

SETTLEMENT AGREEMENT AND LIMITED RELEASE

This Private Attorneys General Act Settlement Agreement and Limited Release (“PAGA Settlement”) is by and between MARIA L. GONZALEZ (“Plaintiff”), for herself and on behalf of the State of California and all allegedly aggrieved employees, and DEMLER ENTERPRISES, LLC (“Defendant”) (each, a “Party” and collectively, the “Parties”).

WHEREAS, Plaintiff sent a notice to the California Labor and Workforce Development Agency (“LWDA”) alleging violations of the Labor Code alleged to have occurred during Plaintiff’s employment with Defendant on behalf of Plaintiff and other purported aggrieved employees (“PAGA Notice”). The PAGA Notice defines “Aggrieved Employees” as all similarly situated current and former aggrieved employees employed by Defendant between March 14, 2021, and the conclusion of the Action.

WHEREAS, Plaintiff filed a complaint in the Superior Court of California, County of Kern, Case No. BCV-22-101273 entitled *State of California ex rel. Maria L. Gonzalez, as Private Attorney General v. Demler Enterprises, LLC; and Does 1-25, inclusive* alleging seven causes of action for Failure to Pay Minimum Wages; Failure to Provide Compliant Meal Periods or Pay Meal Premiums; Inaccurate Wage Statements; Untimely Payment of Wages; Failure to Pay Wages at Termination; Failure to Pay Wages at Termination; and Failure to Maintain Meal Period Records (the “Complaint”).

WHEREAS, Plaintiff asserted the PAGA Claims against Defendant on behalf of herself and other non-exempt employees who were employed by Defendant between March 14, 2021 and the date the Court approves this PAGA Settlement Agreement. These claims are statutorily confined to a one-year time period, based on the aforementioned letter to the LWDA. Based on the filing dates of the PAGA Demand Letter and the Lawsuit, the timeframe for alleged PAGA violations at issue in this case is March 14, 2021, through the date the court approves the PAGA Settlement (the “PAGA Period”).

WHEREAS, Plaintiff did not file any claims – written, verbal, or otherwise – with the Department of Fair Employment and Housing, the Equal Employment Opportunity Commission, the California Department of Labor, the United States Department of Labor, or any other governmental, regulatory, investigative, or enforcement agency of any kind concerning her employment with Defendants.

WHEREAS, the above-referenced PAGA Notice and Complaint and all of the allegations contained within, are referred to herein as the “Action,” all of which are incorporated herein by reference.

WHEREAS, Defendant denies and continues to deny all of the allegations raised by PLAINTIFF.

WHEREAS, Plaintiff and Defendant mutually desire to compromise, settle, and release the claims asserted in the Action and any and all other claims whether known or unknown, arising out of or based on any fact, matter, or event which occurred prior to the date of the PAGA Settlement.

WHEREAS, the Parties understand, acknowledge, and agree that the PAGA Settlement constitutes a compromise of Plaintiff's and/or the Other Employees' PAGA Claims, and that it is the desire and intention of the Parties to effect a final and complete resolution of the Action and all representative claims, including the PAGA Claims, that Plaintiff and/or the Other Employees may have against Defendant. The Parties further acknowledge that the PAGA Settlement is a compromise of disputed claims and that nothing in this Agreement shall be construed as an admission by Defendant of liability.

WHEREAS, the Parties believe and agree that the PAGA Settlement provides for a fair, adequate, and reasonable resolution of the PAGA Claims, and have arrived at the settlement in extensive, arms-length negotiations, including a full day mediation with Judge Howard Broadman, taking into account all relevant factors, present and potential.

NOW, THEREFORE, IT IS HEREBY AGREED, by and between Plaintiff and Defendant as follows:

A. Definitions

1. "Action" means the case entitled *State of California ex rel. Maria L. Gonzalez, as Private Attorney General v. Demler Enterprises, LLC; and Does 1-25, inclusive* pending in Superior Court of California, County of Kern, Case No. BCV-22-101273, and the Operative Complaint in that matter.

2. "Aggrieved Employee Direct Payments" shall refer to pro rata payments made to Aggrieved Employees in the gross amount of \$45,000.

3. "Aggrieved Employee Settlement Fund" means twenty-five percent (25%) of the Net Settlement Amount. Individual Settlement Payments to PAGA Members will be made from the Aggrieved Employee Settlement Fund.

4. "Agreement" or "Settlement Agreement" shall mean this Private Attorneys General Act Settlement Agreement and Release.

5. "Attorneys' Fees and Costs" means such attorneys' 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 such litigation costs as the Court may award to Plaintiff's Counsel for the costs they have incurred and will incur in the investigation, litigation, and resolution of the Action, and in administration of the Settlement, which shall not exceed \$42,500.

6. "Weekly Value" means the quotient of the Aggrieved Employee Settlement Fund divided by the Total Weekly Pay Periods.

7. "Court" shall mean the Superior Court of California, County of Kern, where the Action is venued, and specifically the Hon. Thomas S. Clark, or such other judge as (a) may be assigned to the Action or (b) may sit in his stead.

8. “Defense Counsel” or “Defendant’s Counsel” mean Catherine M. Houlihan and Patrick Moody of Barsamian & Moody.

9. “Effective Date” means the date the Court issues a signed order approving this Settlement. In the event that: (i) the Court does not approve the Settlement; 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.

10. “Final Judgment” means the order entered by the Court granting the entry of judgment in this Action and retaining jurisdiction only as set forth in Paragraph C(4) below.

11. “Funding Date” means the date that is thirty(30) calendar days after the Effective Date. If the Funding Date falls on a weekend or holiday, it shall be extended to the following business day.

12. “Gross Settlement Amount” means the amount of \$95,000 that Defendant will pay if the Court approves this Settlement and the Effective Date occurs. The Gross Settlement Amount will fund: (a) Aggrieved Employee Direct Payments; (b) the Aggrieved Employee Settlement Fund; (c) the LWDA Payment; (d) the award of Attorneys’ Fees and Costs to Plaintiff Counsel; and (e) the Settlement Administration Costs. Under no circumstances will Defendant be required to pay more than the Gross Settlement Amount in order to settle the Action. In no event will any money revert to Defendant.

13. “Individual Settlement Payment” means the portion of the Aggrieved Employee Settlement Fund allocated to each PAGA Member, as calculated pursuant to Paragraph C(12) below. One hundred percent (100%) of the Individual Settlement Payments made to PAGA Members shall be deemed miscellaneous income for which a Form 1099-MISC will be issued.

14. “LWDA Payment” means seventy-five percent (75%) of the Net Settlement Amount. The LWDA Payment will be issued to the LWDA.

15. “Net Settlement Amount” means the Gross Settlement Amount minus the Attorneys’ Fees and Costs, Settlement Administration Costs, and Aggrieved Employee Direct Payments. Seventy-five percent (75%) of the Net Settlement Amount will be distributed to the LWDA and twenty-five percent (25%) will be distributed to PAGA Members.

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

17. “PAGA Members” means Plaintiff and all current or former non-exempt employees of Defendant in the State of California during the PAGA Period.

18. “PAGA Member List” means the list of full names, last known mailing addresses, last known telephone numbers, Social Security numbers, and dates of employment or number of

pay periods, as available and calculable, for all PAGA Members, which Defendant will diligently and in good faith compile from their records. To be eligible as a pay period, the PAGA Member must have worked at least one (1) shift during that pay period.

19. “PAGA Period” means the period from March 14, 2021, through the date that the Court enters an order approving the Settlement and entering Final Judgment.

20. “Plaintiff’s Counsel” means Ruben Escobedo of WorkWorld Law Corp.

21. “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.

22. “Released Claims” means all claims for civil penalties under PAGA arising from the same facts and/or claims alleged in the Action, or related to claims for violations of the California Labor Code that were pled or that could have been pled under PAGA based on the facts alleged in the Action, that accrue through the date the Court enters its order approving this Settlement. The period of the release shall extend to the limits of the PAGA Period. The *res judicata* effect of the judgment will be the same as that of the Release. Other than Plaintiff (who has agreed to release individual claims against Defendant as provided in Section D), “Released Claims” does not include a release of individual claims the PAGA Members may have against the Released Parties. However, “Released Claims” does include a release of all individual PAGA claims (as defined above in this paragraph) the PAGA Members have against the Released Parties.

23. “Released Parties” means Defendants and their past, present and future parents, affiliates, subsidiaries, divisions, predecessors, successors, partners, joint venturers, affiliated organizations, shareholders, insurers, reinsurers and assigns, and each of their past, present and future officers, directors, trustees, agents, employees, attorneys, contractors, representatives, benefits plans sponsored or administered by the Released Parties, divisions, units, and branches, and any other persons or entities acting on behalf of or in concert with any of the foregoing or any persons who Defendants have an obligation to indemnify on account of the Released Claims.

24. “Settlement Administrator” means, ILYM Group, a third-party settlement administrator agreed upon by the Parties and appointed by the Court for the purposes of administering this Settlement. The Parties each represent that they have selected a Settlement Administrator that they do not have any financial interest in or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

25. “Settlement Administration Costs” means the amount from the Gross 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 \$5,000.

26. “Settlement Approval” means the settlement approval order and Final Judgment that will be entered by the Court.

27. “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.

28. “Total Weekly Pay Periods” means the total number of weekly pay periods worked by all PAGA Members during the PAGA Period.

29. “Void Date” means the 181st day after issuance of checks to PAGA Members, upon which the checks will no longer be valid and negotiable.

B. Consideration

1. No Admission of Liability. Defendants have contended and continue to contend that the allegations in the Action have no merit and do not give rise to liability. Defendants specifically deny all of the allegations in the Action. This Settlement Agreement is a compromise of disputed claims. Nothing contained in this Settlement Agreement, no documents referred to herein, and no action taken to carry out the terms of this Settlement Agreement may be construed or used as an admission by or against Defendants or any of the Released Parties of any fault, wrongdoing, or liability whatsoever.

2. Monetary Settlement Components. Provided that the Court approves the Settlement and the Effective Date occurs, Defendants will pay the Gross Settlement Amount. Defendants will deposit the Gross Settlement Amount into the Settlement Fund Account, which shall be administered by the Settlement Administrator. All amounts to be paid pursuant to this Settlement Agreement shall be paid out of the Settlement Fund Account.

- a. Attorneys’ Fees and Costs. In full satisfaction of all claims Plaintiff or Plaintiff’ Counsel may have for Attorneys’ Fees and Costs arising out of the Action, the Parties agree that Plaintiff’ Counsel will ask the Court for an amount not to exceed \$42,500, and Defendants will not oppose a request made by Plaintiff for an award of Attorneys’ Fees within this amount. The Attorneys’ Fees to be awarded to Plaintiff are subject to the approval of the Court and will be paid only from the Gross Settlement Amount. Any portion of the Attorneys’ Fees not awarded to Plaintiff’ Counsel will be added to the Net Settlement Amount. Plaintiff understand and agree that this Settlement Agreement and Release shall remain in full force and effect even if the full amount of Attorneys’ Fees identified herein is not awarded by the Court. However, Plaintiff’ Counsel retains their right to appeal any decision by the Court regarding the Attorneys’ Fees.
- b. Settlement Administration Costs. A maximum of \$5,000 from the Gross Settlement Amount will be allocated and paid to the Settlement Administrator. 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 Gross Settlement Amount. Any portion of the Settlement Administration Costs identified herein not ordered paid to the Settlement Administrator will be added to the Net Settlement Amount.

- c. Aggrieved Employee Direct Payments. In order to remediate the alleged Labor Code violations asserted in the Action, the amount of \$45,000 from the Gross Settlement Amount will be allocated and paid to PAGA Members in the form of Aggrieved Employee Direct Payments pursuant to the calculation method set forth in Section C(12), below.
- d. Net Settlement Amount. Seventy-five percent (75%) of the Net Settlement Amount will be paid to the LWDA in full satisfaction of all claims for PAGA civil penalties under the California Labor Code, Wage Orders, regulations, and/or other provisions of law alleged to have been violated in the PAGA Complaint in the Action with respect to PAGA Members. The remaining twenty-five percent (25%) of the Net Settlement Amount will be paid to all PAGA Members pursuant to the calculation method set forth in Section C(12), below.

3. PAGA Members' Release. Upon the Effective Date, Plaintiff, on behalf of themselves, the State of California, and all PAGA Members, release the Released Parties from the Released Claims during the PAGA Period. PAGA Members may discover facts in addition to those they now know or believe to be true with respect to the subject matter of the Released Claims, but upon the Effective Date, PAGA Members shall be deemed to have, and by operation of the Settlement Approval shall have, fully, finally, and forever settled and released any and all of the Released Claims during the PAGA Period, without regard to the subsequent discovery or existence of such different or additional facts. PAGA Members agree not to sue or otherwise make a claim against any of the Released Parties that seeks recovery for any of the Released Claims during the PAGA Period. It is the intent of the Parties that the Settlement approval order and Final Judgment entered by the Court shall have full *res judicata* effect and be final and binding upon PAGA Members regarding the Released Claims during the PAGA Period.

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 with a written motion for an order (a) approving and incorporating by reference the terms and conditions of the Settlement Agreement, (b) retaining jurisdiction over the parties under Code of Civil Procedure Section 664.4 to enforce the Settlement Agreement, and (c) dismissing the entire Action with prejudice. Plaintiff's Counsel will be primarily responsible for drafting all documents necessary to obtain the above order and shall provide drafts of such documents for review by Defendant's counsel prior to the filing of same. Defendant will not oppose Plaintiff's motion for Settlement Approval unless the motion is inconsistent with the terms set forth in this Settlement Agreement.

2. No Right of PAGA Member to Object or Opt-Out. The Parties agree there is no statutory right for any PAGA Member to object, opt out or otherwise exclude himself or herself from the Settlement. Nor is there any right for any PAGA Member to dispute the value of the Aggrieved Employee Direct Payment or Individual Settlement Payment provided to them under this Settlement. Except as otherwise stated, Plaintiff will vigorously defend against any attempt by any PAGA Member 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 PAGA Member to appeal the approval of the Settlement by the Court. The Parties will jointly defend against any appeal taken by any PAGA Member of the Court's approval of the Settlement.

3. LWDA Notice. Pursuant to California Labor Code § 2699(l)(2), Plaintiff will provide a copy of this Settlement to the LWDA concurrently with the filing of the motion for Settlement Approval. Plaintiff will also file a declaration in support of their motion for Settlement Approval confirming that they have submitted the Settlement to the LWDA in compliance with Labor Code § 2699(l)(2). Pursuant to California Labor Code § 2699(l)(3), a copy of the Court's judgment and any other order issued in connection with this Settlement Agreement shall be submitted by Plaintiff to the LWDA within ten (10) calendar days after entry of the judgment or order.

4. Judgment and Continued Jurisdiction. The Parties expressly request that, after entry of Final Judgment, the Court retain continuing and exclusive jurisdiction under Code of Civil Procedure Section 664.6 for purposes of addressing: (a) the interpretation and enforcement of the terms of the Settlement Agreement; (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. The Parties will retain ILYM Group as the Settlement Administrator, subject to approval by the Court, to administer this Settlement. The Settlement Administrator will be responsible for: establishing the Settlement Fund Account; calculating Aggrieved Employee Direct Payments and Individual Settlement Payments; preparing, printing, and mailing the checks and accompanying Notice to PAGA Members; disbursing payment of Attorney's Fees and Attorney's Costs to Plaintiff's Counsel; disbursing payment to the LWDA consisting of seventy-five percent (75%) of the Net Settlement Amount; printing and providing PAGA Members, 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 PAGA Member unless and until the Settlement Administrator receives approval by the Parties to do so. 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. PAGA Member List. Within five (5) business days of the Effective Date, Defendants will provide the Settlement Administrator with the PAGA Member 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 PAGA Members' sensitive personal information is included in the PAGA Member List, the Settlement Administrator shall maintain the PAGA Member List securely and in confidence, maintaining the strictest standards of data privacy. Access to the PAGA Member List shall be limited to employees of the Settlement Administrator with a need to use the PAGA Member List for administration of this Settlement. The Settlement Administrator shall permanently delete and destroy all electronic and hard copies of the PAGA Member List in its possession once settlement administration is concluded.

7. Funding of the Settlement. On or before the Funding Date, Defendants shall fund the Settlement by depositing the Gross Settlement Amount into the Settlement Fund Account to be established by the Settlement Administrator.

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

Defendant's payment of the Attorneys' Fees and Attorneys' Costs to Plaintiff's Counsel shall constitute full satisfaction of the obligation to pay any and all attorney's fees, expenses, and/or costs pertaining to the Action or the settlement of the Action as set forth in this Settlement Agreement.

9. Settlement Administration Costs. Within ten (10) calendar days following the Funding Date, the Settlement Administrator shall pay from the Settlement Fund Account the Court-approved Settlement Administration Costs.

10. Payment to LWDA. Within ten (10) calendar days following the Funding Date, the Settlement Administrator shall issue from the Settlement Fund Account a check payable to the LWDA for seventy-five percent (75%) of the Net Settlement Amount.

11. Settlement Payments to PAGA Members. Within ten (10) calendar days following the Funding Date, the Settlement Administrator shall mail the Aggrieved Employee Direct Payments and Individual Settlement Payments to the PAGA Members' 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 PAGA Member 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 PAGA Members 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. 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 checks prior to the Void Date shall be paid by the Settlement Administrator to the agreed upon cy pres, Central Valley Teen Challenge.

12. Calculation of Employees Payments.

i. All PAGA Members will receive an Aggrieved Employee Direct Payment. The amount of each PAGA Member's Aggrieved Employee Direct Payment will be calculated based on the total number of weekly pay periods each PAGA Member worked as a non-exempt hourly employee in California during the PAGA Period. The PAGA Member must have worked one (1) or more shifts in order for a weekly pay period to count as "worked." The Weekly Value for purposes of this paragraph will be the quotient of dividing \$45,000 by the Total Weekly Pay Periods. The Weekly Value will be rounded to the nearest cent. If there are any settlement funds remaining due to rounding the Weekly Value to the nearest cent, those funds will be paid to the LWDA in addition to the LWDA Payment. The Aggrieved Employee Direct Payment to each PAGA Member will be determined by multiplying the Weekly Value and the total number of weekly pay periods each PAGA Member worked as a PAGA Member in California during the PAGA Period.

ii. All PAGA Members will also receive an Individual Settlement Payment. The amount of each PAGA Member's Individual Settlement Payment will be calculated based on the total number of weekly pay periods each PAGA Member worked as a non-exempt hourly employee in California during the PAGA Period. The PAGA Member must have worked one (1) or more shifts in order for a weekly pay period to count as "worked." The Weekly Value will be calculated once the Net Settlement Amount and Aggrieved Employee Settlement Fund are determined based on the amounts approved by the Court for the Attorneys' Fees and Costs, and Settlement Administration Costs. The Weekly Value for purposes of this paragraph will be the quotient of dividing the Aggrieved Employee Settlement Fund by the Total Weekly Pay Periods. The Weekly Value will be rounded to the nearest cent. If there are any settlement funds remaining in the Settlement Fund Account due to rounding the Weekly Value to the nearest cent, those funds will be paid to the LWDA in addition to the LWDA Payment. The Individual Settlement Payment to each PAGA Member will be determined by multiplying the Weekly Value and the total number of weekly pay periods each PAGA Member worked as a PAGA Member in California during the PAGA Period.

13. Tax Treatment of Settlement Payments. One hundred percent (100%) of each Individual Settlement Payment and Aggrieved Employee Direct Payment shall be allocated to miscellaneous income for which an IRS Form 1099-MISC will issue, if required by law.

14. Administration of Taxes. The Settlement Administrator will be responsible for issuing to Plaintiff, PAGA Members, and Plaintiff's Counsel, IRS 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, the Settlement Administrator will provide a written declaration under oath to certify such completion to the Court and counsel for all Parties. 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 PAGA Members 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 Defendants.

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.

3. Circular 230 Disclaimer. EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN "OTHER PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR 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 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISER TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISER'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT. Defendant, Defendant's Counsel, Plaintiff and Plaintiff's Counsel make no representation as to the tax treatment or legal effect of the payments called for hereunder, and Plaintiff and PAGA Members are not relying on any statement, representation, or calculation by Defendant, Defendant's Counsel, or by the Settlement Administrator in this regard. Plaintiff and

PAGA Members understand and agree that they will be solely responsible for the payment of any taxes and penalties assessed on the payments described herein.

4. Plaintiff Solely Responsible. Plaintiff understands and agrees that they will be solely responsible for the payment of any taxes and penalties assessed on the payments described herein and will hold Defendant, Defendant's Counsel, the Released Parties, and the Settlement Administrator free and harmless from and against any claims resulting from treatment of such payments as non-taxable damages.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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 they are authorized to sign this Settlement Agreement and that they have not assigned any claim covered by this Settlement to a third party.

10. 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.

11. 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.

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

13. 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, scanned, and e-mailed copies of the signature page, will be deemed to be one and the same instrument.

14. 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 facilitated by an experienced wage and hour class action mediator, 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.

15. Waiver of Certain Appeals. In the event the Court grants Approval of this Settlement, the Parties agree to waive appeals concerning this Settlement except as to the right to appeal Attorneys' Fees and/or Costs in the event it is not approved as described above.

16. 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.

17. 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.

18. 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.

19. 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.

20. Publicity. The Parties agree that Plaintiff, Plaintiff's Counsel and Paul Greco will not communicate the fact of, or the terms of, this Settlement to members of the press, including to Verdicts and Settlements. The Parties and their attorneys also agree not to publish the fact of,

or terms of, this Settlement or any related information on their website, for advertising purposes and/or in publication materials generally available to the public.

21. Notices. Unless otherwise specifically provided, all notices, demands or other communications in connection with this Settlement Agreement shall be: (a) in writing; (b) deemed given on the third business day after mailing; and (c) sent via United States registered or certified mail, return receipt requested, addressed as follows:

To Plaintiff:

Paul Greco
503 S. McClelland St.
Santa Maria, CA 93454
Telephone: (805) 864-2611
Facsimile: (805) 864-2611
paul@paulgrecolaw.com

Ruben Escobedo
6907 El Camino Real, Suite A
Atascadero, CA 93422
Telephone: (805) 335-2476
Facsimile: (805) 892-6213
Email: support@workworldlaw.com

To Defendant:

Catherine M. Houlihan
Patrick Moody
Barsamian & Moody
1141 W Shaw Ave # 104,
Fresno, CA 93711
choulihan@theemployerslawfirm.com
pmoody@theemployerslawfirm.com
laborlaw@theemployerslawfirm.com

22. No Effect on Workers' Compensation Proceeding. This Agreement will have no effect on any pending workers' compensation proceeding, WCAB Case No. ADJ15030628, previously commenced.

23. If the Court requires reallocation of any of the amounts specific above, for whatever reason, any reallocation will not be a ground to revoke or otherwise renegotiate this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

PLEASE READ CAREFULLY BEFORE SIGNING. THIS CONFIDENTIAL SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS INCLUDES A GENERAL RELEASE OF ALL KNOWN AND/OR UNKNOWN CLAIMS.

I HAVE READ THIS AGREEMENT AND I AGREE WITH ALL OF ITS TERMS. I UNDERSTAND THAT I AM GIVING UP IMPORTANT RIGHTS. I SIGN THIS AGREEMENT FREELY AND VOLUNTARILY, WITHOUT DURESS OR COERCION.

Dated: _____, 2023

MARIA L. GONZALEZ

Dated: July 3, 2023



DEMLER ENTERPRISES, LLC

PLEASE READ CAREFULLY BEFORE SIGNING. THIS CONFIDENTIAL SETTLEMENT AGREEMENT AND RELEASE OF ALL CLAIMS INCLUDES A GENERAL RELEASE OF ALL KNOWN AND/OR UNKNOWN CLAIMS.

I HAVE READ THIS AGREEMENT AND I AGREE WITH ALL OF ITS TERMS. I UNDERSTAND THAT I AM GIVING UP IMPORTANT RIGHTS. I SIGN THIS AGREEMENT FREELY AND VOLUNTARILY, WITHOUT DURESS OR COERCION.

Dated: _____, 2023
07 / 05 / 2023



MARIA L. GONZALEZ

Dated: _____, 2023

DEMLER ENTERPRISES, LLC

Exhibit A

TO BE SENT IN BOTH ENGLISH AND SPANISH

<<DATE>>

<<FIRST NAME>> <<LAST NAME>>

<<ADDRESS>>

Re: Payment From *State ex rel. Gonzalez v. Demler Enterprises, LLC*.

Dear <<FIRST NAME>> <<LAST NAME>>:

Enclosed you will find a check made payable to you. This is your payment from the settlement of the lawsuit entitled *State ex rel. Gonzalez v. Demler Enterprises, LLC*, Kern County Superior Court, Case No. BCV-22-101273 (the “Action”).

The Action was filed by Maria L. Gonzalez (“Plaintiff”) against Demler Enterprises, LLC (“Defendant”) under the Private Attorneys General Act (“PAGA”). Plaintiff alleges that she is a former employee of Defendant and brings the Action on behalf of the State of California and all of Defendant’s non-exempt employees in the State of California between March 14 ,2021, and [DATE OF COURT’S APPROVAL ORDER] (“PAGA Members”). You have been identified as a PAGA Member on whose behalf the case was brought.

Plaintiff claims that Defendant owes the State and PAGA Members penalties pursuant to the PAGA, California Labor Code sections 2698 *et seq.*, for alleged violations of the California Labor Code, including: Failure to pay minimum wage; Failure to provide compliant meal periods; Inaccurate wage statements; Untimely payment of wages; Failure to pay wages at termination; and Failure to maintain meal period records.

Defendant denies that it has done anything wrong, denies all allegations made against it in the Action, and asserts that it has complied with applicable law at all times relevant to the Action.

The Court has not ruled on the merits of the lawsuit, but it has approved the settlement reached by Plaintiff and Defendant. By law, a portion of the amount from that settlement goes to the State of California, while another portion of the settlement amount goes to the PAGA Members. This Settlement constitutes a compromise of disputed claims and should not be construed as an admission of liability on the part of Defendant.

Enclosed is a check for your share of the settlement. You are not a party to this lawsuit, but you and the State are bound by the judgment.

If you have further questions about this settlement, please contact the lawyer for Ms. Gonzalez:
Ruben Escobedo, 6907 El Camino Real, Suite A, Atascadero, CA 93422, (805) 335-2476

Sincerely,

[NAME AND TITLE OF SIGNATORY]