND IMPLEMENTATION OF THE SETTLEMENT**

12 The procedure for obtaining Court approval of and implementing this Agreement shall be as
13 follows:

14 **Section 3.01: Motion for Conditional Class Certification and Preliminary Approval**

15 Named Plaintiff will bring a motion before the Court for an order conditionally certifying the
16 Class to include all claims pled in the Action based on the preliminary approval of this Agreement.
17 The date that the Court grants preliminary approval of this Agreement will be the "Preliminary
18 Approval Date."

19 **Section 3.02: The Settlement Administrator**

20 The Parties have chosen ILYM Group, Inc. to administer this Settlement and to act as the
21 Settlement Administrator, including but not limited to distributing and responding to inquiries about
22 the Notice Packet, determining the validity of exclusions/opt-outs, calculating the Net Settlement
23 Amount and the Individual Settlement Payments, issuing the Individual Settlement Payment checks
24 and distributing them to Participating Class Members, establishing and maintaining the QSF, and
25 issuing the payment to Class Counsel for attorneys' fees and costs, the Incentive Award check to
26 Named Plaintiff, and the employer payroll taxes to the appropriate taxing authorities. The Settlement
27 Administrator shall expressly agree to all of the terms and conditions of this Agreement.
28

1 All costs of administering the Settlement, including but not limited to all costs and fees
2 associated with preparing, issuing and mailing any and all notices to Class Members and/or
3 Participating Class Members, all costs and fees associated with computing, processing, reviewing,
4 and mailing the Individual Settlement Payments, all costs and fees associated with preparing any tax
5 returns and any other filings required by any governmental taxing authority or agency, all costs and
6 fees associated with preparing any other checks, notices, reports, or filings to be prepared in the
7 course of administering disbursements from the Net Settlement Amount, and any other costs and fees
8 incurred and/or charged by the Settlement Administrator in connection with the execution of its
9 duties under this Agreement (“Settlement Administration Costs”), shall be paid to the Settlement
10 Administrator from the Gross Settlement Amount.

11 **Section 3.03: Notice to Class Members**

12 No later than ten (10) business days after the Preliminary Approval Date, Defendants will
13 provide the Settlement Administrator with a “Class List” in electronic format based on its business
14 records, identifying the names of the Class Members, their last known home addresses, Social
15 Security numbers or, as applicable, other taxpayer identification number, their dates of employment
16 and weeks worked during the Class Period.

17 Within ten (10) business days of receiving a Class List from Defendants, the Settlement
18 Administrator will send Class Members, by first-class mail, at their last known address, the Court
19 approved Notice Packet, including notice of this Settlement and of the opportunity to opt out of the
20 Settlement Class. The Notice Packet will include a calculation of the Class Member’s approximate
21 share of the Net Settlement Amount. Class Members will have forty-five (45) days from the date of
22 mailing in which to postmark written objections or requests for exclusion. Prior to the initial mailing,
23 the Settlement Administrator will check all Class Member addresses against the National Change of
24 Address database and shall update any addresses before mailing. The Settlement Administrator will
25 skip trace and re-mail all returned, undelivered mail within five (5) days of receiving notice that a
26 Notice Packet was undeliverable. If a Class Member’s notice is re-mailed, the Class Member shall
27 have fifteen (15) calendar days from the re-mailing, or forty-five (45) calendar days from the date of
28 the initial mailing, whichever is later, in which to postmark objections or requests for exclusion.

1 Class Members shall not be required to submit claim forms in order to receive a proportional share
2 of the Net Settlement Amount.

3 If the Notice Packet is returned with a forwarding address, the Settlement Administrator shall
4 re-mail the Notice Packet to the forwarding address. With respect to those Class Members whose
5 Notice Packet is returned to the Settlement Administrator as undeliverable, the Settlement
6 Administrator shall promptly attempt to obtain a valid mailing address by performing a skip trace or
7 mass search on LexisNexis or comparable databases based on set criteria and, if another address is
8 identified, shall mail the Notice Packet to the newly identified address. It is the intent of the parties
9 that reasonable means be used to locate Class Members and that the Settlement Administrator be
10 given discretion to take steps in order to facilitate notice of the Settlement and delivery of the
11 Individual Settlement Payments to all Participating Class Members.

12 If the Notice Packet is re-mailed, the Settlement Administrator will note for its own records
13 and notify Class Counsel and Defense Counsel of the date of each such re-mailing as part of a weekly
14 status report provided to the Parties.

15 In the event a Class Member's Notice Packet remains undeliverable sixty (60) calendar days
16 after the Notice Packet was initially mailed, the Settlement Administrator will not mail the Class
17 Member's Individual Settlement Payment. The Settlement Administrator will hold the Class
18 Member's Individual Settlement Payment during the check cashing period on behalf of the Class
19 Member. If at the conclusion of the check cashing period the Class Member's Notice Packet and
20 Individual Settlement Payment remain undeliverable and/or unclaimed and uncashed, the Settlement
21 Administrator will distribute the funds from unclaimed/uncashed checks in accordance with the
22 procedures set forth in Section 3.06(f) below.

23 No later than twenty (20) court days prior to the Final Fairness and Approval Hearing, the
24 Settlement Administrator shall provide Defense Counsel and Class Counsel with a declaration
25 attesting to completion of the notice process, including any attempts to obtain valid mailing addresses
26 for and re-sending of any returned Notice Packets, as well as the number of valid requests for
27 exclusion and objections that the Settlement Administrator received.

1 **Section 3.04: Responses to Notice**

2 **a. Class Member Disputes**

3 If any Class Member disagrees with Defendant's records as to his or her Qualifying
4 Workweeks during the Class Period as reflected in the Notice Packet, the Class Member shall set
5 forth in writing the Qualifying Workweeks he/she claims to have worked during the Class Period
6 and submit such writing to the Settlement Administrator by the Response Deadline (or fifteen (15)
7 days after the Settlement Administrator re-mails the Notice to the Class Member, whichever is later),
8 along with any supporting documentation. The Notice will also provide a method for the Class
9 Member to challenge the employment data on which his or her Individual Settlement Payment is
10 based. The Settlement Administrator shall contact the Parties regarding the dispute and the Parties
11 will work in good faith to resolve it. If the Parties are unable to resolve the dispute, the Court is the
12 final arbiter of disputes. Plaintiff will file with the Court all disputes submitted by class members,
13 the evidence submitted, and the resolution of those disputes.

14 **b. Requests for Exclusion from Class**

15 In order for any Class Member to validly exclude himself or herself from the Class and this
16 Settlement (*i.e.*, to validly opt out), a written request for exclusion must be signed by the Class
17 Member or his or her authorized representative, and must be sent to the Settlement Administrator,
18 postmarked no later than the Response Deadline (or fifteen (15) days after the Settlement
19 Administrator re-mails the Notice to the Class Member, whichever is later), or based on any other
20 timeline or requirements suggested by the Court. The Notice Packet shall contain instructions on how
21 to validly exclude himself or herself from the Class and this Settlement (*i.e.*, opt out), including the
22 language to be used in a request for exclusion. The date of the initial mailing of the Notice Packet,
23 and the date the signed request for exclusion was postmarked, shall be conclusively determined
24 according to the records of the Settlement Administrator. Any Class Member who timely and validly
25 requests exclusion from the Class and this Settlement will not be entitled to any Individual Settlement
26 Payment, will not be bound by the terms and conditions of this Agreement, and will not have any
27 right to object, appeal, or comment thereon.
28

Any Class Member who fails to timely submit a request for exclusion shall automatically be deemed a Class Member whose rights and claims with respect to the issues raised in the Action are determined by the Court's Final Order Approving Settlement of Class Action, and by the other rulings in the Action. Thus, said Class Member's rights to pursue any claims covered by the Action and/or released in this Agreement will be extinguished.

c. Objections to Settlement

For any Class Member to object to this Agreement, or any term of it, the person making the objection must not submit a request for exclusion (*i.e.*, must not opt out), and should send to the Settlement Administrator, postmarked no later than the Response Deadline (or fifteen (15) days after the Settlement Administrator re-mails the Notice to the Class Member, whichever is later), a written statement of the grounds of objection, signed by the objecting Class Member or his or her attorney, along with all supporting papers, if any. The date of the initial mailing of the Notice Packet, and the date the signed objection was postmarked, shall be conclusively determined according to the records of the Settlement Administrator. The Settlement Administrator shall send any objections it receives to Defense Counsel and Class Counsel within three (3) business days of receipt. Class Members may also appear at the final approval hearing to object. Class Counsel shall be responsible for filing all objections with the Court, prior to the Motion for Final Approval, or in such other matter as the Court directs. The Court retains final authority with respect to the consideration and admissibility of any Class Member objections.

d. Encouragement of Class Members

The Parties to this Agreement and the counsel representing such Parties shall not, directly or indirectly, through any person, encourage or solicit any Class Member to exclude him or herself from this Settlement (opt out), or to object to it. However, Class Counsel may respond to inquiries from Class Members.

e. Right of Plaintiff to Adjust Gross Settlement Amount

Defendants has have estimated the number of employees as 180 and the number of work weeks as 4,000. If the number of employees exceeds 180 by more than 5% (*i.e.*, 190 employees or more) or the number of work weeks exceeds 4,000 by more than 5% (*i.e.*, 4,201 work weeks or more)

as of the end of the Class Period, there will be a pro rata adjustment to the Gross Settlement Amount per additional employee equal to \$2,194.44 or per additional workweek equal to \$98.75, whichever is greater.

Section 3.05: Final Fairness and Approval Hearing

On the date set forth in the Order for Preliminary Approval and Notice Packet, a Final Fairness and Approval Hearing shall be held before the Court in order to (1) review this Agreement and determine whether the Court should give it final approval, and (2) consider any objections made and all responses by the Parties to such objections. At the Final Fairness and Approval Hearing, the Parties shall ask the Court to grant final approval to this Agreement and shall submit to the Court a Proposed Final Order Approving Settlement of Class Action.

Section 3.06: Settlement Payment Procedures

a. Settlement Amount

In exchange for the Released Claims set forth in this Agreement, Defendants agree to pay the Gross Settlement Amount in the amount of Three Hundred Ninety-Five Thousand Dollars and Zero Cents (\$395,000.00), subject to a pro rata increase under the condition set forth in Section 3.04(e). The Gross Settlement Amount includes all Individual Settlement Amounts to Participating Class Members, all administration costs, Class Counsel's attorney's fees and costs, PAGA Settlement Amount, and the Incentive Payments.

Within nine (9) months of the Date of Finality, Defendants shall transfer \$197,500.00, as set forth herein, into a QSF established by the Settlement Administrator either directly or by sending the funds to the Settlement Administer to be deposited and distributed plus one-half of Defendant's share of employer-side payroll taxes. Within thirty (30) days after Initial Payment, Defendants shall transfer \$197,500.00, as set forth herein, into a QSF established by the Settlement Administrator either directly or by sending the funds to the Settlement Administer to be deposited and distributed plus one-half of Defendant's share of employer-side payroll taxes. The Settlement Administrator will use these funds to fund payment of the Individual Settlement Payments to Participating Class Members, Class Counsel's attorneys' fees and costs, the Incentive Award, and the Settlement Administration Costs.

1 Within ten (10) court days after receiving Defendants' final payment, funding the Gross
2 Settlement Amount in full, the Settlement Administrator will pay the Individual Settlement Payments
3 to Participating Class Members, Class Counsel's attorneys' fees and costs, LWDA Payment, the
4 Incentive Awards, and employer and employee tax withholdings applicable to the Net Settlement
5 Amount allocated to wages. Prior to this distribution, the Settlement Administrator will perform a
6 search based on the National Change of Address Database to update and correct for any known or
7 identifiable address changes.

8 **b. Payment of Attorneys' Fees and Costs**

9 Class Counsel shall submit an application for an award of attorneys' fees of up to one-third
10 of the Gross Settlement Amount, which, based on the current Gross Settlement Amount, is One
11 Hundred Thirty-One Thousand and Six Hundred Sixty-Six and Thirty-Three Cents (\$131,666.66).
12 Class Counsel shall submit an application for an award of costs not to exceed Twenty-Five Thousand
13 Dollars (\$25,000.00). Such application for attorneys' fees and costs shall be heard by the Court at
14 the Final Fairness and Approval Hearing. Defendants shall not object to or oppose any such
15 application in these amounts. Class Counsel shall serve Defendants with copies of all documents
16 submitted in support of their application for an award of attorneys' fees and costs.

17 Any attorneys' fees and costs awarded to Class Counsel by the Court shall be paid from the
18 Gross Settlement Amount and shall not constitute payment to any Class Member(s). The attorneys'
19 fees and costs for Class Counsel approved by the Court shall encompass all work performed, costs,
20 and expenses related to the investigation, prosecution, and settlement of the Action incurred through
21 the Date of Finality. To the extent that the Court approves less than the amount of attorney's fees
22 and/or costs that Class Counsel requests, the difference between the requested and awarded amounts
23 will be reallocated to the Net Settlement Amount.

24 **c. Payment of Settlement Administration Costs**

25 The Settlement Administration Costs shall be paid out of the Gross Settlement Amount and
26 shall not constitute payment to any Participating Class Member(s). The amount shall not exceed
27 Fifteen Thousand Dollars (\$15,000.00).
28

d. Payment of Incentive Award to Named Plaintiff

Subject to Court approval, the Named Plaintiff shall receive an Incentive Award of up to Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00), the request for which Defendants will not object to or oppose. The Incentive Awards shall be paid out of the Gross Settlement Amount and shall not constitute payment to any Participating Class Member(s) other than Named Plaintiff. To the extent that the Court approves less than the amount of incentive award that Class Counsel request, the difference between the requested and awarded amounts will be reallocated to the Net Settlement Amount.

Because it is the intent of the Parties that the Incentive Award represent payment to Named Plaintiff for her service to the Class Members, and not wages, the Settlement Administrator will not withhold any taxes from the Incentive Award. The Incentive Award will be reported on a Form 1099, which the Settlement Administrator will provide to Named Plaintiff and to the pertinent taxing authorities as required by law.

e. Payment to the Labor and Workforce Development Agency

In consideration of claims made under PAGA, Class Counsel will request that the Court approve allocation of Thirty Thousand Dollars (\$30,000) of the Gross Settlement Amount to these claims. Seventy-five percent (75%) of this payment will be paid to the California Labor and Workforce Development Agency ("LWDA Payment"), and twenty-five percent (25%) will be paid to the Net Settlement Amount for distribution to PAGA Group Members. Defendants will not oppose this request. The entire PAGA Settlement Amount will be paid out of the Gross Settlement Amount. The Court's adjustment, if any, of the amount allocated to Named Plaintiffs' PAGA claim in the Action, will not invalidate this Agreement.

f. Payment of Individual Settlement Payments to Participating Class Members

The Parties agree that the Net Settlement Amount shall be used to fund Individual Settlement Payments. The Parties agree that the Net Settlement Amount shall be divided between all Participating Class Members in proportion to the number of individual Qualifying Workweeks for each Class Member. To calculate the minimum amount each Class Member will receive based on their individual Qualifying Workweeks, the Net Settlement Amount will be divided by the total

number of Qualifying Workweeks by all Class Members during the Class Period and then allocated on a pro rata basis. Qualifying Workweeks will be rounded up to the next whole integer. Each Class Member's approximate Individual Settlement Payment amount will be included in his or her Notice Packet. After final approval by the Court, the Net Settlement Amount will be dispersed to Participating Class Members (those who did not exclude themselves) on a pro rata basis based on the individual Qualifying Workweeks worked during the Class Period by each Participating Class Member.

Each Individual Settlement Payment will represent wages and penalties allocated using the following formula: 40% allocated to wages and 60% allocated to penalties and interest. The amounts paid as wages shall be subject to all tax withholdings customarily made from an employee's wages and all other authorized and required withholdings and shall be reported by W-2 forms. The employer-side taxes will be paid separate from and in addition to the Gross Settlement Amount. The amounts paid as penalties and interest shall be subject to all authorized and required withholdings other than the tax withholdings customarily made from employees' wages and shall be reported by IRS 1099 forms.

No later than ten (10) business days after receiving the Gross Settlement Amount from Defendant, the Settlement Administrator shall prepare and mail the checks for the Individual Settlement Payments to Participating Class Members. Individual Settlement Payments paid from the Net Settlement Amount allocated to wages will be reduced by applicable employer and employee tax withholdings, and the Settlement Administrator will issue a Form W-2 for the wage portion of the Individual Settlement Payments. The Settlement Administrator will issue a Form 1099 to the extent required by law for the interest and penalty portions of the Individual Settlement Payments. Participating Class Members shall have 180 days from the date their Individual Settlement Payment checks are dated to cash their Settlement checks. Any checks that are not cashed upon the expiration of that 180-day time period will be void, and the uncashed funds shall be paid to the State Controller Unclaimed Property Fund in the name of the Class Member for whom the funds are designated.

If a check is returned to the Settlement Administrator as undeliverable, the Settlement Administrator shall promptly attempt to obtain a valid mailing address by performing a skip trace or

1 a mass search on LexisNexis or a comparable database based on set criteria and, if another address
2 is identified, the Settlement Administrator shall mail the check to the newly identified address. If the
3 Settlement Administrator is unable to obtain a valid mailing address through this process, the
4 Settlement Administrator will tender the funds from the undeliverable checks to the State Controller
5 Unclaimed Property Fund in the name of the Class Member for whom the funds are designated.

6 **g. Default on Payment.**

7 In the event Defendants make a late payment or do not pay any portion of the Gross
8 Settlement Amount, it shall be considered a default. In the event Defendants fail to make any payment
9 on the date it is due, under Section 3.06(a), the Settlement Administrator will provide notice to Class
10 Counsel and Defense counsel within three (3) business days of the missed payment. Thereafter,
11 Defendants will have seven (7) days to cure the default and tender payment to the Settlement
12 Administrator. In the event Defendants fail to cure the default within the times set forth herein,
13 Named Plaintiff may elect to enter judgment against Defendants for the balance of the unpaid Gross
14 Settlement Amount to date, and Named Plaintiff will be entitled to recover interest at ten percent
15 (10%) per year from the due date for such payment and reasonable attorneys' fees and costs.

16 **h. No Credit Toward Benefit Plans.**

17 The Individual Settlement Payments made to Participating Class Members under this
18 Agreement, as well as any other payments made pursuant to this Agreement, will not be utilized to
19 calculate any additional benefits under any benefit plans to which any Class Members may be
20 eligible, including, but not limited to: profit-sharing plans, bonus plans, 401(k) plans, stock purchase
21 plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan. Rather, it is the Parties'
22 intention that this Agreement will not affect any rights, contributions, or amounts to which any Class
23 Members may be entitled under any benefit plans.

24 **ARTICLE IV**

25 **LIMITATIONS ON USE OF THIS SETTLEMENT**

26 **Section 4.01: No Admission**

27 Defendants dispute all the allegations in the Action and but for this Settlement, a Class should
28 not have been certified in the Action. This Agreement is entered into solely for the purpose of settling

highly disputed claims. Nothing in this Agreement is intended nor will be construed as an admission of liability or wrongdoing by Defendants or Released Parties.

Section 4.02: Non-Evidentiary Use

Whether or not the Date of Finality occurs, neither this Agreement, nor any of its terms, nor the Settlement itself, will be: (a) construed as, offered, or admitted in evidence as, received as, or deemed to be evidence for any purpose adverse to Defendants or any other of the Released Parties, including but not limited to, evidence of a presumption, concession, indication, or admission by any of the Released Parties of any liability, fault, wrongdoing, omission, concession, or damage, or (b) disclosed, referred to, or offered in evidence against any of the Released Parties in any further proceeding in the Action, except for the purposes of effectuating the Settlement pursuant to this Agreement or for Defendants to establish that a Class Member has resolved any of his or her claims released through this Agreement.

Section 4.03: Nullification

The Parties have agreed to the certification of the Class encompassing all claims alleged in the Action for the sole purpose of effectuating this Agreement. If (a) the Court should for any reason fail to certify this Class for settlement, or (b) the Court should for any reason fail to approve this Settlement, or (c) the Court should for any reason fail to enter the Final Order, or (d) the Final Order is reversed, or declared or rendered void, or (e) the Court should for any reason fail to dispose of the Action in its entirety, then (i) this Agreement shall be considered null and void; (ii) neither this Agreement nor any of the related negotiations or proceedings shall be of any force or effect; (iii) all Parties to this Agreement shall stand in the same position, without prejudice, as if the Agreement had been neither entered into nor filed with the Court; and (iv) the fact that the Parties were willing to stipulate to class certification of all causes of action pled in the Action as part of the Settlement will have no bearing on, and will not be admissible in connection with, the issue of whether the Class should be certified by the Court in a non-settlement context in this Action or any other action, and in any of those events, Defendants expressly reserves the right to oppose certification of the Class.

In the event of a timely appeal from the Final Order, the Final Order shall be stayed and the Gross Settlement Amount shall not be distributed pending the completion of the appeal.

ARTICLE V

RELEASES

Section 5.01: Released Claims by Class Members

Upon the date Defendants transfer all payments that comprise the Gross Settlement Amount, Named Plaintiff and Participating Class Members who do not opt out of the Settlement, release the Defendants and Released Parties from any and all claims alleged in Named Plaintiffs' Operative Complaint, during the Class Period, including but not limited to (1) failure to pay minimum wages (2) failure to pay overtime wages (3) failure to provide meal periods (4) failure to authorize or permit rest periods (5) failure to reimburse business expenses (6) failure to furnish accurate itemized wage statements wage statement violations (7) failure to pay wages upon separation of employment and within the required time and (8) violation of California Business and Professions Code §§17200, *et seq.*, based on the preceding claims ("Released Claims") and all claims, causes of action, demands, rights and liabilities of every nature and description that are asserted in the factual allegations and/or legal assertions made in the operative complaint. The release extends to all remedies that could be claimed for any Released Claim, including but not limited to statutory, constitutional, contractual, and common law claims for wages, damages, liquidated damages, expense reimbursement, interest, attorney fees and costs (other than as awarded to Class Counsel by the Court as part of the instant settlement), injunctive relief, punitive damages, liquidated damages, restitution, disgorgement, and civil and/or statutory penalties pursuant to the Fair Labor Standards Act and/or the California Wage Orders and/or Labor Code, including, without limitation, Sections 201, 202, 203, 204, 210, 226, 226.3, 226.7, 512, 558, 1174, 1194, 2699 *et seq.* and 2802. Upon Defendants transfer of all payments that comprise the Gross Settlement Amount, and except as to such rights or claims as may be created by this Agreement, each member of the Settlement Class (other than those who timely request to be excluded), regardless of whether he or she has timely submitted a Claim Form, will fully release and discharge all Released Parties from all Released Claims.

1 **Section 5.02: Release of PAGA Claims**

2 Upon the date of funding the GSA, the State of California and PAGA Group Members release
3 the Released Parties from all claims exhausted in Plaintiff's notice(s) sent to the LWDA and alleged
4 in the operative complaint, which arose during the PAGA Period, regardless of whether PAGA Group
5 Members opt out of the Class Settlement.

6 **Section 5.03: Named Plaintiffs' Release of Unknown Claims**

7 Upon the date of funding the GSA, Named Plaintiffs, waive, release, acquit, and forever
8 discharge the Defendants and Released Parties from any and all claims, demands, obligations, causes
9 of action, rights, or liabilities of any kind which have been or could have been asserted against the
10 Released Parties arising out of any occurrence or failure to act prior to the Effective Date, including
11 but not limited to claims for wages, restitution, penalties, retaliation, defamation, discrimination,
12 harassment or wrongful termination of employment. This release specifically includes any and all
13 claims, demands, obligations and/or causes of action for damages, restitution, penalties, interest, and
14 attorneys' fees and costs (except provided by the Settlement Agreement) relating to or in any way
15 connected with the matters referred to herein, whether or not known or suspected to exist, and
16 whether or not specifically or particularly described herein.

17 Specifically, Named Plaintiff waive all rights and benefits afforded by California Civil
18 Code Section 1542, which provides as follows:

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

23 Plaintiff's general release provided herein is made with an express waiver and relinquishment
24 of any claim, right, or benefit under California Civil Code § 1542.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.01: Amendments or Modification

The terms and provisions of this Agreement may be amended or modified only by an express written agreement that is signed by all the Parties (or their successors-in-interest) and their counsel.

Section 6.02: Assignment

None of the rights, commitments, or obligations recognized under this Agreement may be assigned by any Party, Class Member, Class Counsel, or Defense Counsel without the express written consent of each other Party and their respective counsel. The representations, warranties, covenants, and agreements contained in this Agreement are for the sole benefit of the Parties under this Agreement and shall not be construed to confer any right or to avail any remedy to any other person.

Section 6.03: Governing Law

This Agreement shall be governed, construed, and interpreted, and the rights of the Parties shall be determined, in accordance with the laws of the State of California, without regard to conflicts of laws.

Section 6.04: Entire Agreement

This Agreement, including the Exhibits referred to herein, which form an integral part hereof, contains the entire understanding of the Parties with respect to the subject matter contained herein. In case of any conflict between text contained in Articles I through VI of this Agreement and text contained in the Exhibits to this Agreement, the former (*i.e.*, Articles I through VI) shall be controlling, unless the Exhibits are changed by or in response to a Court order. There are no restrictions, promises, representations, warranties, covenants, or undertakings governing the subject matter of this Agreement other than those expressly set forth or referred to herein. This Agreement supersedes all prior agreements and understandings among the Parties with respect to the settlement of the Action, including correspondence between Class Counsel and Defense Counsel, memorandums of understanding, and drafts of prior agreements or proposals.

1 **Section 6.05: Waiver of Compliance**

2 Any failure of any Party, Defense Counsel, or Class Counsel hereto to comply with any
3 obligation, covenant, agreement, or condition set forth in this Agreement may be expressly waived
4 in writing, to the extent permitted under applicable law, by the Party or Parties and their respective
5 counsel entitled to the benefit of such obligation, covenant, agreement, or condition. A waiver or
6 failure to insist upon strict compliance with any representation, warranty, covenant, agreement, or
7 condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

8 **Section 6.06: Counterparts and Fax/PDF Signatures**

9 This Agreement, and any amendments hereto, may be executed in any number of counterparts
10 and any Party and/or their respective counsel may execute any such counterpart, each of which when
11 executed and delivered shall be deemed to be an original. All counterparts taken together shall
12 constitute one instrument. A fax or PDF signature on this Agreement shall be as valid as an original
13 signature.

14 **Section 6.07: Meet and Confer Regarding Disputes**

15 Should any dispute arise among the Parties or their respective counsel regarding the
16 implementation or interpretation of this Agreement, a representative of Class Counsel and a
17 representative of Defense Counsel shall meet and confer, in person or via telephone, in an attempt to
18 resolve such disputes prior to submitting such disputes to the Court.

19 **Section 6.08: Agreement Binding on Successors**

20 This Agreement will be binding upon, and inure to the benefit of, the successors in interest
21 of each of the Parties.

22 **Section 6.09: Cooperation in Drafting**

23 The Parties have cooperated in the negotiation and preparation of this Agreement. This
24 Agreement will not be construed against any Party on the basis that the Party, or the Party's counsel,
25 was the drafter or participated in the drafting of this Agreement.

26 **Section 6.10: Fair and Reasonable Settlement**

27 The Parties believe that this Agreement reflects a fair, reasonable, and adequate settlement of
28 the Action and have arrived at this Agreement through arm's-length negotiation and in the context

of adversarial litigation, taking into account all relevant factors, current and potential. The Parties further believe that the Settlement is and is consistent with public policy, and fully complies with applicable law.

Section 6.11: Headings

The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement and shall not be considered in interpreting this Agreement.

Section 6.12: Notice

Except as otherwise expressly provided in the Agreement, all notices, demands, and other communications under this Agreement must be in writing and addressed as follows:

To Named Plaintiff and the Class:

Samuel A. Wong
Kashif Haque
Jessica L. Campbell
Steven A. McNicholl
AEGIS LAW FIRM, PC
9811 Irvine Center Drive, Suite 100
Irvine, California 92618
Telephone: (949) 379-6250
Facsimile: (949) 379-6251

And

To Defendant:

Shahrokh Sheik
Ashley Morris
David Ching
WEINBERG GONSER FOST LLP
10866 Wilshire Blvd., Suite 1650
Los Angeles, California 90024
Telephone: (424) 407-4122
Facsimile: (424) 238-3060

Section 6.13: Enforcement of Settlement and Continuing Court Jurisdiction

To the extent consistent with class action procedure, this Agreement shall be enforceable by the Court pursuant to California Code of Civil Procedure section 664.6 and California Rule of Court 3.769(h). The Final Order entered by the Court will not adjudicate the merits of the Action or the

liability of the Parties resulting from the allegations of the Action. Its sole purpose is to adopt the terms of the Settlement and to retain jurisdiction over its enforcement. To that end, the Court shall retain continuing jurisdiction over this Action and over all Parties and Class Members, to the fullest extent to enforce and effectuate the terms and intent of this Agreement. In the event that one or more of the Parties institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement, the successful Party or Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

Section 6.14: Mutual Full Cooperation

The Parties agree fully to cooperate with each other to accomplish the terms of this Agreement, including but not limited to the execution of such documents, and the taking of such other action, as may reasonably be necessary to implement the terms of this Agreement. The Parties to this Agreement shall use their best efforts, to effectuate and implement this Agreement and its terms. In the event 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 the Settlement, the Parties agree to seek the assistance of the Court.

Section 6.15: Authorization to Act

Class Counsel warrants and represents that they are authorized by Named Plaintiff, and Defense Counsel warrants that they are authorized by Defendants, to take all appropriate action required to effectuate the terms of this Agreement, except for signing documents, including but not limited to this Agreement, that are required to be signed by the Parties themselves. Defendants represent and warrant that the individual executing this Agreement on its behalf has the full right, power, and authority to enter into this Agreement and to carry out the transactions contemplated herein.

Section 6.16: No Reliance on Representations

The Parties have made such investigation of the facts and the law pertaining to the matters described herein and to this Agreement as they deem necessary, and have not relied, and do not rely, on any statement, promise, or representation of fact or law, made by any of the other parties, or any

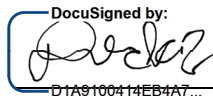
of their agents, employees, attorneys, or representatives, with regard to any of their rights or asserted rights, or with regard to the advisability of entering into and executing this Agreement, or with respect to any other matters. No representations, warranties, or inducements, except as expressly set forth herein, have been made to any party concerning this Agreement.

EXECUTION BY PARTIES AND COUNSEL

The Parties and their counsel hereby execute this Agreement.

Dated: 10/31/2023

DULCE ZUAZO

By: 
Dulce Zuazo

Dated: 11/1/23

TEDDY'S INVESTMENTS

By: /s/ Theodoro Vazquez

APPROVED AS TO FORM ONLY:

Dated: 11/1/2023

AEGIS LAW FIRM

By: Steven McNicholl
Jessica L. Campbell
Steven A. McNicholl
Attorneys for Named Plaintiff Dulce
Zuazo

Dated: 11/1/23

WEINBERG GONSER FOST LLP

By: /s/ Shahrokh Sheik
Shahrokh Sheik
Attorneys for Defendant, Teddy's
Investments