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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES – COMPLEX CIVIL DEPARTMENT

JOHN ARIAS, individually, and on behalf of all
others similarly situated; and JEFFREY
HENSLEY, individually, and on behalf of all
others similarly situated,

Plaintiffs,

v.

FLOWSERVE US, INC.; and DOES 1 through
10, inclusive,

Defendants.

Case No. 22STCV27829

**CLASS ACTION AND
REPRESENTATIVE ACTION**

[Assigned for all purposes to: Hon. Maren E.
Nelson, Dept. 17]

**DECLARATION OF NICOL E. HAJJAR
IN SUPPORT OF PLAINTIFFS'
MOTION FOR PRELIMINARY
APPROVAL OF CLASS ACTION
SETTLEMENT**

[Filed concurrently with: Plaintiff's Notice of
Motion and Motion for Preliminary Approval
of Class Action Settlement, Memorandum of
Points and Authorities; and [Proposed] Order
Granting Plaintiff's Motion for Preliminary
Approval of Class Action Settlement]

PRELIMINARY APPROVAL HEARING

Date: February 9, 2024

Time: 9:00 a.m.

Dept: 17

1 **DECLARATION OF NICOL E. HAJJAR, ESQ.**

2 I, Nicol E. Hajjar, declare as follows:

3 1. I am admitted, in good standing, to practice as an attorney in the State of California,
4 the Ninth Circuit Court of Appeals, and the United States District Courts for the Central District
5 of California. I am an Attorney at Wilshire Law Firm, PLC, counsel of record for Plaintiffs JOHN
6 ARIAS AND JEFFREY HENSLEY and Co-counsel for Plaintiff ESTEBAN ROMO (“Plaintiffs”).
7 I have personal knowledge of the facts set forth in this declaration and could and would
8 competently testify to them under oath if called as a witness. This Declaration is submitted in
9 support of Plaintiff’s Motion for Preliminary Approval of Class Action Settlement.

10 **CASE BACKGROUND**

11 2. This is a wage and hour class action and PAGA representative action. Plaintiff and
12 putative class members worked in California as non-exempt employees for Defendant during the
13 class period. Defendant manufactures industrial pumps, valves and seals and operates from
14 multiple locations in California.

15 3. Plaintiffs allege that Defendant’s payroll, timekeeping, and wage and hour practices
16 resulted in Labor Code violations. Plaintiffs allege that Defendant failed to include all
17 renumeration in the employees’ overtime rate and meal and rest period premiums. Plaintiffs further
18 allege that Defendant failed to provide employees with legally compliant meal and rest periods.
19 Based on these allegations, Plaintiffs assert claims against Defendant for failure to pay minimum
20 and straight time wages, failure to pay overtime wages, failure to provide meal periods, failure to
21 authorize and permit rest periods, failure to timely pay all final wages at termination, failure to
22 provide accurate itemized wage statements, unfair business practices, and civil penalties under
23 PAGA.

24 4. On August 25, 2022, Plaintiffs filed a putative wage-and-hour class action
25 complaint against Defendant for: (1) failure to pay minimum and straight time wages (Cal. Lab.
26 Code §§ 204, 1194, 1194.2, and 1197); (2) failure to pay overtime wages (Cal. Lab. Code §§ 1194
27 and 1198); (3) failure to provide meal periods (Cal. Lab. Code §§ 226.7 and 512); (4) failure to
28 authorize and permit rest periods (Cal. Lab. Code §§ 226.7); (5) failure to timely pay final wages

1 at termination (Cal. Lab. Code §§ 201-203); (6) failure to provide accurate itemized wage
2 statements (Cal. Lab. Code § 226); (7) unfair business practices (Cal. Bus. & Prof. Code §§ 17200,
3 *et seq.*); and (8) for civil penalties under PAGA.

4 DISCOVERY AND INVESTIGATION

5 5. Following the filing of the Complaint, the Parties informally exchanged documents
6 and information before mediating this action. Defendant produced a sample of time and pay
7 records for the class members. Defendant also provided documents of their wage and hour policies
8 and practices during the class period, and information regarding the total number of current and
9 former employees.

10 6. After reviewing documents regarding Defendant's wage and hour policies and
11 practices, analyzing Defendant's timekeeping and payroll records, Class Counsel was able to
12 evaluate the probability of class certification, success on the merits, and Defendant's maximum
13 monetary exposure for all claims. Class Counsel also investigated the applicable law regarding
14 the claims and defenses asserted in the litigation. Class Counsel reviewed these records and
15 utilized an expert to prepare a damages analysis prior to mediation.

16 SETTLEMENT NEGOTIATIONS

17 7. On May 26, 2023, the Parties participated in private mediation with experienced
18 class action mediator, Kelly Knight, Esq. The mediation was conducted via Zoom. The settlement
19 negotiations were at arm's length and, although conducted in a professional manner, were
20 adversarial. The Parties went into the mediation willing to explore the potential for a settlement
21 of the dispute, but each side was also prepared to litigate their position through trial and appeal if
22 a settlement had not been reached.

23 8. After extensive negotiations and discussions regarding the strengths and
24 weaknesses of Plaintiff's claims and Defendant's defenses, the Parties were able to reach a
25 resolution, the material terms of which are encompassed within the Memorandum of
26 Understanding ("MOU"). Attached as Exhibit 1 is a true and correct copy of the MOU.

27 9. The settlement includes \$50,000.00 allocated to Plaintiff's claims under PAGA,
28 with 75% (\$37,500.00) being paid to the LWDA and 25% (\$12,500.00) being paid to the Aggrieved

1 Employees (MOU, ¶ 11.) Class Counsel submitted the proposed settlement to the LWDA before
2 filing this Motion for Preliminary Approval.

3 10. The Memorandum of Understanding provides that Defendant will not oppose a fee
4 application of up to 33 1/3% (\$330,000.00) of the Settlement Amount, plus actual out-of-pocket
5 Litigation costs not to exceed \$20,000.00. (MOU ¶ 10.)

6 11. I requested numerous bids from experienced class action settlement administrators
7 to handle the responsibilities of the Settlement Administrator under this settlement. The Parties
8 accepted the bid of CPT Group Class Action Administrators (“CPT Group”). In its bid, CPT Group
9 agreed to cap its costs at \$8,500.00 if there are 283 class members or less. The bid also provides
10 that class notice will be provided in English and Spanish. A true and correct copy of the bid is
11 attached hereto as **Exhibit 2.**

12 12. The parties continued to engage in settlement discussions and worked together to
13 draft a long-form settlement agreement, entitled CLASS ACTION AND PAGA SETTLEMENT
14 AGREEMENT. Attached as **Exhibit 3** is a true and correct copy of the Class Action and PAGA
15 Settlement Agreement.

16 13. On June 13, 2023, the Court in the above-entitled action Related the *Romo v.*
17 *Flowserve US, Inc.*, Case No. 22STCV27551. Counsel for the *Romo* case, Justin Lo, who is co-
18 counsel in the present matter, as well as Plaintiff Esteban Romo, demonstrated their agreement
19 with the settlement by signing the MOU and Settlement Agreement. Attached as **Exhibit 4** is a
20 true and correct copy of the Declaration of Justin Lo in Support of Plaintiffs’ Motion for
21 Preliminary Approval of Class and Representative Action Settlement in Related Case.

22 **THE PROPOSED SETTLEMENT IS FAIR AND REASONABLE**

23 14. Class Counsel has conducted a thorough investigation into the facts of this case.
24 Based on the foregoing discovery and their own independent investigation and evaluation, Class
25 Counsel is of the opinion that the Settlement is fair, reasonable, and adequate and is in the best
26 interests of the Settlement Class Members in light of all known facts and circumstances, the risk
27 of significant delay, the defenses that could be asserted by Defendant both to certification and on
28 the merits, trial risk, and appellate risk.

1 15. Based on an analysis of the facts and legal contentions in this case, documents and
2 information from Defendant, I evaluated Defendant's maximum exposure. I took into account the
3 risk of not having the claims certified and the risk of not prevailing at trial, even if the claims are
4 certified. After using the data Defendant provided, including a random sampling of timekeeping
5 and payroll records, as well as class member demographics (i.e., the number of class members,
6 workweeks, and average total compensation of the class), with the assistance of a statistics expert,
7 I created a damages model to evaluate the realistic range of potential recovery for the class. The
8 damages model is based on the following benchmarks:

9 Total Class Members: 317

10 Terminated Class Members during 3-year statute: 246

11 Total Workweeks: 42,034

12 PAGA Pay Periods: 8,002

13 Avg. Hourly Rate: \$33.12

14 Class period: August 25, 2018 through May 26, 2023

15 16. Plaintiffs allege that Defendant required them and similarly situated class members
16 to work in lieu of taking meal periods, and Defendant lacked legally compliant policies and
17 practices providing meal periods for the entirety of the class period. My expert analyzed
18 Defendant's timekeeping records and found that approximately 77.8% of all meal breaks had
19 alleged violations of short, missed, or no meal periods. Potential liability for the meal period claim,
20 factoring in the premiums issued to off-set the remaining premiums owed, which includes shifts 5-
21 6 hours long, shifts over six hours long, shifts over ten hours long, and shifts over 12 hours long is
22 \$5,835,869.00, including interest; however, I discounted this figure by 80% to account for the
23 difficulty of certifying and proving meal period claims, especially in light of the federal enclave
24 exemption, and to account for the possibility of class members voluntarily choosing to forego a
25 meal period, yielding a realistic damage estimate of **\$1,167,173.80**.

26 17. With respect to the rest period claim, Plaintiff alleges that Defendant required him
27 and similarly situated class members to work in lieu of taking rest periods, and Defendant lacked
28 legally compliant policies and practices authorizing and permitting employees to take

uninterrupted, off-duty rest periods for the entirety of the class period. Assuming a 50% violation rate for the entirety of the class period based on Plaintiff's and other class members' experience working for Defendant, Defendant's potential liability for the rest period claim is \$3,205,668.00; however, I discounted this figure by 80% to account for the difficulty of certifying and proving rest period claims, particularly because rest periods do not have to be recorded, and to account for the possibility of class members voluntarily choosing to forego a rest period, yielding a realistic damage estimate of **\$641,133.60**.

18. In sum, Plaintiff and the class member's maximum recovery for the unpaid wages and expenses based on the alleged failure to pay for all hours worked (minimum, straight time, and overtime wages), failure to provide premiums for all meal and rest period violations is **\$9,041,537**, but, **after factoring in the risk and uncertainty of prevailing at certification and trial, Plaintiff's realistic estimated recovery for the non-penalty claims is \$1,808,307.40.**

19. With respect to Plaintiff's derivative claims for statutory and civil penalties, Plaintiff estimated that Defendant's realistic potential liability is \$2,013,313. While Defendant's maximum potential liability for waiting time penalties is \$1,225,413.00 based on approximately 137 terminated class members during the 3-year statute, \$787,900.00 for inaccurate wage statements based on approximately 246 class members who worked 8,002 pay periods within the 1-year statute, and \$800,200.00 for PAGA violations based on the Court assessing a \$100 penalty for initial violations for all 8,002 pay periods within the 1-year statute, I believe that it would be unrealistic to expect the Court to award the full \$2,013,313.00 in penalties given Defendant's defenses, the contested nature of Plaintiff's claims, and the discretionary nature of penalties. Considering that the underlying claims are realistically estimated to be \$1,808,307.40, such a disproportionate award would also raise due process concerns. Weighing these factors, and applying a discount to account for the risk and uncertainty of prevailing at trial, I arrived at **\$402,662.60** for statutory and civil penalties.

20. **Using these estimated figures, Plaintiff predicted that the realistic maximum recovery for all claims, including penalties, would be \$2,210,970.00. This means that the \$1,000,000.00 settlement figure represents approximately 45% of Plaintiff's assessment of**

1 **the realistic maximum recovery (\$1,000,000/ \$2,210,970= 45.2%)** Considering the risk and
2 uncertainty of prevailing at class certification and at trial, this is an excellent result for the Class.
3 Indeed, because of the proposed Settlement, class members will receive timely, guaranteed relief
4 and will avoid the risk of an unfavorable judgment.

5 21. While Plaintiffs are confident in the merits of their claims, a legitimate controversy
6 exists as to each cause of action. Plaintiffs also recognize that proving the amount of wages due
7 to each Class Member would be an expensive, time-consuming, and uncertain proposition.

8 22. This settlement avoids the risks and the accompanying expense of further litigation.
9 Although the Parties had engaged in a significant amount of investigation, informal discovery and
10 class-wide data analysis, the Parties had not yet completed formal written discovery. Plaintiff
11 intended to depose corporate officers and managers of Defendant. Moreover, preparation for class
12 certification and a trial remained for the Parties as well as the prospect of appeals in the wake of a
13 disputed class certification ruling for Plaintiff and/or adverse summary judgment ruling. Had the
14 Court certified any claims, Defendant could move to decertify the claims. As a result, the Parties
15 would incur considerably more attorneys' fees and costs through trial.

16 23. The Net Settlement Amount available for Class Member settlement payments is
17 estimated to be \$589,000.00, for a class of 317 persons.¹ **As a result, each Settlement Class**
18 **Member is eligible to receive an average net benefit of approximately \$1,858.04.**

19 24. The proposed settlement of \$1,000,000.00 therefore represents a substantial
20 recovery when compared to Plaintiffs' reasonably forecasted recovery. When considering the risks
21 of litigation, the uncertainties involved in achieving class certification, the burdens of proof
22 necessary to establish liability, the probability of appeal of a favorable judgment, it is clear that the
23 settlement amount of \$1,000,000.00 is within the "ballpark" of reasonableness, and preliminary
24 settlement approval is appropriate.

25
26
27 ¹ The Net Settlement Amount is: \$1,000,000.00 minus \$333,000.00 for Class Counsel's
28 attorneys' fees, minus approximately \$20,000.00 for Class Counsel's litigation expenses, minus
approximately \$8,500.00 in administration costs, minus \$37,500.00 for the PAGA portion sent to
the LWDA, and minus \$15,000.00 for the class representative service awards.

1 ENHANCEMENT AWARD FOR PLAINTIFF IS REASONABLE

2 25. Class Counsel represent that Plaintiff devoted a great deal of time and work assisting
3 counsel in the case, communicated with counsel very frequently for litigation and to prepare for
4 mediation, and was frequently in contact with Class Counsel during the mediation. Plaintiffs'
5 requested enhancement award is reasonable particularly in light of the substantial benefits
6 Plaintiffs generated for all class members.

7 26. Throughout this litigation, Plaintiffs, who are former employees of Defendant, has
8 cooperated immensely with my office and has taken many actions to protect the interests of the
9 class. Plaintiffs provided valuable information regarding unpaid overtime, meal period, and rest
10 period claims. Plaintiffs also informed my office of developments and information relevant to this
11 action, participated in decisions concerning this action, made themselves available to answer
12 questions during the mediation, and provided my office with the names and contact information of
13 potential witnesses in this action. Before we filed this case, Plaintiffs provided my office with
14 several documents, including policy documents, and communications from Defendant regarding
15 the claims alleged in this action. The information and documentation provided by Plaintiffs was
16 instrumental in establishing the wage and hour violations alleged in this action, and the recovery
17 provided for in the Settlement Agreement would have been impossible to obtain without Plaintiffs'
18 participation.

19 27. At the same time, Plaintiffs faced many risks in adding themselves as the class
20 representatives in this matter. Plaintiffs faced actual risks with their future employment, as putting
21 themselves on public record in an employment lawsuit could also very well affect their likelihood
22 for future employment. Furthermore, as part of this settlement, Plaintiffs are executing a general
23 release of all claims against Defendant.

24 28. In turn, class members will now have the opportunity to participate in a settlement,
25 reimbursing them for alleged wage violations they may have never known about on their own or
26 been willing to pursue on their own. If these class members would have each tried to pursue their
27 legal remedies on their own, that would have resulted in each having to expend a significant amount
28

1 of their own monetary resources and time, which were obviated by Plaintiffs putting themselves
2 on the line on behalf of these other class members.

3 29. In the final analysis, this class action would not have been possible without the aid
4 of Plaintiffs, who put their own time and effort into this litigation, sacrificed the value of their own
5 individual claims, and placed themselves at risk for the sake of the class members. The requested
6 enhancement award for Plaintiffs for their service as the class representatives and for their general
7 release of all individual claims is a relatively small amount of money when the time and effort put
8 into the litigation are considered and in comparison to enhancements granted in other class actions.
9 The requested incentive award is therefore reasonable to compensate Plaintiffs for their active
10 participation in this lawsuit. Indeed, in *Karl Adams, III, et al. v. MarketStar Corporation*, et al.,
11 No. 2:14-cv-02509-TLN-DB, a wage and hour class action alleging that class members were
12 misclassified as exempt outside salespersons, I was co-lead Class Counsel and helped negotiate a
13 \$2.5 million class action settlement for 339 class members, and the court approved a \$25,000.00
14 class representative incentive award for each named plaintiff.

15 THE REQUEST FOR ATTORNEYS' FEES AND COSTS IS REASONABLE

16 30. The Settlement provides for attorney's fees payable to Class Counsel in an amount
17 up to one-third (33 1/3%) of the Settlement Amount, for a maximum fees award of \$330,000.00,
18 plus actual costs and expenses not to exceed \$20,000.00. The proposed award of attorneys' fees
19 to Class Counsel in this case can be justified under either method – lodestar or percentage recovery.
20 Class Counsel, however, intend to base the proposed award of fees, costs and expenses on the
21 percentage method as many of the entries in the time records will have to be redacted to preserve
22 attorney-client and attorney work product privileges.

23 31. I am informed and believe that the fee and costs provision is reasonable. The fee
24 percentage requested is less than that charged by my office for most employment cases. My office
25 invested significant time and resources into the case, with payment deferred to the end of the case,
26 and then, of course, contingent on the outcome.

27 32. It is further estimated that my office will need to expend at least another 50 to 100
28 hours to monitor the process leading up to the final approval and payments made to the class. My

1 office also bears the risk of taking whatever actions are necessary if Defendant fails to pay.

2 33. The risk to my office has been very significant, particularly if we would not be
3 successful in pursuing this class action. In that case, we would have been left with no compensation
4 for all the time taken in litigating this case. Indeed, I have taken on a number of class action cases
5 that have resulted in thousands of attorney hours being expended and ultimately having
6 certification denied or the defendant company going bankrupt. The contingent risk in these types
7 of cases is very real and they do occur regularly. Furthermore, we were precluded from focusing
8 on, or taking on, other cases which could have resulted in a larger, and less risky, monetary gain.

9 34. Because most individuals cannot afford to pay for representation in litigation on an
10 hourly basis, Wilshire Law Firm, PLC represents virtually all of its employment law clients on a
11 contingency fee basis. Pursuant to this arrangement, we are not compensated for our time unless
12 we prevail at trial or successfully settle our clients' cases. Because Wilshire Law Firm, PLC is
13 taking the risk that we will not be reimbursed for our time unless our client settles or wins his or
14 her case, we cannot afford to represent an individual employee on a contingency basis if, at the
15 end of our representation, all we are to receive is our regular hourly rate for services. It is essential
16 that we recover more than our regular hourly rate when we win if we are to remain in practice so
17 as to be able to continue representing other individuals in civil rights employment disputes.

18 35. As of the drafting of Plaintiff's Motion for Preliminary Approval of Class Action
19 Settlement, my office has incurred around \$15,108.75 in expenses litigating this action, and we
20 anticipate accruing additional costs up to Final Approval of the Settlement. These expenses were
21 reasonably necessary to the litigation and were actually incurred by my office. They should be
22 reimbursed in full, up to the maximum amount allowed in the Settlement Agreement.

23 MY EXPERIENCE AND QUALIFICATIONS

24 36. Wilshire Law Firm, PLC was selected by Best Lawyers and U.S. News & World
25 Report as one of the nation's Best Law Firms in 2022 and is comprised of over 50 attorneys and
26 over 250 employees. Wilshire Law Firm, PLC is actively and continuously practicing in
27 employment litigation, representing employees in both individual and class actions in both state
28 and federal courts throughout California.

1 37. Wilshire Law Firm, PLC is qualified to handle this litigation because its attorneys
2 are experienced in litigating Labor Code violations in both individual, class action, and
3 representative action cases. Wilshire Law Firm, PLC has handled, and is currently handling,
4 numerous wage and hour class action lawsuits, as well as class actions involving consumer rights
5 and data privacy litigation.

6 38. My practice is focused on advocating for the rights of employees in class action
7 litigation and individual state and federal litigation. I am currently the primary attorney in charge
8 of litigating several class actions.

9 39. I was selected to serve on CAOC's Board of Directors in 2020, 2021 and 2022 and
10 I am an active member of CAALA, CELA. I sit on CELA's women's committee and wage and
11 hour committee and I was selected to speak at CELA's 2020 Advanced Wage & Hour Seminar.
12 Further, I have extensively litigated employment cases for the past eight years, including a
13 successful wage and hour trial wherein the jury awarded Plaintiff wage and hour damages and
14 Plaintiff was awarded PAGA penalties.

15 40. I have received numerous awards for my legal work. The National Trial Attorneys
16 selected me as a "Top 10 Wage and Hour Trial Lawyer," and a "Top 40 Under 40" attorney. Super
17 Lawyers selected me as one of their "Rising Stars" every year since 2018.

18 41. My current contingent billing rate of \$550 per hour is consistent with my practice
19 area, numerous awards received, legal market and accepted hourly rates:

20 a. On September 9, 2021, the Hon. Peter Wilson of the Orange County Superior Court
21 approved my \$800 hourly rate when he granted final approval of the class action
22 settlement in *Ricardo Campos Hernandez v. Adams Iron Co., Inc.*, No. 30-2019-
23 01066522-CU-OE-CXC.

24 b. On January 19, 2021, the Hon. Elihu M. Berle of the Los Angeles County Superior
25 Court approved my \$500 hourly rate when he granted final approval of the class
26 action settlement in *Faye Zhang v. Richemont North America, Inc.*, No.
27 19STCV32396.

1 WILSHIRE LAW FIRM’S EXPERIENCE AND QUALIFICATIONS

2 42. Elizabeth M. Votra is a sixth-year Attorney at Wilshire Law Firm, PLC. She was
3 admitted to practice law in the State of California and the Central, Southern, Eastern, and Northern
4 Districts of California. She graduated from Florida State University, with a Bachelor of Arts in
5 English Literature, and received her Juris Doctor from California Western School of Law. During
6 law school, she completed externships with two trial court judges in Nevada and Florida, and she
7 was a student mediator at the San Diego Superior Court, North County Division. Since graduating
8 law school, she has focused her legal work exclusively on Plaintiff’s employment litigation
9 including both FEHA individual and wage and hour class action litigation. Before joining Wilshire
10 Law Firm, she practiced in a respected wage-and-hour law firm where she worked on dozens of
11 class actions. She has three years of experience in wage-and-hour class action cases. Her current
12 contingent billing rate for this case is \$450 per hour, which is consistent with her level of
13 experience in the wage and hour arena.

14 43. Lauren A. Moorehead is a paralegal at Wilshire Law Firm with six years of
15 experience working at law firms, including over three years of experience working on civil
16 litigation cases. She is a graduate of West Los Angeles College *summa cum laude* with an associate
17 degree in paralegal studies.

18 NO INTEREST IN THE CY PRES RECIPIENT, LEGAL AID FOUNDATION
19 OF LOS ANGELES

20 44. Plaintiffs ARIAS, HENSLEY and ROMO do not have any interest, financial or
21 otherwise, in the proposed *cy pres* recipient, Legal Aid Foundation of Los Angeles.

22 45. No one at Wilshire Law Firm, PLC (meaning the law firm itself and anyone
23 employed at the law firm) has any interest, financial or otherwise, in the proposed *cy pres* recipient,
24 Legal Aid Foundation of Los Angeles at 180 Montgomery Street, Suite 600, San Francisco, CA
25 94104.

26 //

27 //

28 //

1 46. On June 13, 2023, the Court in the above-entitled action Related the *Romo v.*
2 *Flowserve US, Inc.*, Case No. 22STCV27551. Wilshire Law Firm, PLC has a fee-splitting
3 agreement with counsel in the *Romo* case, Justin Lo, Esq., of Work Lawyers, P.C.

4 I declare under penalty of perjury under the laws of the State of California and the United
5 States that the foregoing is true and correct.

6 Executed on October 12, 2023, at Los Angeles, California.

7 

8
9 _____
Nicol E. Hajjar

EXHIBIT 1

MEMORANDUM OF UNDERSTANDING (“MOU”)

1. This MOU is entered into by and between the parties to the actions entitled *John Arias and Jeffrey Hensley, et al v. Flowserve US, Inc.*, Los Angeles County Superior Court Case No. 22STCV27829, and *Esteban Romo, et al v. Flowserve US, Inc.*, Los Angeles County Superior Court Case No. 22STCV27551. It memorializes the settlement reached at the mediation on May 26, 2023 by the parties. It confirms the essential terms of the settlement and assists in preparation of a full, comprehensive Settlement Agreement. This MOU is enforceable by, binding on, admissible, and subject to disclosure by all parties.
2. The parties intend to enter into a more formal “long form” agreement whose terms are not inconsistent with the terms of this MOU, but if they fail to execute a more formal agreement, this agreement will be final, binding and enforceable pursuant to California Code of Civil Procedure section 664.6. The parties shall have 45 days from the date of this agreement to prepare a “long form” settlement agreement. In the event that the parties do not complete that “long form” agreement within 45 days, either party may move for preliminary approval of this class action settlement on the basis of the terms set forth in this MOU. In that event, the party moving for preliminary approval will propose customary terms and procedures for the notice process and settlement administration, and is also entitled to attorney’s fees and costs associated with enforcing the MOU.
3. Plaintiffs’ counsel agrees to draft the preliminary and final approval motions for approval by Defendants’ counsel. The parties stipulate to class certification for purposes of settlement only.
4. Defendants shall pay a maximum amount (“Maximum Settlement Amount”) of \$1,000,000 in full and complete settlement of this matter, which sum includes all attorneys’ fees and costs, administration costs, enhancement award to the class representatives, and payment to the California Labor and Workforce Developmental Agency. No money will revert to Defendant. The balance after deduction of attorneys’ fees and costs, administration costs, an enhancement award, and payment to the California Labor and Workforce Developmental Agency, will be the Net Settlement Amount. Defendant’s employer taxes shall be paid separately and in addition to the Maximum Settlement Amount.
5. All class members who do not opt-out will release Defendant from any and all claims asserted in the operative complaint, and any future amendments to the operative complaint, including but not limited to state wage and hour claims for any and all violations of California’s Labor Code and Unfair Competition Law based on Defendant’s failure to pay for all hours worked (including minimum wages, straight time wages, and overtime wages), failure to provide meal periods, failure to authorize and permit rest periods, failure to timely pay all wages due at the time of termination, failure to furnish accurate, itemized wage statements, civil penalties under California’s Private Attorneys General Act of 2004 based on the alleged Labor Code violations, and all damages, interest, penalties, attorneys’ fees, costs, and other amounts recoverable under said causes of action under California law, to

the extent permissible, including but not limited to the California Labor Code and the applicable Wage Orders.

6. The Settlement Class Members are all persons who worked for any Defendant in California as an hourly paid or non-exempt employee during the Class Period, as defined below.
7. The Class Period starts on August 25, 2018 and shall end upon Court final approval. The PAGA Period starts from August 24, 2021 through the date of final approval.
8. Defendant will not oppose a request by Plaintiffs John Arias, Jeffrey Hensley, and Esteban Romo to be appointed the Class Representative and for an enhancement payment of up to \$5,000, per Plaintiff Representative, in exchange for his/their service as the Class Representatives. This amount is paid from the Maximum Settlement Amount and is in addition to the payment to which Plaintiffs are entitled as a Class Member. Even in the event that the Court reduces or does not approve the requested Class Representative's enhancement payment, Plaintiffs shall not have the right to revoke this MOU or this settlement, and it will remain binding. In exchange for the enhancement payment, Plaintiffs John Arias, Jeffrey Hensley and Esteban Romo agree to a full and complete release of any claims that they, and each of them, may have arising out of their employment with Defendant, including a Civil Code section 1542 release.
9. \$50,000 of the Maximum Settlement Amount is allocated for violations of PAGA, 75% of which (\$37,500) will be paid to the Labor and Workforce Development Agency and 25% (\$12,500) will be paid to the Class.
10. Defendant will not oppose an application for an award of attorneys' fees to counsel for Plaintiff, from the Maximum Settlement Amount, of up to 33 1/3% of the Maximum Settlement Amount (\$330,000), plus actual costs and expenses up to \$20,000 as supported by declaration. Even in the event that the Court reduces or does not approve the requested award to Plaintiff's counsel for attorney's fees and costs, Plaintiff's counsel shall not have the right to revoke this MOU or this settlement, and it will remain binding.
11. The Maximum Settlement Amount includes all administrative costs. The Parties will not oppose an application of up to \$30,000 of the Maximum Settlement Amount to the Settlement Administrator for claims administration costs and fees. Fees of the Settlement Administrator shall be paid out of the Maximum Settlement Amount. The parties agree to select a mutually agreeable Settlement Administrator. The Settlement Administrator shall be responsible for payment of all payments to the Settlement Class, and shall be responsible for all appropriate withholding disbursement of taxes, and compliance with all reporting obligations.
12. Settlement Class Members will not be required to submit a claim form to participate in the settlement. The Class will receive a Notice containing instructions on how to opt-out or object to the settlement.

- a. Individual settlement payments will be proportionally based on compensable workweeks.
 - b. The Class Notice will contain the estimated individual settlement payment and dates of employment.
 - c. Class Members who submit timely requests to opt out of the settlement within 60 days of the Settlement Administrator mailing the Class Notice will not participate in the settlement and will not be bound by the terms of the proposed settlement or the final judgment.
13. Settlement checks will be valid for 180 days, and all funds remaining from uncashed checks after 180 days shall be handled pursuant to California Code of Civil Procedure section 384. The parties select Legal Aid Foundation of Los Angeles (LAFLA) as the *cy pres* recipient. If the Court does not approve the *cy pres* designee, the parties shall select a new *cy pres* designee, with approval by the Court. Any Class Member who does not opt-out will be nevertheless bound by the terms of the agreement regardless of whether he or she cashes the check.
14. The settlement payment for each individual claimant shall be allocated 1/3 as wages, 1/3 as penalties and 1/3 as interest. The Settlement Administrator will be responsible for issuing all tax documents to Class Members.
15. Defendants' best estimate of the Settlement Class size is 317 persons. If, as of the end of the Class Period, the actual Class size is more than 10% of this estimate (i.e., 347 or more Class Members), the Maximum Settlement Amount shall be increased by the average gross payout to individual Class Members based on 347 Class Members. For example, if the average payout based on 317 Class Members is \$1,000 per Class Member and there are 30 additional Class Members (347 total Class Members), Defendants will increase the Maximum Settlement Amount by \$30,000.00. The Maximum Settlement Amount will not be reduced due to Defendant's estimate.
16. All Class Members who have not validly opted out by the stated time period will be subject to the Release and all other terms of the settlement.
17. The parties and their counsel agree not to take any action to encourage any Class Members to opt out of and/or object to the Settlement. Counsel for Plaintiff reserves the right to encourage Class Members to participate in the settlement.
18. Defendant expressly deny any liability. Neither this MOU nor the "long form" Settlement Agreement shall constitute an admission of liability or the accuracy of any allegation made by Plaintiff or his counsel.
19. Any settlement shall remain confidential until a motion for preliminary approval is filed with the court.

This agreement is executed by the parties and their duly authorized attorneys as of the day and year set forth below:

IT IS SO AGREED.

On Behalf of Plaintiff John Arias and Jeffrey Hensley, et al:

Dated: 5/26/2023, 2023

DocuSigned by:

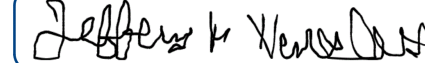


John Arias, Plaintiff

On Behalf of Plaintiff John Arias and Jeffrey Hensley, et al:

Dated: 5/26/2023, 2023

DocuSigned by:



Jeffrey Hensley, Plaintiff

On Behalf of Plaintiff Esteban Romo, et al:

Dated: _____, 2023

Esteban Romo, Plaintiff

On Behalf of Defendant Flowserve US, Inc.:

Dated: _____, 2023

Name:
Title:

Approved as to form:

WILSHIRE LAW FIRM, PLC

Dated: 5/26/2023, 2023

DocuSigned by:



Nicol E. Hajar, Esq.
Elizabeth M. Votra, Esq.
Attorneys for Plaintiffs and the Class

This agreement is executed by the parties and their duly authorized attorneys as of the day and year set forth below:

IT IS SO AGREED.

On Behalf of Plaintiff John Arias and Jeffrey Hensley, et al:

Dated: _____, 2023

John Arias, Plaintiff

On Behalf of Plaintiff John Arias and Jeffrey Hensley, et al:

Dated: _____, 2023

Jeffrey Hensley, Plaintiff

On Behalf of Plaintiff Esteban Romo, et al:

Dated: _____, 2023

Esteban Romo, Plaintiff

On Behalf of Defendant Flowserve US, Inc.:

Dated: 5/26/2023, 2023

DocuSigned by:



Name: Hisham Masri

Title: Employment Counsel

Approved as to form:

WILSHIRE LAW FIRM, PLC

Dated: _____, 2023

Nicol E. Hajjar, Esq.
Elizabeth M. Votra, Esq.
Attorneys for Plaintiffs and the Class

This agreement is executed by the parties and their duly authorized attorneys as of the day and year set forth below:

IT IS SO AGREED.

On Behalf of Plaintiff John Arias and Jeffrey Hensley, et al:

Dated: _____, 2023

John Arias, Plaintiff

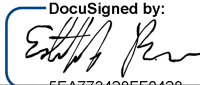
On Behalf of Plaintiff John Arias and Jeffrey Hensley, et al:

Dated: _____, 2023

Jeffrey Hensley, Plaintiff

On Behalf of Plaintiff Esteban Romo, et al:

Dated: 5/26/2023, 2023

DocuSigned by:

5EA779428FF0428...

Esteban Romo, Plaintiff

On Behalf of Defendant Flowserve US, Inc.:

Dated: _____, 2023

Name:
Title:

Approved as to form:

WILSHIRE LAW FIRM, PLC

Dated: _____, 2023

Nicol E. Hajjar, Esq.
Elizabeth M. Votra, Esq.
Attorneys for Plaintiffs and the Class

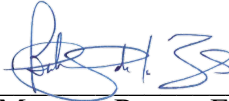
WORK LAWYERS, PC

Dated: _____, 2023

Justin Lo, Esq.
Attorneys for Plaintiff Esteban Romo

SANCHEZ & AMADOR LLP

Dated: May 26, 2023



Marytza Reyes, Esq.
Brittaney de la Torre, Esq.
Jamie Rudman, Esq.
Attorneys for Defendant, Flowserve US, Inc.

Dated: 5/26/2023, 2023

WORK LAWYERS, PC

DocuSigned by:
Justin Lo

Justin Lo, Esq.
Attorneys for Plaintiff Esteban Romo

Dated: _____, 2023

SANCHEZ & AMADOR LLP

Marytza Reyes, Esq.
Brittaney de la Torre, Esq.
Jamie Rudman, Esq.
Attorneys for Defendant, Flowserve US, Inc.

EXHIBIT 2

CASE NAME: FLOWSERVE US, INC.

Date: May 31, 2023

Requesting Attorney: Elizabeth Votra

Plaintiff or Defense: Plaintiff

Firm Name: Wilshire Law Firm, PLC

Telephone: (213) 381-9988 Ext.452

Email: evotra@wilshirelawfirm.com

All-In Settlement

Class Size: 283

Opt-Out Rate: 1.5%

No. of Checks Issued: 279

Postage Total: \$425.58

Grand Total: \$11,621.64

DISCOUNTED FLAT FEE: \$8,500.00

The services and numbers reflected herein are an estimate provided by counsel. If the actual services and number are different, our cost estimate will change accordingly.

The attached Terms and Conditions are included as part of our cost proposal. By accepting our costs proposal for this matter, you are thereby agreeing to the Terms and Conditions.

CASE SETUP

Upon Intake of the Data, CPT will Scrub all Records to a Useable Format to Reduce Duplicates, Anomalies and Increase the Success Rate of Deliverability of the Class Notice. Class Members will be Assigned a Unique Mailing ID which will be Used Throughout Administration. The Notice Packet will be Translated into Spanish.

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Project Manager: Case Intake & Review	\$95.00	2	\$190.00
Programming: Data Base Setup	\$150.00	2	\$300.00
Spanish Translation	\$1,200.00	1	\$1,200.00
TOTAL			\$1,690.00

DIRECT MAIL NOTICE

To Ensure Mailing to the Most Current Address Possible, CPT will Perform an Address Update via NCOA and Further Skip Trace if Necessary. CPT will Mail a Full-Length Notice & 1-Page Exclusion Form in English & Spanish.

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Project Manager: Format Documents	\$95.00	2	\$190.00
National Change of Address Search (NCOA)	\$135.00	1	\$135.00
XML Lex ID Skip Trace	\$0.85	28	\$23.80
Print & Mail Notice Packets	\$1.50	283	\$424.50
First-Class Postage (up to 2 oz.)*	\$0.81	283	\$229.23
TOTAL			\$1,002.53

*Postage costs are subject to change at anytime. The final rate will be determined at the time of mailing.

PROCESS RETURNED UNDELIVERABLE MAIL

Based On CPT's Historical Data, 5% of the Notices will be Returned Undeliverable. Upon Receipt, CPT will Perform a Skip Trace in an Attempt to Obtain a Current Address; Thus, 70% of the Undeliverable Notice Packets are Remailled.

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Clerical Staff	\$60.00	1	\$60.00
Update Undeliverable Mail Database	\$0.50	14	\$7.00
Skip Trace for Best Address	\$1.00	12	\$12.00
Print & Remail Notice Packets	\$1.50	10	\$15.00
First-Class Postage (up to 2 oz.)	\$0.81	10	\$8.10
TOTAL			\$102.10

OPT-OUT PROCESSING

CPT will Process and Validate all Opt-Outs and Other Responses from Class Members. Deficient Opt-Outs will Receive a Deficiency Notice by

Mail and Provide an Opportunity to Cure. CPT will Scrub the Filed Opt-Outs to Eliminate Duplicates, Fraudulent, and Otherwise Invalid.

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Programming: De-duplication/Scrubbing	\$150.00	1	\$150.00
Project Manager: Validate Opt-Out Requests	\$95.00	1	\$95.00
Clerical Staff	\$60.00	1	\$60.00
Opt-Out & Change of Address Processing	\$2.00	4	\$8.49
Print & Mail Deficiency/Dispute Notices	\$1.50	1	\$1.50
First-Class Postage (up to 1 oz.)	\$0.60	1	\$0.60
Review & Process Deficiency Responses	\$10.00	1	\$10.00
TOTAL			\$325.59

TELEPHONE SUPPORT

CPT will Maintain a Toll-Free Phone Number with IVR Capabilities and Live Class Member Support Representatives During Normal Business Hours, Monday-Friday, 9:00 AM - 5:30 PM, PT. The Dedicated Case Phone Number will Remain Active Up to 120 Days After Disbursement.

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Toll-Free Number Establish/Setup	\$150.00	2	\$300.00
Live Call Center Support Reps.	\$3.00	57	\$171.00
TOTAL			\$471.00

SSN VERIFICATION

Verify SSN for Validity with IRS / IRS Backup Withholdings

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Programming: SSN Selection	\$150.00	1	\$150.00
Department Manager: Analysis & Reporting	\$95.00	3	\$285.00
IRS SSN Verification	\$0.10	279	\$27.88
TOTAL			\$462.88

DISTRIBUTION SERVICES

CPT will Establish and Manage the Qualified Settlement Fund (QSF) for up to One Year After Disbursement. Upon Approval, CPT will Perform all Necessary Calculations and Disburse Funds. CPT will Mail an 8.5"x11" MICR Check to Valid Claimants. CPT Uses a Payee Positive Pay System to Reconcile Checks Cashed and Conducts Monthly Account Reconciliations for the QSF.

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Programming: Calculation Totals	\$150.00	3	\$450.00
Project Supervisor: Review of Distribution	\$150.00	3	\$450.00
Project Manager: Correspondence w/Parties	\$95.00	2	\$190.00
Programming: Setup & Printing of Checks	\$150.00	3	\$450.00
Obtain EIN, Setup QSF/Bank Account	\$150.00	3	\$450.00
Print & Mail Notice, Checks & W2/1099	\$2.50	279	\$696.89
First-Class Postage (up to 1 oz.)*	\$0.60	279	\$167.25
TOTAL			\$2,854.14

*Postage costs are subject to change at anytime. The final rate will be determined at the time of mailing.

POST-DISTRIBUTION & TAX REPORTING

Any Check Returned Undeliverable is Skip Traced to Locate a Current Address and Remailed Accordingly. CPT will Process Requests for Check Reissues Continuously. CPT Prepares Annual Tax Reporting on Behalf of the QSF and Federal and State Taxes in Accordance with Current State and Federal Regulations. Upon the Conclusion of the Settlement, a Final Report and Declaration will be Provided to all Parties.

ADMINISTRATIVE TASKS	UNIT PRICE	PIECES/HOURS	COST ESTIMATE
Project Supervisor: Account Reconciliation	\$150.00	10	\$1,500.00
Update Undeliverable Checks Database	\$0.50	22	\$11.00
Skip Trace for Best Address	\$1.00	22	\$22.00
Remail Undeliverable Checks	\$2.50	20	\$50.00
First-Class Postage (up to 1 oz.)	\$0.60	20	\$12.00
Re-Issue Checks as Required	\$5.00	14	\$70.00
First-Class Postage (up to 1 oz.)	\$0.60	14	\$8.40
Project Supervisor: Reconcile Uncashed Chk	\$150.00	1	\$150.00
Programming: Weekly & Final Reports	\$150.00	2	\$300.00
Project Supervisor: Final Declaration	\$150.00	2	\$300.00
Project Manager: Account Files Sent to Atty	\$95.00	2	\$190.00
CA Tax Preparation*	\$600.00	1	\$600.00
Annual Tax Reporting to IRS*	\$1,000.00	1	\$1,000.00
QSF Annual Tax Reporting	\$500.00	1	\$500.00
TOTAL			\$4,713.40

*CPT will file Federal and California taxes in accordance to current state and federal regulations. Additional charges will apply if the Settlement/Order/parties require(s) multiple state tax filings.

GRAND TOTAL	\$11,621.64
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TERMS AND CONDITIONS

These Terms and Conditions are made a part of, and incorporated by reference into, any cost proposal or Bid presented by CPT Group, Inc. to Client

1. Definitions.

- a) **"Affiliate"** means a party that partially (at least 50%) or fully controls, is partially or fully controlled by, or is under partial (at least 50%) or full common control with another party.
- b) **"Approved Bank"** means a financial institution insured by the Federal Deposit Insurance Corporation with capital exceeding \$1 billion.
- c) **"Case"** means the particular judicial matter identified by the name of plaintiff(s) and defendant(s) on the applicable Order.
- d) **"Claims Administrator"** means CPT Group, Inc., a reputable third-party Claims Administrator selected by all the Parties (Plaintiff and Defense Counsel) to administer the Settlement or Notification Mailing.
- e) **"Client"** means collectively Plaintiff Counsel and Defense Counsel.
- f) **"Client Content"** means all Class Member written document communications relating to the Case, including claim forms, opt-out forms, and objections, which contain Client Data.
- g) **"Client Data"** means proprietary or personal data regarding Client or any of its Class Members under this Agreement, as provided by Client.
- h) **"Class Member"** means an individual who is eligible under the Settlement Agreement to receive a designated amount of the Settlement, including the named Plaintiff(s) in the Case and all other putative persons so designated or addressed therein.
- i) **"Confidential Information"** means any non-public information of CPT or Client disclosed by either party to the other party, either directly or indirectly, in writing, orally or by inspection of tangible objects, or to which the other party may have access, which a reasonable person would consider confidential and/or which is marked "confidential" or "proprietary" or some similar designation by the disclosing party. Confidential Information shall also include the terms of this Agreement, except where this Agreement specifically provides for disclosure of certain items. Confidential Information shall not, however, include the existence of the Agreement or any information which the recipient can establish: (i) was or has become generally known or available or is part of the public domain without direct or indirect fault, action, or omission of the recipient; (ii) was known by the recipient prior to the time of disclosure, according to the recipient's prior written documentation; (iii) was received by the recipient from a source other than the discloser, rightfully having possession of and the right to disclose such information; or (iv) was independently developed by the recipient, where such independent development has been documented by the recipient.
- j) **"Court Order"** means a legal command or direction issued by a court, judicial office, or applicable administrative body requiring one or more parties to the Case to carry out a legal obligation pursuant to the Case.
- k) **"Defendant"** means the named party and/or parties in the Case against whom action is brought.
- l) **"Defense Counsel"** means the attorney of record for the defendant(s) in the Case.
- m) **"Intellectual Property Right"** means any patent, copyright, trade or service mark, trade dress, trade name, database right, goodwill, logo, trade secret right, or any other intellectual property right or proprietary information right, in each case whether registered or unregistered, and whether arising in any jurisdiction, including without limitation all rights of registrations, applications, and renewals thereof and causes of action for infringement or misappropriation related to any of the foregoing.
- n) **"Order"** means a Product purchase in a schedule, statement of work, addendum, exhibit, or amendment signed by Client and CPT.
- o) **"Parties"** shall mean collectively Defendants, Defense and Plaintiff as defined in the Settlement Agreement or Court Order.
- p) **"Plaintiff"** means the named party and/or parties in the Case who are bringing the action.
- q) **"Plaintiff Counsel"** means the attorney of record for plaintiff Class Members in the Case.
- r) **"Products"** means any and all CPT Services, and work products resulting from Services.
- s) **"Qualified Settlement Fund"** means the entity as defined by Treasury Regulation section 4686-1 under which a bank account is established to receive settlement funds from the Defendant in the Case, which such funds are then disbursed by CPT according to the Settlement Agreement and pursuant to Court Order.

- t) **"Service"** means any service rendered by CPT specifically to Client, including, but not limited to: (i) notifications to Class Members; (ii) setting up a Qualified Settlement Fund with a financial institution; (iii) management of disbursement of funds from the Qualified Settlement Fund to applicable parties pursuant to the Settlement Agreement; (iv) provision of customer support relating to the Case; (v) management of Case claim forms and correspondence; and/or (vi) any administrative or consulting service.
 - u) **"Software"** means any and all of CPT's proprietary applications, including, without limitation, all updates, revisions, bug-fixes, upgrades, and enhancements thereto.
 - v) **"Settlement"** means the total dollar amount agreed to between parties to the Case, as negotiated by Plaintiff Counsel and Defense Counsel, to resolve the Case to mutual satisfaction.
 - w) **"Settlement Agreement"** means the contract between parties to the Case to resolve the same, which specifies amounts to be disbursed from the Qualified Settlement Fund to attorneys, CPT, and individual Class Members.
 - x) **"Term"** means the term of the Agreement, as set forth in the Order.
 - y) **"Transmission Methods"** means the secure authorized manner to send Client Data and/or Wire Information as specified on a schedule or Order hereto.
 - z) **"Wire Information"** means instructions for (i) Defense Counsel to transfer funds from Defendant to the Qualified Settlement Fund or (ii) CPT to transfer funds from the Qualified Settlement Fund to applicable parties pursuant to the Settlement Agreement.
2. Client Obligations. Client will ensure that it has obtained all necessary consents and approvals for CPT to access Client Data for the purposes permitted under this Agreement and shall only transmit Client Data and/or Wire Instructions to CPT via the Transmission Methods. Client shall use and maintain appropriate administrative, technical, and physical safeguards designed to protect Client Data provided under this Agreement. Client shall not send, or attempt to send, Client Data and/or Wire Instructions via email, facsimile, unprotected spreadsheet, USB flash drive or other external or removable storage device, cloud storage provider, or any other method not specified in the Transmission Methods. Notwithstanding the foregoing, Client acknowledges and understands that the electronic transmission of information cannot be guaranteed to be secure or error free, and such information could be intercepted, corrupted, lost, and/or destroyed. Client further warrants that any Client Data and/or Wire Instructions it transmits shall be free of viruses, worms, Trojan horses, or other harmful or disabling codes which could adversely affect the Client Data and/or CPT. If Client is in breach of this section, CPT may suspend Services, in addition to any other rights and remedies CPT may have at law or in equity.
3. Security. The Parties and CPT shall each use reasonable administrative, technical, and physical safeguards that are reasonably designed to: (a) protect the security and confidentiality of any personally identifiable information provided by Class Members and/or Client under this Agreement; (b) protect against any anticipated threats or hazards to the security or integrity of such personally identifiable information; (c) protect against unauthorized access to or use of such personally identifiable information that could result in substantial harm or inconvenience to any individual; and (d) protect against unauthorized access to or use of such personally identifiable information in connection with its disposal. Each Party will respond promptly to remedy any known security breach involving the personally identifiable information provided by you and/or Client under this Agreement and shall promptly inform the other Parties of such breaches.
4. CPT Obligations. Provided that Client complies with all provisions of Section "Client Obligations", CPT will (i) maintain appropriate safeguards for the protection of Client Data, including regular back-ups, security and incident response protocols, and (ii) not access or disclose Client Data except (A) as compelled by law, (B) to prevent or address service or technical issues, (C) in accordance with this Agreement or the provisions of the Settlement Agreement, or (D) if otherwise permitted by Client.
5. Mutual Obligations.
- a) Resources. Each party agrees to: (i) provide the resources reasonably necessary to enable the performance of the Services; (ii) manage its project staffing, milestones, and attendance at status meetings; and (iii) ensure completion of its project deliverables and active participation during all phases of a Service project. The parties acknowledge that failure to cooperate during a Service project may delay delivery of the Service.

If there is a delay, the party experiencing the delay will notify the other party as soon as reasonably practicable, and representatives of each party will meet to discuss the reason for the delay and applicable consequences. Changes beyond the scope of an Order and/or a party's delay in performing its obligations may require an amended Order.

- b) **Incident Notification.** Each party will promptly inform the other parties in the event of a breach of Client Data in their possession and shall utilize best efforts to assist the other parties to mitigate the effects of such incident.
6. **Qualified Settlement Fund Account.** At Client's request, CPT shall be authorized to establish one or more bank accounts at an Approved Bank. The amounts held at the Approved Bank under this Agreement are at the sole risk of Client. Without limiting the generality of the foregoing, CPT shall have no responsibility or liability for any diminution of the funds that may result from the deposit thereof at the Approved Bank, including deposit losses, credit losses, or other claims made against the Approved Bank. It is acknowledged and agreed that CPT has acted reasonably and prudently in depositing funds at an Approved Bank, and CPT is not required to conduct diligence or make any further inquiries regarding such Approved Bank.
7. **Fees and Payment.** Pricing stated within the proposal is good for 90 Days. All postage charges and 50% of the final administration charges are due at the commencement of the case and will be billed immediately upon receipt of the Client data and /or notice documents. Client will be invoiced for any remaining fees according to the applicable Order. Pricing stated within any proposal from CPT to Client is for illustrative purposes only and is only binding upon an Order executed by CPT and Client. Payment of fees will be due within 30 days after the date of the invoice, except where this Agreement expressly prescribes other payment dates. All fees set forth in an Order are in U.S. dollars, must be paid in U.S. dollars, and are exclusive of taxes and applicable transaction processing fees. Late payments hereunder will incur a late charge of 1.5% (or the highest rate allowable by law, whichever is lower) per month on the outstanding balance from the date due until the date of actual payment. In addition, Services are subject to suspension for failure to timely remit payment therefor. If travel is required to effect Services, Client shall reimburse CPT for pre-approved, reasonable expenses arising from and/or relating to such travel, including, but not limited to, airfare, lodging, meals, and ground transportation.
8. **Term and Termination.**
- a) **Term.** The Term is set forth in the Order. The Agreement may be renewed by mutual written agreement of the parties.
- b) **Termination for Cause.** Either party may immediately terminate this Agreement if the other party materially breaches its obligations hereunder, and, where capable of remedy, such breach has not been materially cured within forty-five (45) days of the breaching party's receipt of written notice describing the breach in reasonable detail.
- c) **Bankruptcy Events.** A party may immediately terminate this Agreement if the other party: (i) has a receiver appointed over it or over any part of its undertakings or assets; (ii) passes a resolution for winding up (other than for a bona fide scheme of solvent amalgamation or reconstruction), or a court of competent jurisdiction makes an order to that effect and such order is not discharged or stayed within ninety (90) days; or (iii) makes a general assignment for the benefit of its creditors.
- d) **Effect of Termination.** Immediately following termination of this Agreement, upon Client's written request, Client may retrieve Client Data via Client's secure FTP site in the same format in which the Client Data was originally inputted into the Software, at no additional charge. Alternatively, Client Data can be returned in a mutually agreed format at a scope and price to be agreed. CPT will maintain a copy of Client Data and Client Content for no more than four (4) years following the date of the final check cashing deadline for Class Members under the Settlement Agreement, after which time any Client Data and Client Content not retrieved will be destroyed.
- e) **Final Payment.** If Client terminates this Agreement due to Section "Termination", Client shall pay CPT all fees owed through the termination date. If CPT terminates the Agreement in accordance with Section "Termination," Client shall pay CPT all fees invoiced through the termination date, plus all fees remaining to be invoiced during the Term, less any costs CPT would have incurred had the Agreement not been terminated.
- Confidentiality.** Each of the parties agrees: (i) not to disclose any Confidential Information to any third parties except as mandated by law and except to those subcontractors of CPT providing Products hereunder who agree to be bound by confidentiality obligations no less stringent than those set forth in this Agreement; (ii) not to use any Confidential Information for any purposes except carrying out such party's rights and responsibilities under this Agreement; and (iii) to keep the Confidential Information confidential using the same degree of care such party uses to protect its own confidential information; provided, however, that such party shall use at least reasonable care. These obligations shall survive termination of this Agreement.
- a) **Compelled Disclosure.** If receiving party is compelled to disclose any Confidential Information by judicial or administrative process or by other requirements of law, such party shall (i) promptly notify the other party, (ii) reasonably cooperate with the other party in such party's efforts to prevent or limit such compelled disclosure and/or obtain confidential treatment of the items requested to be disclosed, and (iii) shall disclose only that portion of such information which each party is advised by its counsel in writing is legally required to be disclosed.
- b) **Remedies.** If either party breaches any of its obligations with respect to confidentiality or the unauthorized use of Confidential Information hereunder, the other party shall be entitled to seek equitable relief to protect its interest therein, including but not limited to, injunctive relief, as well as money damages.
10. **Intellectual Property.** As between the parties, CPT will and does retain all right, title and interest (including, without limitation, all Intellectual Property Rights) in and to the Products. Client retains all ownership rights to Client Data.
11. **Indemnification.** Client agrees to indemnify, defend, and hold harmless CPT, its Affiliates, and the respective officer, directors, consultants, employees, and agents of each (collectively, Covered CPT Parties") from and against any and all third party claims and causes of action, as well as related losses, liabilities, judgments, awards, settlements, damages, expenses and costs (including reasonable attorney's fees and related court costs and expenses) (collectively, "Damages") incurred or suffered by CPT which directly relate to or directly arise out of (i) Client's breach of this Agreement; (ii) CPT's performance of Services hereunder; (iii) the processing and/or handling of any payment by CPT; (iv) any content, instructions, information or Client Data provided by Client to CPT in connection with the Services provided by CPT hereunder. The foregoing provisions of this section shall not apply to the extent the Damages relate to or arise out of CPT's willful misconduct. To obtain indemnification, indemnitee shall: (i) give written notice of any claim promptly to indemnitor; (ii) give indemnitor, at indemnitor's option, sole control of the defense and settlement of such claim, provided that indemnitor may not, without the prior consent of indemnitee (not to be unreasonably withheld), settle any claim unless it unconditionally releases indemnitee of all liability; (iii) provide to indemnitor all available information and assistance; and (iv) not take any action that might compromise or settle such claim.
12. **Warranties.** Each party represents and warrants to the other party that, as of the date hereof: (i) it has full power and authority to execute and deliver the Agreement; (ii) the Agreement has been duly authorized and executed by an appropriate employee of such party; (iii) the Agreement is a legally valid and binding obligation of such party; and (iv) its execution, delivery and/or performance of the Agreement does not conflict with any agreement, understanding or document to which it is a party. CPT WARRANTS THAT ANY AND ALL SERVICES PROVIDED BY IT HEREUNDER SHALL BE PERFORMED IN A PROFESSIONAL MANNER CONSISTENT WITH PREVAILING INDUSTRY STANDARDS. TO THE EXTENT PERMITTED BY APPLICABLE LAW, CPT DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICE.
13. **Liability.**
- a) **Liability Cap.** EXCEPT FOR A PARTY'S WILLFUL MISCONDUCT, EACH PARTY'S MAXIMUM AGGREGATE LIABILITY ARISING OUT OF OR RELATING TO THIS AGREEMENT, REGARDLESS OF THE THEORY OF LIABILITY, WILL BE LIMITED TO THE TOTAL CLAIMS ADMINISTRATOR FEES PAID OR PAYABLE BY CLIENT TO CPT HEREUNDER. THE EXISTENCE OF MORE THAN ONE CLAIM SHALL NOT EXPAND SUCH LIMIT. THE PARTIES ACKNOWLEDGE THAT THE FEES AGREED UPON BETWEEN CLIENT AND CPT ARE BASED IN PART ON THESE LIMITATIONS, AND THAT THESE LIMITATIONS WILL APPLY NOTWITHSTANDING ANY FAILURE OF ANY ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. THE FOREGOING LIMITATION SHALL NOT APPLY TO A PARTY'S PAYMENT OBLIGATIONS UNDER THE AGREEMENT.
- b) **Exclusion of Consequential Damages.** NEITHER PARTY WILL BE LIABLE FOR LOST PROFITS, LOST REVENUE, LOST BUSINESS OPPORTUNITIES, LOSS OF DATA, INTERRUPTION OF BUSINESS, OR ANY OTHER INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR RELATING TO THIS AGREEMENT, REGARDLESS OF THE THEORY OF LIABILITY, EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
14. **Communications.** CPT may list Client's name and logo alongside CPT's other reviews on the CPT website and in marketing materials, unless and until Client revokes such permission. CPT may also list the Case name and/or number, and certain Qualified Settlement Fund information, on the CPT website and in marketing materials, unless stated otherwise in the Settlement Agreement.

15. Miscellaneous Provisions.

- a) Governing Law; Jurisdiction. This Agreement will be governed by and construed in accordance with the laws of the State of California and the federal laws of the United States of America, without regard to conflict of law principles. CPT and Client agree that any suit, action or proceeding arising out of, or with respect to, this Agreement or any judgment entered by any court in respect thereof shall be brought exclusively in the state or federal courts of the State of California located in the County of Orange, and each of CPT and Client hereby irrevocably accepts the exclusive personal jurisdiction and venue of those courts for the purpose of any suit, action or proceeding.
- b) Force Majeure. Neither party will be liable for any failure or delay in its performance under this Agreement due to any cause beyond its reasonable control, including without limitation acts of war, acts of God, earthquake, flood, weather conditions, embargo, riot, epidemic, acts of terrorism, acts or omissions of vendors or suppliers, equipment failures, sabotage, labor shortage or dispute, governmental act, failure of the Internet or other acts beyond such party's reasonable control, provided that the delayed party: (i) gives the other party prompt notice of such cause; and (ii) uses reasonable commercial efforts to correct promptly such failure or delay in performance.
- c) Counterparts. This Agreement may be executed in any number of counterparts and electronically, each of which shall be an original but all of which together shall constitute one and the same instrument.
- d) Entire Agreement. This Agreement contains the entire understanding of the parties in respect of its subject matter and supersedes all prior agreements and understandings (oral or written) between the parties with respect to such subject matter. The schedules and exhibits hereto constitute a part hereof as though set forth in full herein.
- e) Modifications. Any modification, amendment, or addendum to this Agreement must be in writing and signed by both parties.
- f) Assignment. Neither party may assign this Agreement or any of its rights, obligations, or benefits hereunder, by operation of law or otherwise, without the other party's prior written consent; provided, however, either party, without the consent of the other party, may assign this Agreement to an Affiliate or to a successor (whether direct or indirect, by operation of law, and/or by way of purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of such party, where the responsibilities or obligations of the other party are not increased by such assignment and the rights and remedies available to the other party are not adversely affected by such assignment. Subject to that restriction, this Agreement will be binding on, inure to the benefit of, and be enforceable against the parties and their respective successors and permitted assigns.
- g) No Third-Party Beneficiaries. The representations, warranties, and other terms contained herein are for the sole benefit of the parties hereto and their respective successors and permitted assigns and shall not be construed as conferring any rights on any other persons.
- h) Statistical Data. Without limiting the confidentiality rights and Intellectual Property Rights protections set forth in this

Agreement, CPT has the perpetual right to use aggregated, anonymized, and statistical data ("Statistical Data") derived from the operation of the Software, and nothing herein shall be construed as prohibiting CPT from utilizing the Statistical Data for business and/or operating purposes, provided that CPT does not share with any third-party Statistical Data which reveals the identity of Client, Client's Class Members, or Client's Confidential Information.

- i) Export Controls. Client understands that the use of CPT's Products is subject to U.S. export controls and trade and economic sanctions laws and agrees to comply with all such applicable laws and regulations, including the Export Administration Regulations maintained by the U.S. Department of Commerce and the trade and economic sanctions maintained by the Treasury Department's Office of Foreign Assets Control.
- j) Severability. If any provision of this Agreement is held by a court or arbitrator of competent jurisdiction to be contrary to law, such provision shall be changed by the court or by the arbitrator and interpreted so as to best accomplish the objectives of the original provision to the fullest extent allowed by law, and the remaining provisions of this Agreement shall remain in full force and effect.
- k) Notices. Any notice or communication required or permitted to be given hereunder may be delivered by hand, deposited with an overnight courier, sent by electronic delivery, or mailed by registered or certified mail, return receipt requested and postage prepaid to the address for the other party first written above or at such other address as may hereafter be furnished in writing by either party hereto to the other party. Such notice will be deemed to have been given as of the date it is delivered, if by personal delivery; the next business day, if deposited with an overnight courier; upon receipt of confirmation of electronic delivery (if followed up by such registered or certified mail); and five days after being so mailed.
- l) Independent Contractors. Client and CPT are independent contractors, and nothing in this Agreement shall create any partnership, joint venture, agency, franchise, sales representative or employment relationship between Client and CPT. Each party understands that it does not have authority to make or accept any offers or make any representations on behalf of the other. Neither party may make any statement that would contradict anything in this section.
- m) Subcontractors. CPT shall notify Client of its use of any subcontractors to perform Client-specific Services. CPT shall be responsible for its subcontractors' performance of Services under this Agreement.
- n) Headings. The headings of the sections of this Agreement are for convenience only, do not form a part hereof, and in no way limit, define, describe, modify, interpret, or construe its meaning, scope or intent.
- o) Waiver. No failure or delay on the part of either party in exercising any right, power or remedy under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise or the exercise of any other right, power, or remedy.
- p) Survival. Sections of the Agreement intended by their nature and content to survive termination of the Agreement shall so survive.

EXHIBIT 3

CLASS ACTION AND PAGA SETTLEMENT AGREEMENT

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between the Named Plaintiffs, John Arias, Jeffrey Hensley, and Esteban Romo, for their own behalf and on behalf of all members of the Settlement Class, as defined below, on the one hand, and Defendant Flowserve US Inc. on its own behalf and on behalf of its past and present parents, subsidiaries and affiliates, and their respective past and present predecessors, successors, assigns, representatives, officers, directors, agents and employees, on the other hand (collectively the “Parties,”), in the lawsuits *Arias and Hensley, et al. v. Flowserve US, Inc., et al.*, filed in the Los Angeles County Superior Court, Spring Street Case No. 22STCV27829 and *Romo, et al. v. Flowserve US, Inc., et al.*, filed in the Los Angeles County Superior Court, Case No. 22STCV27551. This Settlement Agreement resolves all claims that were asserted or could have been asserted against Defendants pertaining to the claims in the Litigation.

1. DEFINITIONS.

- 1.1. “Administrator” means CPT Group, Inc. the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.2. “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval of the Settlement.
- 1.3. “Aggrieved Employee” means a person employed by Flowserve in California as an hourly paid or non-exempt employee during the PAGA Period.
- 1.4. “Class Action” means Plaintiffs’ Hensley’s and Arias’ civil lawsuit against Flowserve captioned *John Arias and Jeffrey Hensley et al. v. Flowserve US Inc.*, Case No. 22STCV27829, initiated on August 25, 2022 and pending in Superior Court of the State of California, County of Los Angeles, alleging: (1) failure to pay minimum wage and straight time wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to timely pay final wages at termination; (6) failure to provide accurate itemized wage statements; (7) unfair business practices; and (8) civil penalties under the Private Attorneys General Act (“PAGA”).
- 1.5. “Class Counsel” means Nicol E. Hajjar and Elizabeth M. Votra of Wilshire Law Firm and Justin Lo of Work Lawyers, PC.
- 1.6. “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute the Class Action and PAGA Action.
- 1.7. “Class Data” means the Settlement Class Member’s identifying information in Flowserve’s possession including the Settlement Class Member’s names, last-

known addresses, Social Security numbers, and number of Class Period Workweeks and PAGA Pay Periods.

- 1.8. “Class Member Address Search” means the Administrator’s investigation and search for current Settlement Class Member mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Settlement Class Members.
- 1.9. “Class Notice” means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Settlement Class Members in English, with a Spanish translation in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.
- 1.10. “Class Representatives” means the named Plaintiffs in the Operative Complaint seeking Court approval to serve as Class Representatives.
- 1.11. “Class Representative Service Payments” means the payments to the Class Representatives for initiating the Action and providing services in support of the Action.
- 1.12. “Court” means the Superior Court of California, County of Los Angeles.
- 1.13. “Flowserve” means named Defendant Flowserve US Inc.
- 1.14. “Defense Counsel” means Marytza J. Reyes, Jamie Rudman, and Brittaney D. de la Torre of Sanchez & Amador, LLP.
- 1.15. “Effective Date” means the date by when both of the following have occurred:
(a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no Participating Settlement Class Member objects to the Settlement, the day the Court enters Judgment; (b) if one or more Participating Settlement Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.
- 1.16. “Final Approval” means the Court’s order granting final approval of the Settlement.
- 1.17. “Final Approval Hearing” means the Court’s hearing on the Motion for Final Approval of the Settlement.
- 1.18. “Final Judgment” means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.

- 1.19. “Gross Settlement Amount” means One Million Dollars and Zero Cents (\$1,000,000.00) which is the total amount Flowserve agrees to pay under the Settlement except as provided in Paragraph 3 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees, Class Counsel Expenses, Class Representative Service Payments and the Administrator’s Expenses.
- 1.20. “Individual Class Payment” means the Participating Settlement Class Member’s pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.
- 1.21. “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 25% of the PAGA Penalties calculated according to the number of Workweeks worked during the PAGA Period.
- 1.22. “Judgment” means the judgment entered by the Court based upon the Final Approval.
- 1.23. “LWDA” means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).
- 1.24. “LWDA PAGA Payment” means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).
- 1.25. “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payments, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Participating Settlement Class Members as Individual Class Payments.
- 1.26. “Non-Participating Settlement Class Member” means any Settlement Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.
- 1.27. “PAGA Action” means Plaintiff Esteban Romo’s civil lawsuit against Flowserve captioned *Esteban Romo v. Flowserve US, Inc.*, Case No. 22STCV27551, initiated on August 24, 2022 and pending in Superior Court of the State of California, County of Los Angeles, alleging a single claim for civil penalties under PAGA.
- 1.28. “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for Flowserve for at least one day during the PAGA Period.

- 1.29. "PAGA Period" means the period from August 24, 2021 to the Effective Date.
- 1.30. "PAGA" means the Private Attorneys General Action (Labor Code §§2698 *et seq.*).
- 1.31. "PAGA Notice" means Plaintiffs Hensley and Arias' letter to Flowserve and the LWDA dated April 8, 2022, and Plaintiff Romo's letter to Flowserve and the LWDA dated June 16, 2022, providing notice pursuant to Labor Code section 2699.3, subd. (a).
- 1.32. "PAGA Penalties" means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees (\$12,500.00) and the 75% to LWDA (\$37,500.00) in settlement of PAGA claims.
- 1.33. "Participating Settlement Class Member" means a Settlement Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.
- 1.34. "Plaintiffs" means John Arias, Jeffrey Hensley, and Esteban Romo, who are the named Plaintiffs in the Class Action and PAGA Action.
- 1.35. "Preliminary Approval" means the Court's Order Granting Preliminary Approval of the Settlement.
- 1.36. "Preliminary Approval Order" means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.
- 1.37. "Released Class Claims" means the claims being released as described in Paragraph 5.2 below.
- 1.38. "Released Parties" means: Flowserve and each of its former and present parents, subsidiaries and affiliates, and their respective past and present predecessors, successors, assigns, representatives, officers, directors, attorneys, agents and employees.
- 1.39. "Request for Exclusion" means a Settlement Class Member's submission of a written request to be excluded from the Class Settlement signed by the Settlement Class Member.
- 1.40. "Response Deadline" means sixty (60) days after the Administrator mails Notice to Settlement Class Members and Aggrieved Employees, and shall be the last date on which Settlement Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her Objection to the Settlement. Settlement Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional fourteen (14) calendar days beyond the Response Deadline has expired.

- 1.41. "Settlement" means the disposition of the Class Action and PAGA Action effected by this Agreement and the Judgment.
- 1.42. "Settlement Class" means all persons employed by Flowserve in California as an hourly paid or non-exempt employee during the Class Period.
- 1.43. "Settlement Class Member" means a member of the Settlement Class, as either a Participating Settlement Class Member or Non-Participating Settlement Class Member (including a Non-Participating Class Member who qualifies as an Aggrieved Employee).
- 1.44. "Settlement Class Period" means the period from August 25, 2018 to the Effective Date.
- 1.45. "Workweek" means any week during which a Settlement Class Member worked for Flowserve US Inc. for at least one day, during the Class Period.

2. RECITALS.

- 2.1. On August 25, 2022, Plaintiffs Hensley and Arias commenced the Class Action by filing a Complaint alleging causes of action against Flowserve for: (1) Failure to Pay Minimum and Straight Time Wages pursuant to Cal., Labor Code §§ 204, 1194, 1194.2, and 1197; (2) Failure to Pay Overtime Wages pursuant to Labor Code §§ 1194 and 1198; (3) Failure to Provide Meal Periods pursuant to Labor Code §§ 226.7 and 512; (4) Failure to Authorize and Permit Rest Periods pursuant to Labor Code §§ 226.7; (5) Failure to Timely Pay Final Wages at Termination pursuant to Labor Code §§ 201-203; (6) Failure to Provide Accurate Itemized Wage Statements pursuant to Labor Code §§ 226; (7) Unfair Business Practices pursuant to Business & Professions Code §§ 1700, et seq.; and (8) Civil Penalties under the PAGA. On August 24, 2022, Plaintiff Esteban Romo commenced the PAGA Action, alleging a single claim for civil penalties under PAGA. Plaintiffs' counsel shall be responsible for moving to consolidate and/or relate the Class Action and PAGA Action for purposes of this settlement. Based on Plaintiffs consolidation and/or relation of both the Class Action and PAGA Action, either the Class Action or PAGA Action or combination of both shall serve as the "Operative Complaint." Flowserve denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint and denies any and all liability for the causes of action alleged.
- 2.2. On May 26, 2023, the Parties participated in an all-day mediation presided over by Kelly A. Knight, which led to this Agreement to settle the Class Action and PAGA Action.
- 2.3. Prior to mediation, Plaintiffs obtained, through informal discovery, electronic timekeeping and payroll data stored via excel spreadsheet, and documents reflecting Flowserve's timekeeping policies and practices. Plaintiffs' investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.*

(1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 (“*Dunk/Kullar*”).

2.4. The Court has not granted class certification.

2.5. The Parties, Class Counsel and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3. MONETARY TERMS.

3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 8 below, Flowserve promises to pay One Million Dollars and Zero Cents (\$1,000,000.00) and no more as the Gross Settlement Amount, and to separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. Flowserve has no obligation to pay the Gross Settlement Amount, or any payroll taxes, prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Settlement Class Members to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Flowserve.

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

3.2.1. To Plaintiffs: Class Representative Service Payments to each Class Representative of not more than Five Thousand Dollars and Zero Cents (\$5,000.00) (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representatives are entitled to receive as Participating Settlement Class Members). Flowserve will not oppose Plaintiffs’ request for Class Representative Service Payments that do not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiffs will seek Court approval for any Class Representative Service Payments no later than sixteen (16) court days prior to the Final Approval Hearing. If the Court approves Class Representative Service Payments less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payments using IRS Form 1099. Plaintiffs assume full responsibility and liability for employee taxes owed on the Class Representative Service Payments.

3.2.2. To Class Counsel: A Class Counsel Fees Payment of not more than Thirty-Three and One Third Percent (33 and 1/3%) of the Gross Settlement Amount, which is currently estimated to be Three Hundred and Thirty-Three Thousand Dollars and Zero Cents (\$333,000.00) and a Class Counsel Litigation Expenses Payment of not more than Twenty Thousand Dollars and Zero Cents (\$20,000.00). Flowserve will not oppose requests for these payments provided that they do not exceed these amounts. Plaintiffs and/or Class Counsel will file a motion

for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than sixteen (16) court days prior to the Final Approval Hearing. If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment for less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiffs' Counsel arising from any claim to any portion of any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds Flowserve harmless, and indemnifies Flowserve, from any dispute or controversy regarding any division or sharing of any of these Payments.

3.2.3. To the Administrator: An Administrator Expenses Payment not to exceed Thirty Thousand Dollars and Zero Cents (\$30,000.00) except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than \$30,000.00 the Administrator will retain the remainder in the Net Settlement Amount. The Parties, through their respective counsel, have selected CPT Group as the Settlement Administrator to administer the Settlement, which includes but is not limited to distributing and responding to inquiries about the Notice of Proposed Class Action Settlement and Workweek Dispute Form, determining the validity of any disputes and opt-outs, and calculating all amounts to be paid from the Net Settlement Amount. Charges and expenses of the Settlement Administrator, estimated to be no more \$8,500.00, will be paid from the Settlement Amount. Any charges and expenses of the Settlement Administrator greater than the allocated \$30,000.00 will come from the Settlement Amount. If the actual Settlement Administrator fees are less than the Parties' estimation, the difference between the actual and estimated Settlement Administrator fees will revert to the participating Settlement Class members. The Parties agree that this Agreement may be provided to the Settlement Administrator to effectuate its implementation of the settlement procedures herein.

3.2.4. To Each Participating Settlement Class Member: An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Settlement Class Members during the Class Period and (b) multiplying the result by each Participating Settlement Class Member's Workweeks.

3.2.4.1. Tax Allocation of Individual Class Payments. One Third (1/3) of each Participating Settlement Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. One Third (1/3) of each Participating Settlement Class Member's Individual Class Payment will be allocated to settlement of claims for interest, and One Third (1/3) as penalties (the "Non- Wage Portions"). The Non-Wage Portions are not subject to wage withholdings

and will be reported on IRS 1099 Forms. Participating Settlement Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

3.2.4.2. Effect of Non-Participating Settlement Class Members on Calculation of Individual Class Payments. Non-Participating Settlement Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Settlement Class Members on a pro rata basis.

3.2.5. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of Fifty Thousand Dollars and Zero Cents (\$50,000.00) to be paid from the Gross Settlement Amount, with 75% (\$37,500.00) allocated to the LWDA PAGA Payment and 25% (\$12,500.00) allocated to the Individual PAGA Payments.

3.2.5.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of the PAGA Penalties (\$12,500.00) by the total number of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.5.2. If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1. Class Workweeks and Aggrieved Employee Pay Periods. Based on a review of its records to date, Flowserve estimates there are approximately 317 Settlement Class Members, and approximately 240 Aggrieved Employees.

4.2. Class Data. Not later than thirty (30) days after the Court grants Preliminary Approval of the Settlement, Flowserve will simultaneously deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Settlement Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Flowserve has a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Flowserve must send the Class Data to the Administrator, the Parties and their counsel will expeditiously

use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

- 4.3. Funding of Gross Settlement Amount. Flowserve shall fully fund the Gross Settlement Amount, and also fund the amounts necessary to fully pay Flowserve's share of payroll taxes by transmitting the funds to the Administrator no later than twenty-eight (28) days after the Effective Date.
- 4.4. Payments from the Gross Settlement Amount. Within fifteen (15) days after Flowserve funds the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payments. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment and the Class Representative Service Payments shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.
 - 4.4.1. The Administrator will issue checks for the Individual Class Payments and Individual PAGA Payments and send them to the Settlement Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Settlement Payments to all Participating Settlement Class Members (including those for whom Class Notice was returned undelivered). The Administrator will issue checks for Individual PAGA Payments and send them to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.
 - 4.4.2. The Administrator must conduct a Settlement Class Member Address Search for all other Settlement Class Members whose checks are returned undelivered without USPS forwarding address. Within seven (7) days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Settlement Class Member Address Search. The Administrator need not take further steps to deliver checks to Settlement Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Settlement Class Member whose original check was lost or misplaced, requested by the Settlement Class Member prior to the void date.
 - 4.4.3. For any Settlement Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to a Court-

approved nonprofit organization or foundation consistent with Code of Civil Procedure Section 384, subd. (b) ("Cy Pres Recipient"), Legal Aid Foundation of Los Angeles (LAFLA). The Parties, Class Counsel and Defense Counsel represent that they have no interest or relationship, financial or otherwise, with the intended Cy Pres Recipient.

4.4.4. The payment of Individual Class Payments shall not obligate Flowserve to confer any additional benefits or make any additional payments to Settlement Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

5. RELEASES OF CLAIMS. Effective on the date when Flowserve fully funds the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiffs, Settlement Class Members, and Class Counsel will release claims against all Released Parties as follows:

5.1 Plaintiffs' Release. Plaintiffs and their respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences, including, but not limited to: (a) all claims that were, or reasonably could have been alleged, based on the facts contained in the Operative Complaint or ascertained during the Class Action, PAGA Action, Plaintiffs' respective PAGA Notices, or ascertained during the Class Action and PAGA Action and released under 5.2, below. ("Plaintiffs' Release.") Plaintiffs' Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period. Plaintiffs acknowledge that Plaintiffs may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believe to be true but agrees, nonetheless, that Plaintiffs' Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs' discovery of them.

5.1.1 Plaintiffs' Waiver of Rights Under California Civil Code Section 1542. For purposes of Plaintiffs' Release, Plaintiffs expressly waive and relinquish the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, which reads:

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

5.2 Release by Participating Settlement Class Members Who Are Not Aggrieved Employees: All Participating Settlement Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts

stated in the Operative Complaint and ascertained in the course of the Action including, any and all claims involving any alleged: (1) failure to pay minimum wage and straight time wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to timely pay final wages at termination; (6) failure to provide accurate itemized wage statements; (7) unfair business practices; and (8) civil penalties under PAGA. Except as set forth in Section 6.3 of this Agreement, Participating Settlement Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

- 5.3 Release by Non-Participating Settlement Class Members Who Are Aggrieved Employees: All Non-Participating Settlement Class Members who are Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint, and the PAGA Notice and ascertained in the course of the of the Class Action and PAGA Action, including, (1) failure to pay minimum wage and straight time wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to timely pay final wages at termination; (6) failure to provide accurate itemized wage statements; (7) unfair business practices; and (8) failure to reimburse necessary business expenses.

6. MOTION FOR PRELIMINARY APPROVAL.

The Parties agree to jointly prepare and file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the Court's current checklist for Preliminary Approvals.

- 6.1 Flowserve's Declaration in Support of Preliminary Approval. Within fifteen (15) days of the full execution of this Agreement, Flowserve will prepare and deliver to Class Counsel a signed Declaration from Flowserve and Defense Counsel disclosing all facts relevant to any actual or potential conflicts of interest with the Administrator and Cy Pres Recipient. In their Declarations, Defense Counsel and Flowserve shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.
- 6.2 Plaintiffs' Responsibilities. Plaintiffs will take responsibility for consolidating or relating the Class Action and PAGA Action. Additionally, Plaintiffs will prepare and deliver to Defense Counsel all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the

security of Class Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Settlement Class Members and the proposed Cy Pres; and the nature and extent of any financial relationship with Plaintiffs, Class Counsel or Defense Counsel; (v) a signed declaration from Plaintiffs confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Settlement Class Members, the Administrator, and the proposed Cy Pres; (vi) a signed declaration from each Settlement Class Counsel firm attesting to its competency to represent the Settlement Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd.(a)), Operative Complaint (Labor Code section 2699, subd.(1)(1)), this Agreement (Labor Code section 2699, subd. (1)(2)); all facts relevant to any actual or potential conflict of interest with Settlement Class Members, the Administrator, and the Cy Pres Recipient; and (vii) a redlined version of the parties' Agreement showing all modifications made to the Model Agreement ready for filing with the Court. In their Declarations, Plaintiffs and Class Counsel Declaration shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.

6.3 Responsibilities of Counsel. Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval no later than September 18, 2023; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

6.4 Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

7. SETTLEMENT ADMINISTRATION.

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

7.2 Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax

withholdings and providing reports state and federal tax authorities.

- 7.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.

7.4 Notice to Settlement Class Members.

- 7.4.1 No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Settlement Class Members, PAGA Members, Workweeks, and Pay Periods in the Class Data.

- 7.4.2 Using best efforts to perform as soon as possible, and in no event later than fourteen (14) days after receiving the Class Data, the Administrator will send to all Settlement Class Members identified in the Class Data, via first-class United States Postal Service ("USPS") mail, the Class Notice, with Spanish translation, substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and Individual PAGA Payment payable to the Settlement Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Settlement Class Member addresses using the National Change of Address database.

- 7.4.3 Not later than five (5) business days after the Administrator's receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Settlement Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Settlement Class Members whose Class Notice is returned by the USPS a second time.

- 7.4.4 The deadlines for Settlement Class Members' written objections, Challenges to Workweeks and/or PAGA Pay Periods, and Requests for Exclusion will be extended an additional fourteen (14) days beyond the sixty (60) days otherwise provided in the Class Notice for all Settlement Class Members whose notice is re-mailed. The Administrator will inform the Settlement Class Member of the extended deadline with the re-mailed Class Notice.

- 7.4.5 If the Administrator, Flowserve or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received Class Notice, the Parties will expeditiously meet and confer in person or by telephone, and in good faith, in an effort to agree on whether to include them as Settlement Class Members. If the Parties agree, such persons will be Settlement Class Members entitled to the same

rights as other Settlement Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than fourteen (14) days after receipt of Class Notice, or the deadline dates in the Class Notice, which ever are later.

7.5 Requests for Exclusion (Opt-Outs).

7.5.1 Settlement Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than sixty (60) days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Settlement Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Settlement Class Member or his/her representative that reasonably communicates the Settlement Class Member's election to be excluded from the Settlement and includes the Settlement Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

7.5.2 The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid if the Administrator can reasonably ascertain the identity of the person as a Settlement Class Member and the Settlement Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Settlement Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.

7.5.3 Every Settlement Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Settlement Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Settlement Class Members' Releases under Paragraph 5.2 of this Agreement, regardless whether the Participating Settlement Class Member actually receives the Class Notice or objects to the Settlement.

7.5.4 Every Settlement Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Settlement Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in Paragraph 5.3 of this Agreement and are eligible for an Individual PAGA Payment.

7.6 Challenges to Calculation of Workweeks. Each Settlement Class Member shall have sixty (60) days after the Administrator mails the Class Notice (plus an additional fourteen (14) days for Settlement Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods allocated to the Settlement Class Member in the Class Notice. The Settlement Class Member may challenge the allocation by communicating with the Administrator via fax, email or mail substantially in the form attached to this Agreement as Exhibit B. The Administrator must encourage the challenging Settlement Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Settlement Class Member's allocation of Workweeks and PAGA Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks to Defense Counsel and Class Counsel and the Administrator's determination the challenges.

7.7 Objections to Settlement.

7.7.1 Only Participating Settlement Class Members may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payments.

7.7.2 Participating Settlement Class Members may send written objections to the Administrator, by fax, email, or mail. In the alternative, Participating Settlement Class Members may appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. A Participating Settlement Class Member who elects to send a written objection to the Administrator must do so not later than sixty (60) days after the Administrator's mailing of the Class Notice (plus an additional fourteen (14) days for Settlement Class Members whose Class Notice was re-mailed).

7.7.3 Non-Participating Settlement Class Members have no right to object to any of the class action components of the Settlement.

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

7.8.1 Website, Email Address and Toll-Free Number. The Administrator will establish and maintain and use an internet website to post information of interest to Settlement Class Members including the date, time and location for the Final Approval Hearing and copies of the Settlement Agreement, Motion for Preliminary Approval, the Preliminary Approval, the Class Notice, the Motion for Final Approval, the Motion for Class Counsel Fees

Payment, Class Counsel Litigation Expenses Payment and Class Representative Service Payment, the Final Approval and the Judgment. The Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Settlement Class Member calls, faxes and emails.

- 7.8.2 Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than five (5) days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Settlement Class Members who have timely submitted valid Requests for Exclusion ("Exclusion List"); (b) the names and other identifying information of Settlement Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).
- 7.8.3 Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks and/or PAGA Pay Periods received and/or resolved, and checks mailed for Individual Class Payments ("Weekly Report"). The Weekly Reports must include provide the Administrator's assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.
- 7.8.4 Workweek and/or Pay Period Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Settlement Class Member challenges over the calculation of Workweeks and/or PAGA Pay Periods. The Administrator's decision shall be final and not appealable or otherwise susceptible to challenge.
- 7.8.5 Administrator's Declaration. Not later than fourteen (14) days before the date by which Plaintiffs are required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Settlement Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.
- 7.8.6 Final Report by Settlement Administrator. Within ten (10) days after the Administrator disburses all funds in the Gross Settlement Amount, the

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

8. **CLASS SIZE ESTIMATES AND ESCALATOR CLAUSE.** Based on its records, Flowserve estimates that, as of the date of this Settlement Agreement, (1) there are approximately 317 Settlement Class Members and (2) there are approximately 240 Aggrieved Employees. If, as of the end of the Class Period, the actual Class size is more than 10% of this estimate (i.e., 347 or more Settlement Class Members), the Gross Settlement Amount shall increase based on the average gross payout paid to individual Settlement Class Members. For example, if the average payout based on 317 Settlement Class Members is \$1,000 per Settlement Class Member and there are 30 additional Settlement Class Members (347 total Settlement Class Members), Flowserve will increase the Gross Settlement Amount by \$30,000.00.
9. **FLOWERVE'S RIGHT TO WITHDRAW.** If the number of valid Requests for Exclusion identified in the Exclusion List exceeds 10% of the total of all Settlement Class Members, Flowserve may, but is not obligated, elect to withdraw from the Settlement. The Parties agree that, if Flowserve withdraws, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Flowserve will remain responsible for paying all Settlement Administration Expenses incurred to that point. Flowserve must notify Class Counsel and the Court of its election to withdraw not later than seven (7) days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect.
10. **MOTION FOR FINAL APPROVAL.** Not later than sixteen (16) court days before the calendared Final Approval Hearing, Plaintiffs will file in Court, a motion for final approval of the Settlement that includes a Proposed Final Approval Order and a proposed Judgment (collectively "Motion for Final Approval"). Plaintiffs shall provide drafts of these documents to Defense Counsel not later than ten (10) days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.
 - 10.1 **Response to Objections.** Each Party retains the right to respond to any objection raised by a Participating Settlement Class Member, including the right to file responsive documents in Court no later than five (5) court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.
 - 10.2 **Duty to Cooperate.** If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Settlement Class Members), the Parties will

expeditiously work together in good faith to address the Court's concerns by revising the Agreement as necessary to obtain Final Approval. The Court's decision to award less than the amounts requested for the Class Representative Service Payments, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

10.3 Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

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

10.5 Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Settlement Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payments or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

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

12. **ADDITIONAL PROVISIONS.**

12.1 No Admission of Liability, Class Certification or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an

admission by Flowserve that any of the allegations in the Operative Complaint have merit or that Flowserve has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiffs that Flowserve's defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does grant Preliminary Approval, Final Approval or enter Judgment, Flowserve reserves the right to contest certification of any class for any reasons, and Flowserve reserves all available defenses to the claims in the Action, and Plaintiffs reserve the right to move for class certification on any grounds available and to contest Flowserve's defenses. The Settlement, this Agreement and Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

- 12.2 Confidentiality Prior to Preliminary Approval. Plaintiffs, Class Counsel, Flowserve and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiffs, Class Counsel, Flowserve and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, any with third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's communications with Settlement Class Members in accordance with Class Counsel's ethical obligations owed to Settlement Class Members.
- 12.3 No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Settlement Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Settlement Class Members in accordance with Class Counsel's ethical obligations owed to Settlement Class Members.
- 12.4 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.
- 12.5 Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiffs and Flowserve, respectively, to take

all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

- 12.6 Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.
- 12.7 No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.
- 12.8 No Tax Advice. Neither Plaintiffs, Class Counsel, Flowserve nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.
- 12.9 Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.
- 12.10 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 12.11 Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.
- 12.12 Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.
- 12.13 Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.
- 12.14 Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the Class Data provided to Class Counsel by Flowserve in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this

Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than ninety (90) days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiffs shall destroy, all paper and electronic versions of Class Data received from Flowserve unless, prior to the Court's discharge of the Administrator's obligation, Flowserve makes a written request to Class Counsel for the return, rather than the destructions, of Class Data.

12.15 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.

12.16 Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.

12.17 Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiffs: Nicol Hajjar or Elizabeth Votra of Wilshire Law Firm, P.C. 3055 Wilshire Blvd., 12th Fl. Los Angeles, CA 90010; nicol@wilshirelawfirm.com; evotra@wilshirelawfirm.com; (213) 381-9988.

To Flowserve: Marytza J. Reyes of Sanchez & Amador, LLP, 800 S. Figueroa St., Suite 1120, Los Angeles, CA 90017; reyes@sanchez-amador.com.

12.18 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

12.19 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

On Behalf of Plaintiff John Arias and Jeffrey Hensley, et al:

Dated: 9/21/2023, 2023

DocuSigned by:



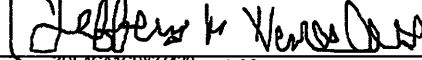
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John Arias, Plaintiff

On Behalf of Plaintiff John Arias and Jeffrey Hensley, et al:

Dated: 9/20/2023, 2023

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Jeffrey Hensley, Plaintiff

On Behalf of Plaintiff Esteban Romo, et al:

Dated: 7/31/2023, 2023

DocuSigned by:



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Esteban Romo, Plaintiff

On Behalf of Defendant Flowserve US, Inc.:

Dated: _____, 2023

Name: _____

Title: _____

Approved as to form:

WILSHIRE LAW FIRM, PLC

Dated: 9/20/2023, 2023

DocuSigned by:



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Nicol E. Hajar, Esq.

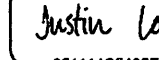
Elizabeth M. Votra, Esq.

Attorneys for Plaintiffs and the Class

WORK LAWYERS, PC

Dated: 7/31/2023, 2023

DocuSigned by:



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Justin Lo, Esq.

Attorneys for Plaintiff Esteban Romo

SANCHEZ & AMADOR LLP

Dated: _____, 2023

Marytza Reyes, Esq.
Brittaney D. de la Torre, Esq.
Jamie Rudman, Esq.
Attorneys for Defendant, Flowserve US Inc.

Exhibit A

Exhibit A

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION AND PAGA CLAIMS

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES
John Arias; Jeffrey Hensley v. Flowserve US, Inc., et al.
Case No. 22STCV27829

Indicate Name/Address Changes, if any:

<<Name>>

<<Address>>

<<City>>, <<State>> <<Zip Code>>

XX - XX -

**YOU MAY BE ENTITLED TO RECEIVE MONEY FROM A SETTLEMENT.
DEFENDANT WILL NOT RETALIATE AGAINST YOU FOR PARTICIPATING IN THIS
SETTLEMENT.**

THIS NOTICE AFFECTS YOUR RIGHTS. PLEASE READ IT CAREFULLY.

A California court authorized this notice. This is not a solicitation from a lawyer.

YOU ARE HEREBY NOTIFIED that a proposed settlement (“the Settlement”) of the above-captioned class action (“the Action”) filed in the Los Angeles County Superior Court has been reached by FLOWSERVE US, INC., (“Flowserve”) and JOHN ARIAS; JEFFREY HENSLEY (“Plaintiffs”), who are individuals, on behalf of themselves and all others similarly situated, and has been granted Preliminary Approval by the Court supervising the Action. The Los Angeles County Superior Court has ordered that this Class Notice be sent to you because you may be a Settlement Class member and/or an Aggrieved Employee under California’s Private Attorney General Act (“PAGA”) arising out of the alleged wage and hour policies and practices of Flowserve. The purpose of this Class Notice is to inform you of the Settlement of this class action and PAGA claims, and your legal rights under the Settlement as follows:

- Flowserve has agreed to settle a lawsuit brought on behalf of all persons who worked one or more Workweeks for Flowserve in California as an hourly-paid or non-exempt employee during the period from August 25, 2018 through May 26, 2023 (the “Settlement Period”) (hereafter, “Settlement Class”). From the proposed settlement, Flowserve has agreed to pay a PAGA Payment of \$12,500.00, to be distributed *pro rata* among the employees who worked one or more Workweeks during the period from August 25, 2021 through May 26, 2023.
- The proposed Settlement resolves all alleged claims regarding the following wage and hour policies and/or practices of Flowserve: overtime and/or double time wage, minimum wage, straight time wage, failure to pay for all hours worked, meal and rest breaks and any premiums thereon, wage statement violations, waiting time penalties, or other penalties of any kind arising from an alleged failure to pay wages. Finally, the settlement resolves claims for unfair competition and penalties under California’s Private Attorney General Act (“PAGA”) arising out of the alleged wage and hour policies and practices of Flowserve. The settlement avoids costs and risks to you from continuing the lawsuit, pays money to employees, and releases Flowserve from liability for these claims.
- The parties in the lawsuit disagree on whether Flowserve is liable for the allegations raised in this case and how much money could have been won if the employees won at trial.
- **Your legal rights may be affected. Read this notice carefully.**

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
Get a Payment	If you are a member of the Settlement Class, you will automatically receive a payment if you do not exclude yourself. If you accept a payment and do not exclude yourself you will give up certain rights as set forth on page 4 below. After final approval by the Court, the payment will be mailed to you at the same address as this notice. If your address has changed, please notify the Settlement Administrator as explained below.
Exclude Yourself	Get no payment. Send a letter to the Settlement Administrator as provided below. This is the only option that allows you to bring your own claim against Flowserve about the legal claims in this case. The Settlement will bind all Settlement Class Members who do not request exclusion.
Object	Write to the Court about why you do not like the settlement. Directions are provided below.

WHY DID YOU RECEIVE THIS NOTICE?

This notice explains a proposed settlement of a lawsuit and informs you of your legal rights under that proposed settlement. You are receiving this notice because you may be a member of a class on whose behalf this lawsuit has been brought.

WHAT IS THIS LAWSUIT ABOUT?

Plaintiff filed this lawsuit in Los Angeles County Superior Court on behalf of the Settlement Class and the Aggrieved Employees. The lawsuit alleges that members of the Settlement Class and Aggrieved Employees were not paid for or properly provided meal and rest breaks, were not issued accurate wage statements, were not paid all minimum, straight time, and overtime wages, were not paid all wages due at termination and/or resignation and were subjected to unfair competition. The lawsuit seeks recovery of wages, restitution, statutory and civil penalties, interest, and attorneys' fees and costs.

Flowserve denies any liability or wrongdoing of any kind associated with the claims alleged in the lawsuit. Flowserve contends, among other things, that they complied at all times with the California Labor Code, the California Business and Professions Code, and all other applicable law. Flowserve further denies that the lawsuit is appropriate for class treatment for any purpose other than settling this lawsuit.

The Court has made no ruling and will make no ruling on the merits of the Litigation and its allegations and claims.

SUMMARY OF THE SETTLEMENT

A. Why is there a Settlement?

The Court did **not** decide in favor of the Plaintiff or Flowserve. Plaintiff thinks he would have prevailed on his claims at a trial. Flowserve does not think that Plaintiff would have won anything from a trial. But there was no trial. Instead, both sides agreed to a settlement. That way, they avoid the costs, risks, and uncertainty of a trial, and the class members will get compensation. Plaintiff and Plaintiff's attorneys believe the settlement is fair, reasonable, adequate, and in the best interests of all class members.

B. Who is in the Class?

The Settlement Class consists of all persons who worked one or more Workweeks for Flowserve in California as an hourly-paid or non-exempt employee during the Settlement Period from August 25, 2018 through May 26, 2023 and all persons who worked one or more Workweeks for Flowserve in California as an hourly-paid or non-exempt employee from August 25, 2021 through May 26, 2023 (the “PAGA Period”).

C. What does the Settlement provide?

1. Settlement Amount

Flowserve will pay a total of One Million Dollars and Zero Cents (\$1,000,000.00) (the “Settlement Amount”) to settle the lawsuit.

The following sums will be paid from the Settlement Amount: all Net Settlement Payments (inclusive of all employment taxes and all other legally required withholdings that would otherwise be due from the individual class members) to the Settlement Class, Attorneys’ Fees (not to exceed 33 ⅓ % of the Settlement Amount, or \$330,000.00), Litigation Expenses not to exceed \$20,000.00, Settlement Administrative Costs estimated in an amount not to exceed \$8,500.00, the PAGA Settlement Payment in the amount of \$37,500.00, and an enhancement payment to the Named Plaintiffs not to exceed \$15,000.00 (therefore, \$5,000.00 each). Any and all Employer Taxes which Flowserve normally would be responsible for paying on the Net Settlement Payments made to individual Class Members will be paid by Flowserve inclusive of the Settlement Amount.

The funds used for the Settlement Amount shall be paid to the Settlement Administrator. The Settlement Administrator shall disburse the Court-approved enhancement to the Named Plaintiff, Court-approved Attorneys’ Fees and Litigation Expenses, Settlement Administration Costs, and the PAGA Settlement Payment at the same time and manner as the Net Settlement Payments to the Settlement Class members.

2. Net Settlement Amount

“Net Settlement Amount” means the Settlement Amount minus the Attorneys’ Fees, Litigation Expenses, Settlement Administrative Costs, the portion of the PAGA Settlement payment payable to the Labor and Workforce Development Agency, and the enhancement payment to the Named Plaintiff.

3. Your Individual Payment Amount.

The Settlement Administrator will calculate the total number of workweeks for all Class Members who were employed by Flowserve during the Settlement Period (“Total Workweeks”). A workweek is defined as working two or more days in a week. The value of each Workweek shall be determined by the Claims Administrator by dividing the Net Settlement Amount by the total number of Workweeks available to the Class Members who do not “opt out” (as defined on page 5 below) during the Settlement Period (“Workweek Point Value”).

An "Individual Settlement Payment" for each Class Member will then be determined by multiplying a Class Member's workweeks (“Eligible Workweeks”) by the Workweek Point Value. The Individual Settlement Payment will be reduced by any required legal deductions, for each participating Class Member.

4. Tax Matters

The Settlement Administrator will distribute IRS Forms W-2 and 1099 (and the equivalent California forms) to Settlement Class members reflecting the payments each Settlement Class member receives under the Settlement. For tax purposes, Net Settlement Payments will be allocated as follows: 50 % as wages and 50 % as penalties and interest. Forms W-2 and/or Forms 1099 will be distributed at times and in the manner required by the Internal Revenue Code and the California Franchise Tax Board.

Interest and penalties paid under this Settlement shall not be subject to federal, state and local payroll withholding taxes. The Settlement Administrator shall issue an IRS form 1099 for payments of interest and penalties. The usual and customary deductions will be taken out of the amounts attributable to unpaid wages. Settlement Class members should consult with their tax advisors concerning the tax consequences of the payment they receive under the Settlement.

D. What are you giving up to get a payment and stay in the Class?

Upon the date the Court's Final Approval Order becomes "Final" (as that term is defined in Section I(E) in the Settlement Agreement) and all payments are made by Flowserve pursuant to the Settlement Agreement, Named Plaintiff and all members of the Settlement Class, except those that make a valid and timely request to be excluded from the Settlement Class and Settlement, waive, release, discharge, and promise never to assert in any forum any and all wage-related claims that were alleged in the Litigation or which could have been alleged in the Litigation based on the facts asserted in the Litigation arising during the Settlement Period against Flowserve, and its respective divisions, affiliates, predecessors, successors, shareholders, officers, directors, employees, agents, trustees, representatives, administrators, fiduciaries, assigns, subrogees, executors, partners, parents, subsidiaries, joint employers, insurers, related corporations, and privies, both individually and collectively, including but not limited to: 1) all claims, under any legal theory of liability, for the failure to pay overtime or double time wages owed pursuant to California Labor Code §§ 204, 510, 1194, and 1198, the IWC Wage Orders or any comparable federal statute under any theory of liability; 2) all claims, under any legal theory of liability, for the failure to pay all wages of any kind, including any minimum wage or straight time wages, owed pursuant to California Labor Code §§ 204, 510, 1194, 1194.2, and 1198, the IWC Wage Orders, or any comparable federal statute under any theory of liability; 3) all claims, under any legal theory of liability, for failure to provide meal breaks pursuant to California Labor Code §§ 226.7 and 512, and the IWC Wage Orders; 4) all claims, under any legal theory of liability, for the failure to provide rest periods pursuant to California Labor Code § 226.7 and the IWC Wage Orders; 5) all claims, under any legal theory of liability, for the failure to properly calculate any premiums owed and/or paid pursuant to California Labor Code § 226.7(b); 6) all claims, under any legal theory of liability, for violation of Business & Professions Code §§ 17200, *et seq.*; 7) all claims, under any legal theory of liability, for penalties pursuant to PAGA (Labor Code §§ 2698 *et seq.*); 8) all claims, under any legal theory of liability, for any penalties of any kind arising from an alleged failure to pay final wages or other amounts allegedly owed to Class Members pursuant to California Labor Code §§ 201-203; 9) all claims, under any legal theory of liability, for any penalties of any kind arising from an alleged wage statement violations pursuant to California Labor Code §§ 226 and 1174.5; and 10) all claims, under any legal theory of liability, for any penalties or any another amounts that could be potentially owed to Class Members arising out of and/or related to the allegations in the Lawsuit arising during the Settlement Period, including penalties owed pursuant to California Labor Code §§ 210, 226.3, 558, and 1197.1.

THE FINAL APPROVAL HEARING

The Court will conduct a Final Approval Hearing regarding the proposed settlement (the “Final Approval Hearing”) on **XXXXXX**, at Hall of Justice, 312 N. Spring Street, Los Angeles, California 92101, in Department 17 of the Los Angeles County Superior Court. The Court will determine: (i) whether the settlement should be given the Court’s final approval as fair, reasonable, adequate and in the best interests of the Settlement Class members; (ii) whether the Settlement Class members should be bound by the terms of the settlement; (iii) the amount of the attorneys’ fees and costs to Plaintiff’s counsel; (iv) the amount that should be provided to the Settlement Administrator for the costs of administering the Settlement; and (v) the amount that should be awarded to the Plaintiff as an enhancement payment. At the Final Approval Hearing, the Court will hear all objections, as well as arguments for and against the proposed Settlement. You have a right to attend this hearing, but you are not required to do so. You also have the right to hire an attorney to represent you, or to enter an appearance and represent yourself.

The Final Approval Hearing may be continued without further notice to the Class. You may contact Plaintiff’s counsel, listed in this Notice, to inquire into the date and time of the Final Approval Hearing.

Condition of Settlement. This Settlement is conditioned upon the Court entering an order at or following the Final Approval Hearing approving the Settlement as fair, reasonable, adequate and in the best interests of the Settlement Class.

WHAT ARE YOUR OPTIONS?

- **OPTION 1 – GET A PAYMENT**

IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS AND WISH TO RECEIVE YOUR SHARE OF THE SETTLEMENT, THEN YOU DO NOT HAVE TO DO ANYTHING AND YOU WILL AUTOMATICALLY RECEIVE A SETTLEMENT PAYMENT. YOU ARE NOT REQUIRED TO GO TO COURT OR PAY ANYTHING TO THE LAWYERS IN THIS CASE.

The estimated amount of your Settlement Payment is set forth on the Workweek Dispute Form which accompanies this Notice.

The amount of the Settlement Payment paid to each Settlement Class member is based upon the number of workweeks you worked between August 25, 2018 through May 26, 2023. The number of workweeks applicable to your claim is also set forth on the accompanying Workweek Dispute Form. If you believe that the number of workweeks stated is incorrect, you may dispute the number of workweeks by following the instructions on the Workweek Dispute Form. If you believe that the number of workweeks stated is correct, you do not have to do anything.

The Settlement Payment you will receive will be a full and final settlement of your released claims described in Section D above.

- **OPTION 2 – EXCLUDE YOURSELF FROM THE SETTLEMENT**

You have a right to exclude yourself (“opt out”) from the Settlement Class, but if you choose to do so, you will not receive any benefits from the proposed settlement. You will **not** be bound by a judgment in this case and you will have the right to file your own lawsuit against Flowserve, subject to time limits called statute of limitations and other potential defenses that Flowserve may assert, and to pursue your own claims in a separate suit.

You can opt out of the Settlement Class by completing the form on **Page 8** of this Notice and mailing it by First Class U.S. Mail or equivalent to the Settlement Administrator at the following address: CPT Group Class Action Administration Solutions, 50 Corporate Park, Irvine, CA, 92606. To be valid, your request for exclusion must be postmarked no later than [45 days after mailing].

- **OPTION 3 – OBJECT TO THE SETTLEMENT**

If you wish to remain a Settlement Class member, but you object to the proposed settlement (or any of its terms) and wish the Court to consider your objection at the Final Approval Hearing, you may object to the proposed settlement in writing. You may also appear at the Final Approval Hearing, either in person or through an attorney at your own expense.

Any written objection may be mailed to the Settlement Administrator at P.O. Box 7208, Orange, CA, 92863 by [45 days after mailing].

PLAINTIFF’S/CLASS COUNSEL

Nicol E. Hajjar, Esq.
nicol@wilshirelawfirm.com
Elizabeth M. Votra, Esq.
evotra@wilshirelawfirm.com
WILSHIRE LAW FIRM, PLC
3055 Wilshire Blvd., 12th Floor
Los Angeles, California 90010
Telephone: (213) 381-9988
Facsimile: (213) 381-9989

FLOWSERVE’S COUNSEL

Marytza J. Reyes, Esq.
reyes@sanchez-amador.com
Brittaney de la Torres, Esq.
delatorre@sanchez-amador.com
SANCHEZ & AMADOR, LLP
800 S. Figueroa Street, 11th Floor
Los Angeles, California 90017
Tel.: (213) 955-7200
Fax: XXXXX

CHANGE OF ADDRESS

If you move after receiving this Notice, if it was misaddressed, or if for any reason you want your Settlement Award or future correspondence concerning this Action to be sent to a different address, you must supply your preferred address to the Settlement Administrator at:

CPT Group Action Administration Solutions
50 Corporate Park
Irvine, CA, 92606

ARE THERE MORE DETAILS ABOUT THE SETTLEMENT?

The above is a summary of the basic terms of the settlement. For the precise terms and conditions of the settlement, you may review the detailed “Stipulation of Settlement” which is available for viewing online on the following website:

URL: [Insert website provided by Settlement Administrator]

The pleadings and other records in the lawsuit are also available on the website.

ANY INQUIRIES REGARDING THIS LITIGATION SHOULD BE MADE TO PLAINTIFF’S COUNSEL LISTED ABOVE OR TO THE SETTLEMENT ADMINISTRATOR, CPT Group Class Action Administrators, 50 Corporate Park, Irvine, CA, 92606, (800) 542-0900. Please refer to the *John Arias; Jeffrey Hensley v. Flowserve* Class Action Settlement.

**PLEASE DO NOT TELEPHONE THE COURT OR THE OFFICE OF THE CLERK FOR
INFORMATION REGARDING THIS SETTLEMENT OR THE SETTLEMENT PROCESS**

**[COMPLETE THIS FORM *ONLY IF YOU CHOOSE TO*
NOT PARTICIPATE IN THIS SETTLEMENT AND
CHOOSE *NOT* TO RECEIVE A SETTLEMENT SHARE]**

OPT-OUT FORM

John Arias; Jeffrey Hensley v. Flowserve
LOS ANGELES COUNTY SUPERIOR COURT CASE NUMBER 22STCV27829

INSTRUCTIONS: TO OPT-OUT OF THE SETTLEMENT, YOU MUST COMPLETE, SIGN AND MAIL THIS FORM BY FIRST CLASS U.S. MAIL OR EQUIVALENT, POSTAGE PAID, POSTMARKED ON OR BEFORE **[+45 DAYS FROM MAILING]**, ADDRESSED TO:

INSERT ADMINISTRATOR INFO

Please fill in all of the following information (type or print):

NAME (First, Middle, Last): _____
STREET ADDRESS: _____
CITY, STATE, ZIP CODE: _____
TELEPHONE NUMBERS: Home: _____ Work: _____

**IT IS STRONGLY RECOMMENDED THAT YOU RETAIN PROOF OF MAILING
THIS FORM POSTMARKED ON OR BEFORE **[DATE]**.**

I [insert your name] wish to be excluded from the Settlement Class in the case of *John Arias; Jeffrey Hensley v. Flowserve*, Los Angeles County Superior Court Case Number 22STCV27829. I understand I will not receive money from the proposed class action settlement.

I further verify that the following is true: My name, address and other contact information are accurately set forth above. I received and had the opportunity to read the Notice of Proposed Class Action Settlement that were sent to me along with this Opt-Out Form. I understand that by signing this side of the form, I voluntarily choose to exclude myself from the proposed settlement of this class action. **I understand that by excluding myself, I may not accept any money allocated for me in the proposed settlement and may not object to the settlement.** On the other hand, I also understand that if I wish to assert any claims related to those set forth in this lawsuit in my individual capacity, I shall have to do so separately. I understand that any such claims are subject to strict time limits, known as statutes of limitations, which restrict the time within which I may file any such action. I understand that I should consult with an attorney at my own expense if I wish to obtain advice regarding my rights with respect to this settlement or my choice to opt out of the settlement. Flowserve has not encouraged me to opt out, and I choose to opt out of my own free will.

I declare under penalty of perjury under the laws of the State of California that the forgoing is true and correct.

Signed: _____

Date: _____

Print Name: _____

Last four digits of Social Security Number _____

Exhibit B

Exhibit B

CLASS WORKWEEK DISPUTE FORM

SUPERIOR COURT OF THE STATE OF CALIFORNIA

For the county of LOS ANGELES

John Arias; Jeffrey Hensley v. Flowserve US, Inc., et al.

Case No. 22STCV27829

Indicate Name/Address Changes, if any:

<<Name>>

<<Address>>

<<City>>, <<State>> <<Zip Code>>

XX - XX -

INSTRUCTIONS

IF YOU WERE EMPLOYED BY FLOWSERVE US, INC., (“Flowserve”) IN CALIFORNIA AS AN HOURLY-PAID OR NONEXEMPT EMPLOYEE BETWEEN AUGUST 25, 2018, THROUGH MAY 26, 2023, THEN YOU ARE A SETTLEMENT CLASS MEMBER. IF YOU WERE EMPLOYED BY FLOWSERVE IN CALIFORNIA AS AN HOURLY-PAID OR NONEXEMPT EMPLOYEE BETWEEN AUGUST 25, 2021 THROUGH MAY 26, 2023, THEN YOU ARE AN AGGRIEVED EMPLOYEE.

The amount of your estimated Settlement Payment is based upon the Eligible Workweeks you worked for FLOWSERVE US, INC. in California from August 25, 2018 through May 26, 2023. You may be entitled to a *pro rata* share of the PAGA Payment if you worked for FLOWSERVE US, INC. in California from August 25, 2021 through May 26, 2023.

“Eligible Workweeks” are defined as any week in which you worked at least one (1) day during the calendar week. The number of Eligible Workweeks applicable to your claim is set forth in Section I below. If you believe that the number of workweeks stated is incorrect, you may dispute the number of workweeks by submitting this completed Workweek Dispute Form with supporting documents on or before [redacted] [45 days after initial mailing]. **If you believe that the number of workweeks stated below is correct, you do not have to do anything.**

If you have moved or may move in the future, you must immediately send your new address to the Settlement Administrator at the address listed above; otherwise, your individual settlement payment may not reach you. It is your responsibility to keep a current address on file with the Settlement Administrator to ensure receipt of your settlement payment.

I. YOUR COMPENSABLE WORKWEEKS

You worked as an hourly-paid or non-exempt employee for FLOWSERVE US, INC. in California, which qualifies you as a Settlement Class Member, and your total number of Eligible Workweeks in this position are:

<<NUMBER OF WORKWEEKS>>

You worked as an hourly-paid or non-exempt employee for FLOWSERVE US, INC. in California, which qualifies you as an Aggrieved Employee, and your total number of Eligible Workweeks in this position are: <<NUMBER OF WORKWEEKS>>

II. YOUR ESTIMATED SETTLEMENT PAYMENT

Based upon the number of workweeks stated above, your estimated pre-tax Settlement Payment is <<INSERT>>.

III. CHALLENGE TO WORKWEEKS

If you wish to dispute the Eligible Workweeks data listed, you must postmark your dispute and provide all supporting information and/or documentation to the Settlement Administrator by <<NOTICE PERIOD DEADLINE>>.

Check the box below ONLY if you wish to dispute the data listed in Section I:

☐ I wish to dispute the number of Eligible Workweeks listed in Section I. I believe the correct amount of my workweeks is _____. I have also included information and/or documentary evidence that support my dispute. I understand that, by submitting this dispute, I hereby authorize the Settlement Administrator to review FLOWSERVE US, INC.'s records and make a determination as to the validity of my dispute based upon FLOWSERVE US, INC.'s records as well as the records and information that I submit to the Settlement Administrator.

I declare under penalty of perjury under the laws of the State of California and the United States of America that the information I provided in this Workweek Dispute Form is true and correct.

Dated: _____

Signature: _____

Print or Type Name: _____

MAIL TO:

PENA v. FLOWSERVE US, INC. CLASS ACTION SETTLEMENT

c/o

**[Insert]
address**

IF YOU ARE CONTESTING THE AMOUNT OF YOUR ELIGIBLE WORKWEEKS, YOU MUST SIGN, POSTMARK, AND RETURN THIS FORM TO THE SETTLEMENT ADMINISTRATOR ON OR BEFORE «OPT-OUT DEADLINE».

EXHIBIT 4

Justin Lo, Esq. (SBN: 280102)
Justin@caworklawyer.com
WORK LAWYERS PC
22939 Hawthorne Blvd., Suite 202
Torrance, CA 90505
Telephone: (424) 355-8535
Facsimile: (949) 258-8970

Attorneys for Plaintiff ESTEBAN ROMO, as representative of the State of California and the Labor and Workforce Development Agency, and on behalf of himself and other current and former employees.

SUPERIOR COURT OF THE STATE OF CALIFORNIA
THE COUNTY OF LOS ANGELES

ESTEBAN ROMO, on behalf of himself and
all other aggrieved employees,
Plaintiff,

v.

FLOWSERVE US INC., a Delaware
Corporation doing business in California;
and DOES 1-50, Inclusive,
Defendants.

CASE NO.: 22STCV27551

**DECLARATION OF JUSTIN LO IN
SUPPORT OF PLAINTIFFS' MOTION
FOR PRELIMINARY APPROVAL OF
CLASS AND REPRESENTATIVE ACTION
SETTLEMENT IN RELATED CASE**

DATE: February 9, 2024
TIME: 9:00 AM
DEPT: 17

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1. I am an attorney at law, duly licensed to practice before all the Courts of the State of California and I am the principal of Work Lawyers, P.C., counsel of record for Plaintiff Esteban Romo ("Plaintiff") and Co-Counsel for Plaintiffs John Arias and Jeffrey Hensley. As such, I am familiar with the file in this matter and if called as a witness I could and would competently testify to the following facts of my own personal knowledge.

2. On or around August 24, 2022, Plaintiff Esteban Romo filed a Private Attorney General Act (PAGA) action against defendants Flowserve US, Inc. in the Superior Court of the State of California, County of Los Angeles entitled *Esteban Romo v. Flowserve US, Inc.*, et al., Case No. 22STCV27551 pursuing claims for violations of California’s wage and hour laws and Unfair Competition Law.

3. Upon meeting and conferring with Counsel for Defendants, I learned of a representative wage and hour class action case filed on August, 25, 2022 entitled *John Arias and Jeffrey Hensley v. Flowserve US, Inc.* Los Angeles Superior Court Case No. 22STCV27829.

16

4. In this Litigation, the Settlement was reached after extensive factual and legal research, informal discovery, an exchange of time and payroll records, a review and analysis of time and payroll records with Plaintiffs and expert consultants, preparation of damages analyses with the aid of expert consultants and an experienced wage and hour mediator.

5. The *cy pres* recipient chosen by the Parties, Legal Aid Foundation of Los Angeles, do not have any involvement or conflict of interest with myself or any member of Work Lawyers PC.

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1 discovery; an exchange of documents and information that included review of time and pay
2 records and analysis thereof with the aid of Plaintiffs and expert consultants; an analysis of shifts
3 and workweeks worked by Class Members in the Class Period, how many pay periods and
4 Aggrieved Employees there were in the PAGA Period, and how many Class Members may have
5 been eligible for wage statement penalties and waiting time penalties; extensive correspondence
6 and communication between counsel, including the sharing of damages analyses; a review of
7 pleadings, evidence and rulings in similar actions litigated elsewhere in the state; a review of
8 similar cases in the same industry elsewhere in the country; followed by weeks of negotiations
9 after finalizing the terms and conditions of the general settlement parameters.

10 7. The settlement amount is, of course, a compromise figure. It considered the risks
11 related to certifiability, liability, and manageability.

12 8. While Class Counsel believes in their chance of success of certifying the claims,
13 Class Counsel also recognizes the potential risk, expense, and complexity posed by further
14 litigation. Moreover, I believe that litigating Plaintiffs' claims in this Litigation-claims that
15 involve approximately 317 Class Members during the Class Period-would require substantial
16 preparation and discovery and ultimately would involve the deposition and presentation of
17 numerous more witnesses (including Class Members and expert witnesses), as well as the
18 consideration, preparation, and analysis of expert reports. Therefore, should litigation have
19 progressed any further, I believe there would have been significant expense incurred by each side
20 (above and beyond the expense already incurred).

21 9. Again, the Parties have very strong positions on liability in this case. I understand
22 that Defendant denies wrongdoing of any kind associated with the claims alleged in the
23 Litigation, and further denies that, for any purpose other than that of settling this lawsuit, the
24 allegations in the Litigation are appropriate for class treatment. In light of the sharply contested
25 legal and factual issues, the risks of continued litigation, and substantial benefits to Class
26 Members under the Settlement, I believe that the terms and conditions of this class settlement are
27 fair and reasonable to all sides.

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2 **Class Members Will Receive a Fair Result and Immediate Relief if this Settlement**
3 **Were Approved**

4 10. After subtracting all fees and costs, the approximate average net award per class
5 member is approximately \$1,858.04 as detailed in Ms. Hajjar's declaration.

6 11. There is no conflict of interest between Plaintiffs, Co-Counsel and Class
7 Members. Plaintiff and Plaintiff's counsel have pursued the claims made in the operative
8 Complaint vigorously on behalf of the class. In Plaintiff's counsel's experience bringing wage
9 and hour claims, the settlement reached is a reasonable compromise of the class and PAGA
10 claims.

11 12. Should the Court refuse to grant preliminary approval of this Settlement, Class
12 Members may be denied any recourse for Defendant's alleged violations. The ability to secure a
13 guaranteed settlement now and ensure class members receive some compensation rather than
14 proceed to further litigation and potential recover nothing, was a motivating factor in reaching
15 this settlement.

16 I declare under penalty of perjury under the laws of the state of California that the
17 foregoing is true and correct this October 11, 2023 at Torrance, California.

18 **WORK LAWYERS PC.**

19
20 
21 BY: _____

22 Justin Lo
23 Attorney for Plaintiff Estaban
24 Romo
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