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Attorneys for Plaintiff and on behalf of the Proposed Class

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ORANGE

EDWARD CRUZ, individually, on a
representative basis, and on behalf of all
others similarly situated;

Plaintiff,

vs.

C T CORPORATION SYSTEM., a
Delaware Corporation; and DOES 1
through 20, inclusive;

Defendants.

Case No.: 30-2022-01261966-CU-OE-CXC
*[Assigned to Hon. Judge Peter Wilson, Dept
CX101, for all purposes]*

**DECLARATION OF BRIAN J. MANKIN IN
SUPPORT OF MOTION FOR
PRELIMINARY APPROVAL OF CLASS
ACTION SETTLEMENT**

Hearing

Date: August 24, 2023

Time: 2:00 p.m.

Dept.: CX101

Complaint filed: May 25, 2022

I, Brian J. Mankin, state and declare:

1. I am an attorney licensed to practice before all of the courts of the State of California. I manage the employment department within my firm where I am also a Partner. I represent Plaintiff in this action and I am thoroughly familiar with and have personal knowledge of all of the facts set forth herein. I submit this declaration in support of Plaintiff's Motion for Preliminary Approval of this Class Action Settlement. If called as a witness, I could and would competently testify thereto.

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1 **COUNSEL'S EXPERIENCE**

2 2. I have been a member, in good standing, of the State Bar of California since 2001.
3 I am admitted to practice in the United States District Courts for the Central and Southern
4 District of California and the Ninth Circuit Court of Appeal and have tried cases in various
5 courts in California.

6 3. I have handled over 500 employee vs. employer litigation matters during my 22
7 years in practice. Over the last 15 years, my practice has almost entirely consisted of
8 representing employees, the majority of which has included class action and representative
9 action wage and hour matters. In total, I have handled over 250 class action and representative
10 action wage/hour cases, and have been appointed by the court as class counsel and have received
11 final court approval and judgment in close to half of those actions to date, and anticipate
12 receiving final approval in many more of those in the future.

13 4. As part of these settlements and judgments, I have recovered in excess of \$250
14 million in damages for my clients and the class members (who often work as nurses, ambulance
15 drivers, technicians, warehouse workers, truck drivers, sales, professional occupations and
16 countless other trades). As of the end of last year, my team and I held the record for the largest
17 known PAGA-only case in California's history as of that time - a \$12.5 million-dollar court
18 approved settlement, which followed extensive litigation, summary adjudication and writs to the
19 CA Supreme Court against a Fortune 50 company (*Garcia v. Macy's*, San Bernardino Superior
20 Court).

21 5. I have tried two class and PAGA cases against Fortune 100 companies. In 2018, I
22 was lead counsel in a PAGA case that my firm tried to the bench in the Orange County Superior
23 Court and received a \$425,000 judgment. In 2019, I was co-counsel in a class action case
24 against Walmart that was tried to the jury in District Court for the Central District, wherein the
25 jury awarded Plaintiffs over \$6 million. Following the successful outcome in trial, both cases
26 were appealed.

27 6. I was named by the LA Times as one "Southern California Leading Lawyers" in
28 the May 2023 issue of Consumer Attorney's of Southern California (a recognition given to 17

employment/labor law attorneys in 2023). Additionally, over the last five consecutive years, I have been selected by my peers as a “Super Lawyer” in Employment Litigation, a distinction that only 5% of lawyers receive.

BRIEF SUMMARY OF THE SETTLEMENT

7. Following a contested but productive mediation, Plaintiff and Defendant (collectively, the “Parties”) entered into a Class Action and PAGA Representative Action Settlement Agreement resolving the wage and hour claims of the putative class (the “Settlement Agreement”), which is attached hereto as **Exhibit A**. The Settlement Agreement seeks to release and discharge Defendant from the claims brought against it in exchange for Defendant’s agreement to pay \$950,000 on a non-reversionary, non-claims made basis (each Class Member will receive his/her share of the Net Settlement Amount without having to submit a claim form or take any action, except for those who opt-out). Plaintiff seeks to represent a class of all current and former non-exempt (hourly paid) employees employed by Defendant in California at any time during the Class Period of May 25, 2018, through May 22, 2023.

8. Under the terms of the Settlement Agreement, Defendant will not oppose Class Counsel’s application for a reasonable award of attorneys’ fees not to exceed one-third of the Settlement Amount, Class Counsel’s litigation expenses not to exceed \$20,000, settlement administrator costs of \$7,000, PAGA Penalties of \$90,000 of which 75% will be paid to the LWDA and the remaining 25% will be paid to the PAGA Settlement Employees, and a service award not to exceed \$7,500 to Plaintiff. After all Court-approved deductions, it is estimated that \$508,833.34 (the “Net Settlement Amount” or “NSA”) will be available to pay the Class Members, as follows:

<i>Settlement Amount</i>	\$ 950,000.00
Attorneys’ Fees (1/3)	\$ 316,666.66
Litigation Costs (not to exceed)	\$ 20,000.00
Administrator Costs	\$ 7,000.00
PAGA Penalties	\$ 90,000.00
Class Representative Service Award	\$ 7,500.00
<i>Net Settlement Amount</i>	\$ 508,833.34

9. Payment to Class Members will be calculated on a pro-rata basis according to the number of Weeks Worked, with each workweek having a value of approximately \$18.85 (NSA / 27,000 estimated Work Weeks). This results in an estimated highest payment of \$4,899.88 (someone that worked the full Class Period), lowest payment of \$18.85 (someone that only worked one week), and an average payment of \$2,544.16 (NSA / 200). In addition, approximately 100 PAGA Settlement Employees will receive a share of the \$22,500 PAGA Penalties (25% of \$90,000), calculated based on Weeks Worked during the PAGA Period.

10. Each Class Member will receive the Notice, explaining the nature of the case, and the process for participating, objecting and opting-out, and advising of his/her estimated settlement payment and the number of Weeks Worked he/she is credited with working during the Class Period, along with Request for Exclusion and Objection Forms as required by the Court (the “Notice Packet” is attached hereto as **Exhibit B**).

PROCEDURAL BACKGROUND

11. My office has performed considerable work and diligently investigated and prosecuted this case to a successful conclusion. Our work has resulted in the creation of a significant settlement fund for the benefit of the Class. We efficiently communicated and exchanged information informally with Defense counsel which enabled the parties to successfully settle the case. Because of the risks involved in litigating the case and the contested legal and factual issues, I believe this settlement to be fair, reasonable, and adequate.

12. After being retained by Plaintiff, we submitted a letter to the California Labor Workforce Development Agency (the “LWDA”) for civil penalties under the Private Attorney General Act of 2004 (the “PAGA”), which is attached hereto as **Exhibit C**, and simultaneously sent a letter to Defendant requesting the production of his personnel and timekeeping records to further evaluate the wage and hour claims. The LWDA ultimately declined to assert jurisdiction over the PAGA, thereby giving Plaintiff the right to bring PAGA claims.

13. On May 25, 2022, Plaintiff filed a class and PAGA complaint against CT Corp, alleging: (1) failure to pay minimum wages, (2) failure to pay overtime, (3) failure to provide meal periods, (4) failure to provide rest breaks, (5) failure to reimburse business expenses, (6)

1 failure to pay vested vacation, (7) failure to timely pay final wages, (8) failure to provide
2 accurate itemized wage statements, (9) unfair and unlawful competition pursuant to California
3 Bus. and Prof. Code §§ 17200 *et seq.*, and (10)-(18) related PAGA claims.

4 14. Defendant retained counsel and immediately began to defend the case. Then,
5 after early discussions among counsel, the Parties agreed to attend private mediation.

6 15. In preparation for the mediation, the Parties informally exchanged documents and
7 information that allowed both sides to calculate the potential damages and evaluate potential risk,
8 including policies and procedures pertaining to each claim alleged, sample wage statements, and
9 statistics relating to the number of current and former employees, number of shifts, pay periods
10 worked, hourly rates, and other things. Notably, Defendant provided excel files containing over
11 218,000 rows of data containing detailed payroll and timekeeping data for 113 putative Class
12 Members. This information enabled both parties to take a deep dive into the claims.
13 Additionally, during this process, Plaintiff and my firm analyzed, researched, and investigated
14 the potential issues, including matters related to the calculation of damages, trial, and appellate
15 issues and risks.

16 16. On February 21, 2023, Plaintiff and CT Corp participated in mediation before Eve
17 Wagner, Esq. a well-respected wage and hour mediator. At the conclusion of mediation, which
18 involved extensive arms-length negotiations, Ms. Wagner issued a mediator's proposal which
19 was ultimately accepted by the Parties. The Parties then engaged in discussions on the specific
20 terms of the long-form Settlement Agreement, which was executed by all Parties. The Parties
21 now seek the Court's preliminary approval of the Settlement.

22 **THE WAGE AND HOUR CLAIMS, CLASS COUNSEL'S INVESTIGATION, AND**
23 **EVALUATION OF THE SETTLEMENT**

24 17. The putative Class in this case consists of approximately 200 similarly situated
25 non-exempt employees who worked for CT Corp during the Class Period, and Plaintiff alleged
26 numerous wage and hour violations on behalf of the Class Members. However, Defendant
27 vigorously contested and denied each of Plaintiff's material allegations on the merits and as to
28 the propriety of a class action or PAGA representative action, as discussed herein.

1 18. In preparation for mediation, Peter Carlson, a senior associate within my office,
2 and I formulated a damages model and risk analysis based upon detailed data obtained through
3 informal discovery and information exchanges. The summary of the claims below is based on
4 calculations by our expert and us, and the risks that we potentially faced, giving significant credit
5 to the defenses that Defendant raised or would likely raise in further proceedings. Following the
6 informal exchange and other information provided by Defendant, we estimated the following
7 data points through the date of mediation: (1) 190 Class Members, (2) 75 *former* Class Members
8 for purposes of Labor Code § 203, (3) 25,000 workweeks, (4) 115,000 shifts worked, and (4)
9 approximately 4,050 wage statements during the PAGA Period. From these metrics, and when
10 factoring in claim certification probabilities and liability probabilities, we formulated detailed
11 damages models to value the claims in preparation for mediation and to reach a realistic and
12 reasonable resolution.

13 19. Here, there were several claims alleged by Plaintiff, including: (1) unpaid wage
14 claims under various theories, (2) meal and rest break violations, (3) failure to reimburse
15 business expenses, and (4) derivative claims for waiting time and wage statement penalties due
16 to the other alleged violations.

17 20. As to the unpaid wage claims, Plaintiff alleged three theories of liability. First,
18 Plaintiff alleged that CT Corp paid bonuses to Class Members yet failed to include that
19 additional compensation in the regular rate for purposes of calculating overtime wages. Second,
20 Plaintiff claimed that he and the Class Members and the Class Members were required to
21 perform off-the-clock work due to a computer-based timekeeping system that was not accessible
22 until employees completed various boot-up tasks (at the beginning of shifts) and through which
23 employees had to clock out and then perform various shut down tasks (at the end of shifts).
24 Third, Plaintiff alleged that CT Corp failed to pay all vested vacation wages upon separation of
25 employment due to a practice of paying at the base rate of pay, rather than at the final rate of pay
26 (incorporating commission/bonus pay) as required by Labor Code § 227.3 (“all vested vacation
27 shall be paid to [the employee] as wages at his *final rate*”). In total, Plaintiff’s counsel estimated
28 the maximum value of these unpaid wages to be \$250,000. But CT Corp vehemently opposed

1 these unpaid wage claims on the merits and as to the propriety of class certification. For
2 example, Defendant argued that it paid discretionary bonuses to the Class, and that those sums
3 did not need to be included in the regular rate or overtime calculations, and that this would defeat
4 Plaintiff's claims on the merits. Additionally, as to the "off-the-clock" claim, Defendant argued
5 that time spent turning on a computer is not compensable and, moreover, that it would be
6 unmanageable and require person-by-person individualized assessments to determine if this
7 applied to each Class Member and, if so, how frequently it occurred and for how long. Finally,
8 Defendant argued that the company was permitted under its vacation policy to set the terms
9 including the rate at which it paid vested vacation to employees, including at termination. Due to
10 the defenses and arguments raised, Plaintiff assigned a 20% risk for each respective unpaid wage
11 claim at the class certification stage and an additional 20% risk on the merits. In sum, Plaintiff's
12 counsel calculated the risk-adjusted value of the unpaid wage claims as \$160,000.

13 21. Plaintiff also alleged meal and rest break claims against Defendant. Given the
14 total number of shifts at issue (an estimate of 115,000), and when incorporating violation rates
15 from expert review of the timekeeping records and other evidence, Plaintiff's counsel estimated a
16 45.7% violation rate for meal breaks and assumed a 25% violation rate for rest breaks based on
17 Defendant's compliant policies and the fact that Class Members worked from home during the
18 majority of the Class Period, leading to 52,555 alleged meal violations and 28,750 alleged rest
19 break violations. This established a maximum potential value for these claims of \$2,276,540
20 (81,305 violations multiplied by the average hourly rate of \$28 as the applicable premium rate
21 under § 226.7).

22 22. However, CT Corp raised numerous arguments in response to these claims,
23 including that it maintained fully compliant written policies and specifically authorized the Class
24 Members to take meal and rest breaks, and that many Class members worked from home,
25 meaning that no one had a reason or cause to miss a break or take a short/late break. Defendant
26 also contended that employees attested that they received meal and rest periods when submitting
27 their weekly time sheets. Therefore, Defendant asserted that a fact-finder would have to
28 determine for each Class Member whether a break was missed and why, and why a break was

1 noncompliant or nonexistent, because if it was by the employee's choice, no liability attaches to
2 Defendant. These defenses are factored into Plaintiff's analysis in two ways. First, these issues
3 raise questions regarding whether the meal and rest break claims could be certified, and Plaintiff
4 placed a 30% risk at the class certification stage for meal periods and a 50% risk for rest breaks.
5 Second, these defenses also go toward the merits given the evidentiary question of proving the
6 number of meal and rest violations. As such, Plaintiff placed a 30% risk on the merits for meal
7 breaks, and an additional 50% risk on the merits for rest breaks, setting the risk-adjusted value
8 for the combined meal and rest break claims at \$922,305.

9 23. Plaintiff also alleged claims for the failure to reimburse business expenses for
10 remote workers (including equipment and internet needed to perform their tasks). Plaintiff
11 valued this claim at an estimated \$250,000 (based on 10,000 remote workweeks and \$25
12 unreimbursed expenses per week). However, leading up to mediation, Defendant provided
13 documents and policies showing that the Class Members were reimbursed for 50% of their
14 monthly data network costs, up to \$100 per month, with the ability to receive more
15 reimbursement if requested and supported by documentation. Thus, based on these policies,
16 which Plaintiff's counsel cross-checked and confirmed applied to Plaintiff, Plaintiff assigned a
17 80% risk of defeat at class certification and another 80% risk of defeat on the merits, leading to a
18 risk-adjusted value of \$10,000 on the Labor Code § 2802.

19 24. Finally, Plaintiff alleged claims for waiting time penalties and wage statement
20 violations. But these claims were entirely derivative of the claims above, meaning that they only
21 had merit if the claims for unpaid wages or meal/rest breaks were successful. The maximum
22 values for these claims were as follows: (1) \$504,000 for waiting time penalties [75 former
23 employees x \$28 per hour x 8 hours per day x 30 days], and (2) \$400,000 for wage statement
24 violations [4,050 wage statements for 100 employees at the \$50/\$100 formula under § 226(e)].

25 25. But CT Corp raised a variety of defenses to these derivative claims that impacted
26 the valuation. Namely, Defendant argued that the wage statements did not violate Labor Code §
27 226 and, even if there were violations, given its factual and legal defenses, Plaintiff would be
28 unable to prove the required "knowing and intentional" and "injury" elements. See *Naranjo v.*

Spectrum Sec. Servs., Inc., 88 Cal. App. 5th 937, 945-51 (2023), review filed (Apr. 7, 2023) (holding that a good faith factual or legal defense precludes the imposition of penalties under both Section 226 and Section 203). Based on these facts and defenses, Plaintiff placed a 30% risk at class certification (mirroring the claims on which the wage statement claim was based) and estimated another 50% risk the merits, leading to a risk-adjusted value of \$140,000 for the wage statement claims.

26. Then, as to the waiting time penalty claim, Plaintiff's valuation had to account for the fact that this claim was derivative of the unpaid wage and meal/rest break claims and, if those claims failed at certification or on the merits, there would be no waiting time penalties owed, so the same risks for those claims applied to this claim. Furthermore, even if the unpaid wage and/or meal/rest claims succeeded at certification and on the merits, Plaintiff would have to prove that the violations (if any existed) were "willful" under the meaning of Labor Code § 203. And, here, Defendant argued there was no "willful" violation since they had compliant written policies and good faith factual and legal defenses to the wage claims. As a result of this analysis, Plaintiff's counsel applied a 30% risk at class certification and a 50% risk on the merits, leading to a risk-adjusted value of \$176,400.

27. In sum, when factoring in the defenses and risks of ongoing litigation, Plaintiff estimates the risk-adjusted class recovery as follows:

•	Unpaid Wage Claims	\$	160,000
•	Meal and Rest Break Claims	\$	922,305
•	Expense Reimbursement Claim	\$	10,000
•	Wage Statement Claims	\$	140,000
•	Waiting Time Penalty Claims	\$	176,400
•	PAGA Claim	\$	90,000
•	Total Risk Adjusted Penalties and Damages	\$	1,488,705

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1 **THE SETTLEMENT IS FAIR, JUST, AND REASONABLE**

2 28. The settlement was the product of extensive arm's length negotiations, facilitated
3 by an experienced mediator. Though cordial and professional, the settlement negotiations were
4 adversarial and non-collusive in nature. The settlement reached is the product of substantial
5 effort by the parties and their counsel. Although we believed that there was a possibility of
6 certifying the claims, we recognized the potential risk, expense, and complexity posed by
7 litigation, such as unfavorable decisions on class certification, summary judgment, at trial and/or
8 on the damages awarded, and/or on an appeal that can take several more years to litigate.

9 29. The settlement will result in a fair payment to each class member based on the
10 number of Weeks Worked during the Class Period. As set forth hereinabove, we have diligently
11 investigated the claims and defenses on behalf of the Class Members and worked to achieve a
12 resolution of the claims to maximize the recovery by avoiding further expenditure of attorneys'
13 fees and costs. After evaluating the significant risks attendant with further litigation described
14 above and weighing them against the benefits of a known compromise and settlement as set forth
15 in the Settlement Agreement, settlement on the terms agreed to is believed to be in the best
16 interest of Plaintiff and the Class, and is a fair and reasonable resolution of the claims alleged.

17 30. My office brought to bear a great deal of experience in negotiating the settlement
18 of this case. As detailed herein, we engaged in the necessary discovery and investigation, making
19 it possible to exercise informed judgment throughout the settlement process, including
20 significant document review (e.g. documents pertaining to Defendant's policies and procedures,
21 personnel documents, among others), and conducted an extensive analysis of the detailed class-
22 wide data provided by Defendant.

23 31. Based on my experience in other cases, including wage and hour matters, I
24 believe I am qualified to evaluate the class claims and viability of defenses in this class action.
25 In this case, the recovery for each class member is reasonable, fair, and adequate, and a
26 settlement at this time is in the best interests of the class. The settlement provides each class
27 member with compensation for the alleged violations when viewed in relation to the costs and
28 risks inherent in obtaining class certification and proceeding to trial.

1 32. My office, as well as Defendant's counsel, fully endorse the terms and conditions
2 of the settlement as set forth in the abovementioned Settlement Agreement.

3 33. Of course, the settlement amount represents a compromise figure, taking into
4 account the various risks surrounding class certification and the merits of Defendant's asserted
5 defense. Nevertheless, the settlement provides for fair and adequate payments to the class
6 members, with no reversion to Defendant.

7 **PLAINTIFF'S REQUESTED ENHANCEMENT PAYMENT**

8 34. Plaintiff seeks an enhancement payment (Service Award) of \$7,500 for his service
9 to the class, which I believe is fair and warranted. Mr. Cruz came forward in an effort to
10 effectuate a policy and practice change that benefitted all other Class Members, and to recover
11 unpaid wages. He assumed significant risk in bringing this litigation—namely, had he lost, he
12 could have been ordered to pay Defendant's costs.

13 35. Plaintiff provided invaluable assistance to my office and the Class in this case,
14 including providing factual background for the Class Complaint; reviewing the litigation
15 documents; providing information and documents about Defendant's policies and practices;
16 participating in phone calls to discuss litigation and settlement strategy; and reviewing the
17 settlement documents. Plaintiff agreed to participate in this case with no guarantee of personal
18 benefit. At final approval, Plaintiff will submit a comprehensive declaration setting forth all of
19 the reasons why he believes that the service award should be approved.

20 **ADEQUACY OF COUNSEL AND THE PROVISIONAL REASONABLENESS OF THE**
21 **REQUESTED FEES AND COSTS**

22 36. As set forth above, I have handled over 250 class and representative actions, have
23 been appointed as class counsel and have successfully resolved over half of those cases, and
24 many others remain pending and will successfully resolve in the future.

25 37. When this case was taken on a contingency fee basis, with my firm agreeing to
26 assume responsibility for all litigation costs, the ultimate result was far from certain. In the
27 course of this litigation, my firm paid all costs including filing fees, court costs, research fees,
28 and mediation costs. There was never a guarantee that we would recoup those expenditures.

1 38. It is my experience that attorney fee awards of one-third of a common fund
2 settlement is the standard in California. In this case, Plaintiff's counsel agreed to seek one-third
3 of the Settlement Amount for attorneys' fees. Defendants do not oppose this fee request. The fee
4 is further warranted because it is within the range of reasonableness typically awarded in class
5 actions. The litigation costs are reasonably capped at \$20,000 and will be based on the actual
6 amount of costs incurred at the time of final approval.

7 **SETTLEMENT ADMINISTRATOR**

8 39. The parties request that the Court appoint Phoenix Class Action Administration
9 Solutions to serve as the Administrator. Phoenix is experienced in administering class action
10 settlements, and has provided a proposal to administer this settlement for a total of \$7,000, which
11 is attached hereto as **Exhibit D**.

12 **PROPOSED CY PRES BENEFICIARY**

13 40. Pursuant to the terms of the Settlement Agreement, if there are any uncashed
14 checks by the check cashing deadline, the Administrator shall issue unclaimed funds to *cy pres*
15 Public Counsel in accordance with Code of Civil Procedure § 384. Neither myself nor anyone at
16 my firm have a connection to or relationship with Public Counsel. Also, defense counsel
17 emailed me on June 22nd and confirmed the same: "we don't think that we need a declaration
18 from John re: CCP § 382.4 as the statute only requires the parties to notify the court if there is
19 something to disclose. If you'd prefer to state affirmatively that there is no connection that needs
20 to be disclosed, feel free to add it to your supporting declaration."

21 **THERE ARE NO CONCURRENT PENDING CASES**

22 41. After making reasonable inquiry, including speaking with other attorneys at my
23 office, I am not aware of any other class, representative, or collective actions that assert claims
24 similar to the claims alleged in this action.

25 **SUBMISSION TO THE LWDA**

26 42. Plaintiff has concurrently submitted the settlement to the LWDA in accordance
27 with Labor Code § 2699(1)(2). The proof of submission is attached hereto as **Exhibit E**.

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EXHIBITS AND CONCLUSION

43. A true and correct copy of the Settlement Agreement is attached as **Exhibit A**.

44. The proposed Notice Packet is attached as **Exhibit B**.

45. A true and correct copy of the notice letter we submitted to the LWDA is attached as **Exhibit C**.

46. Phoenix's proposal to administer the Settlement is attached hereto as **Exhibit D**.

47. The LWDA's confirmation of receipt of this Motion and Declaration is attached hereto as **Exhibit E**.

48. For the foregoing reasons, it is respectfully requested that the Court grant preliminary approval of the settlement as being fair, reasonable, and in the best interests of the class, as well as preliminarily approve the requested attorneys' fees, costs, and enhancement payment to the Class Representative.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on June 27, 2023, at Riverside, California.

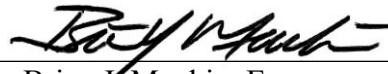
By: 
Brian J. Mankin, Esq.

EXHIBIT “A”

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C T CORPORATION SYSTEM

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ORANGE

EDWARD CRUZ, individually, on a
representative basis, and on behalf of all
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Plaintiff,

vs.

C T CORPORATION SYSTEM, a Delaware
Corporation; and DOES 1 through 20,
inclusive;

Defendants.

Case No.: 30-2022-01261966-CU-OE-CXC
*[Assigned to Hon. Judge Peter Wilson, Dept
CX102, for all purposes]*

**CLASS ACTION AND PAGA
REPRESENTATIVE ACTION
SETTLEMENT AGREEMENT AND
RELEASE OF CLAIMS**

1 This Class Action and PAGA Representative Action Settlement Agreement and Release
2 of Claims is entered into by and between Plaintiff Edward Cruz, individually and on behalf of
3 the proposed Settlement Class, and on behalf of the State of California, and Defendant C T
4 Corporation System, and is approved as to form by their respective counsel of record, subject to
5 the terms and conditions hereof and the Court's approval.

6 **A. Definitions**

7 1. "Action" or "Lawsuit" means and refers to the case entitled *Edward Cruz v. C T*
8 *Corporation System*, Orange County Superior Court, Case No. 30-2022-01261966-CU-OE-CXC.

9 2. "Administrator" means and refers to Phoenix Settlement Administrators, the
10 third-party class action settlement administrator agreed to by the Parties, that will provide the
11 Notice to the Class Members and distribute the settlement amounts as described in this
12 Agreement.

13 3. "Administration Costs" means the costs payable from the Settlement Amount to
14 the Administrator for administering this Settlement, including, but not limited to, printing, and
15 mailing the Notice, calculating Settlement payments, tracking documents for this Settlement, tax
16 reporting, and calculation and payment to applicable tax authorities of the employee and
17 employer share of payroll taxes, unclaimed property due diligence, reporting and remittance
18 obligations, distributing the Settlement Amount, and providing necessary reports and
19 declarations, as requested by the Parties. The Administration Costs shall be paid from the
20 Settlement Amount, including, if necessary, any costs approved by the Court in excess of the
21 amount represented by the Administrator as being the maximum costs necessary to administer
22 the Settlement.

23 4. "Agreement" or "Settlement Agreement" or "Settlement" shall mean this Class
24 Action and PAGA Representative Action Settlement Agreement and Release of Claims.

25 5. "Class" or "Settlement Class" is the proposed settlement class defined as all
26 current and former non-exempt (hourly paid) employees employed by Defendant in California at
27 any time during the Class Period.

28 6. "Class Member(s)" refers to individual members of the Class.

7. "Class Counsel" refers to Brian Mankin and Peter Carlson of Lauby, Mankin &

1 Lauby LLP.

2 8. "Class Data" means a complete list that Defendant will diligently and in good
3 faith compile from their records and provide to the Administrator on one spreadsheet which shall
4 include, to the extent available from Defendant's records, for each Class Member, the
5 individual's full name; last known mailing address; Social Security Number; total Workweeks
6 during the PAGA Period; and total Workweeks during the Class Period.

7 9. "Class Period" is deemed to be any time during the period of May 25, 2018,
8 through May 22, 2023.

9 10. "Class Representative" or "Plaintiff" means and refers to Plaintiff Edward Cruz.

10 11. "Complaint" refers to the operative class and PAGA representative action
11 complaint filed in the Orange County Superior Court on May 25, 2022.

12 12. "Court" means the California Superior Court, County of Orange.

13 13. "Defendant" means and refers to C T Corporation System.

14 14. "Defendant's Counsel" or "Defense Counsel" means and refers to Morgan, Lewis
15 & Bockius LLP.

16 15. "Effective Date" means the date on which the Court's order granting Final
17 Approval of this Settlement becomes final. Such order becomes final upon the following events:
18 (i) if no Class Member timely and properly objects or intervenes, or files a motion to vacate the
19 judgment approving the Settlement Agreement under Code of Civil Procedure § 663, then the
20 date of the Court's Notice of Entry of Order regarding Final Approval of the Settlement; or (ii) if
21 a Class Member objects or intervenes, or files a motion to vacate the judgment approving the
22 Settlement Agreement, then sixty-one (61) calendar days following the date the Court enters an
23 order granting Final Approval, assuming no appeal is filed; or (iii) if a timely appeal is filed, then
24 the date of final resolution of that appeal or other collateral attack (including any requests for
25 rehearing and/or petitions for *certiorari*), resulting in final judicial approval of the Settlement.

26 16. "Escalator Clause:" Defendant represented prior to the mediation that through
27 January 25, 2023, there were approximately 190 Class Members who collectively worked a total
28 of approximately 25,000 Workweeks. Because these numbers will increase through the end of
the Class Period (May 22, 2023), the Parties agree that if the actual number of Workweeks

1 through May 22, 2023 (as reported in the Class Data) exceeds 35,000 total Workweeks, then
2 Defendant will proportionally increase the Settlement Amount; i.e., proportionally increased
3 Settlement Amount = Total Number of Workweeks as of May 22, 2023 ÷ 35,000 Workweeks ×
4 \$950,000.

5 17. “Final Approval” refers to the order of the Court granting final approval of this
6 Settlement and entering a judgment approving this Agreement on substantially the terms
7 provided herein or as may be modified by subsequent agreement of the Parties. Plaintiff shall
8 prepare the motion for final approval, and Defendant will not object to Plaintiff’s motion
9 provided it is consistent with the terms herein. Defendant’s counsel will be provided with a
10 reasonable opportunity of no less than five (5) court days to review and comment upon the draft
11 motion before it is filed, and Class Counsel agrees to reasonably consider the comments from
12 counsel for Defendant.

13 18. “Individual Class Payment” refers to each Participating Class Member’s share of
14 the Net Settlement Amount, as further discussed in Paragraph 47(c) below.

15 19. “Individual PAGA Payment” refers to the pro rata share of a PAGA Settlement
16 Employee’s PAGA Payment from the 25% of PAGA Penalties, as further discussed in Paragraph
17 47(h) below.

18 20. “Net Settlement Amount” shall have the meaning ascribed to it in Paragraph 47(b)
19 below.

20 21. “Notice” means the notice of proposed class and representative action settlement
21 that will be sent to the Class Members and which will advise each Class Member of the
22 settlement including how his or her Individual Class Payment and if applicable Individual PAGA
23 Payment will be calculated, Class Member rights and deadlines to be excluded from the Class
24 and will further advise of the setting of a Final Approval Hearing.

25 22. “Notice Packet” means the Notice, Request for Exclusion Form, and Objection
26 Form to be sent to all Class Members, which are collectively attached as Exhibit “A”.

27 23. “PAGA Penalties” means the amount that the Parties have agreed to pay allocated
28 to PAGA civil penalties, 75% of which will be paid to the Labor and Workforce Development
Agency (“LWDA”), and 25% of which will be allocated for Individual PAGA Payments, as

required by the California Labor Code Private Attorneys General Act of 2004 (Cal. Lab. Code §§ 2698, *et seq.*, “PAGA”).

24. “PAGA Period” is deemed to be any time during the period of May 25, 2021, through May 22, 2023.

25. “PAGA Settlement Employee(s)” means all current and former non-exempt (hourly paid) employees employed by Defendant in California at any time during the PAGA Period. All PAGA Settlement Employees will receive an Individual PAGA Payment, regardless of whether they exclude themselves from the Class Settlement.

26. “Participating Class Member” means any and all Class Members who do not opt-out by submitting timely valid Requests for Exclusion. Only Participating Class Members will receive an Individual Class Payment.

27. “Parties” or “Settling Parties” mean Plaintiff and Defendant, collectively.

28. “Preliminary Approval Date” means the date the Court approves the Settlement and enters the Preliminary Approval Order.

29. “Preliminary Approval Order” means the judicial Order to be jointly prepared by the Parties and entered by the Court, upon the motion of the Plaintiff, preliminarily approving this Settlement and providing for the issuance of the Notice Packet to the Class, an opportunity to opt out of the Settlement, an opportunity to submit timely objections to the Settlement, and setting a final approval hearing on the fairness of the terms of Settlement, including approval of attorneys’ fees and costs. Provided that the motion is consistent with the terms herein, Defendant will not object to Plaintiff’s motion for preliminary approval. Defendant’s counsel will be provided with a reasonable opportunity of no less than ten (10) days to review and comment upon the draft motion before it is filed, and Class Counsel agrees to reasonably consider the comments from counsel for Defendant.

30. “QSF” means the Qualified Settlement Fund set up by the Administrator which the Parties agree will at all times be treated as a “qualified settlement fund” within the meaning of Treas. Reg. §1.468B-1, *et seq.* The Parties agree the Administrator shall, in establishing the account, make any such elections as necessary or advisable to carry out the “relation back election” (as defined in Treas. Reg. §1.468B-1(j)(2)(i)) back to the earliest permitted date. Such

elections shall be made in compliance with the procedures and requirements contained in such regulations. The Parties further agree and acknowledge that, for purposes of Section 468B of the Internal Revenue Code of 1986, as amended (the “Code”) and the Treasury Regulations promulgated thereunder, only the Defendant shall be treated as a “transferor” (within the meaning of such term under Treasury Regulations §1.468B-1(d)(1)) with respect to the QSF.

31. “Released Class Claims” by the Participating Class Members upon Final Approval of the Settlement means any and all claims and/or causes of action that were or could have been pled based on the facts alleged in the Complaint and/or the LWDA Notice, including but not limited to, any claim for: (a) failure to pay minimum wages, (b) failure to pay overtime wages (including failure to include additional earned compensation in the calculations for the regular rate of pay), (c) failure to provide meal periods, (d) failure to provide rest breaks, (e) failure to reimburse business expenses, (f) failure to carry over (including due to forfeiture of unused PTO) or pay vested vacation/PTO, (g) failure to timely pay wages during or upon separation of employment, (h) failure to provide accurate itemized wage statements, (i) unfair and unlawful competition, and (j) all other claims for statutory penalties based on such alleged violations, claims based on such alleged facts that could have been brought under the Fair Labor Standards Act (“FLSA”) or under any applicable California Industrial Welfare Commission Wage Order; related common law claims for conversion, other alleged tortious conduct, breach of contract, and misrepresentation; and any other derivative claims under California law including claims for liquidated damages, punitive damages, interest, attorneys’ fees, litigation and other costs, expenses, restitution, and equitable and declaratory relief.

32. “Released PAGA Claims” means any and all PAGA claims and/or causes of action that were or could have been pled based on the alleged facts and violations set forth in the Complaint and/or the LWDA Notice, including all PAGA claims seeking civil penalties that premised upon (a) failure to pay minimum wages, (b) failure to pay overtime wages, (c) failure to provide meal periods, (d) failure to provide rest breaks, (e) failure to reimburse business expenses, (f) failure to carry over or pay vested vacation, (g) failure to timely pay wages during and upon separation of employment, (h) failure to provide accurate itemized wage statements, and (i) all other claims for civil penalties recoverable under PAGA based on the facts or claims

1 alleged in the Complaint. The time period governing the Released PAGA Claims shall be any
2 time during the PAGA Period.

3 33. “Released Parties” means Defendant, and its parents, subsidiaries, affiliates,
4 predecessors, successors, predecessors, and other related companies, and its and their directors,
5 owners, shareholders, officers, agents, attorneys, servants, joint employers and employees, past
6 and present, and each of them and anyone acting in concert with foregoing.

7 34. “Request for Exclusion” shall have the meaning ascribed to it in Paragraph 68(a)
8 below.

9 35. “Response Deadline” is 60 calendar days from the date the Notice is mailed to the
10 Class Members.

11 36. “Service Payment” or “Service Award” means the amount approved by the Court
12 to be paid to Class Representative Edward Cruz in addition to his Individual Class Payment as a
13 Participating Class Member and Individual PAGA Payment as an PAGA Settlement Employee.

14 37. “Settlement Amount” means the total maximum amount that Defendant will be
15 required to pay under this Agreement, which is the gross sum of Nine Hundred Fifty Thousand
16 Dollars (\$950,000.00), unless increased pursuant to the Escalator Clause, except for
17 Defendant’s obligation to fund its share of payroll taxes on the portion of Individual Class
18 Payments that are allocated to wages, as further discussed in Paragraph 47(c) below.

19 38. “Workweeks” or “Weeks Worked” means any and all workweeks during the
20 Class Period, or if applicable PAGA period, during which the Class Member and/or PAGA
21 Settlement Employee worked at least one day for Defendant. The Parties have for simplicity
22 agreed to use workweeks for the purpose of calculating both Individual Class Payments and
23 Individual PAGA Payments even though Defendant’s pay periods were bi-weekly during the
24 relevant period.

25 **B. General Terms**

26 39. On May 22, 2022, Plaintiff filed a putative class and representative PAGA action
27 in the Orange County Superior Court, alleging Class Claims and PAGA Claims for: (a) failure to
28 pay minimum wages, (b) failure to pay overtime wages, (c) failure to provide meal periods, (d)
failure to provide rest breaks, (e) failure to reimburse business expenses, (f) failure to pay vested

1 vacation, (g) failure to failure to timely pay wages during and upon separation of employment,
2 (h) failure to provide accurate itemized wage statements, and a separate class claim for unfair
3 and unlawful competition.

4 40. On May 25, 2022, Plaintiff sent a letter to the LWDA notifying it and Defendant
5 that Plaintiff intended to pursue claims against Defendant under PAGA for violation of
6 California Labor Code sections 200, 201, 202, 203, 204, 208, 210, 218.6, 226, 226.3, 226.7,
7 227.3, 246, 510, 512, 558, 1194, 1194.2, 1197, 1197.1, 1198, 1199, and 2802 (“LWDA Notice”).

8 41. Defendant denies any and all liability or wrongdoing of any kind associated with
9 the claims asserted in the Action, disputes the damages and penalties claimed by Plaintiff, and
10 further contends that, for any purpose other than settlement, Plaintiff’s claims are not appropriate
11 for class or representative treatment.

12 42. The Class Representative believes he can proceed with the representative and
13 class claims, that the Action is meritorious, and that class certification is appropriate.

14 43. The Parties have conducted a thorough investigation into the facts of the Action.
15 This includes conducting an extensive exchange of informal discovery, including a significant
16 portion of payroll and timekeeping records for Class Members, relevant policy documents, class
17 size and workweek information, and information regarding hourly rates. Class Counsel is both
18 knowledgeable about and has done extensive research with respect to the applicable law and
19 potential defenses to the claims of the Class. Class Counsel has diligently pursued an
20 investigation of the Class Members’ claims against Defendant. Based on the foregoing data and
21 on their own independent investigation and evaluation, Class Counsel is of the opinion that the
22 settlement with Defendant for the consideration and on the terms set forth in this Settlement
23 Agreement is fair, reasonable, and adequate and is in the best interest of the Class Members in
24 light of all known facts and circumstances, including the risk of significant delay and uncertainty
25 associated with litigation, various defenses asserted by Defendant, and numerous potential
26 appellate issues.

27 44. On February 21, 2023, Plaintiff and Defendant participated in a full-day
28 mediation with Eve Wagner, Esq., a well-respected wage-and-hour mediator. At the conclusion
of mediation which involved extensive arms-length negotiations, Ms. Wagner issued a

mediator's proposal which was ultimately accepted by the Parties.

45. This Settlement is a compromise of disputed claims. The Parties agree that neither the Parties' Settlement, this Agreement, nor the acts to be performed or judgment to be entered pursuant to the terms of the Settlement and Agreement, shall be construed as an admission by Defendant of any wrongdoing or violation of any statute or law or liability on the claims or allegations in the Action.

46. Stipulation for Class Certification. For settlement purposes only, Defendant will stipulate that the Class Members described herein may be conditionally certified as a Class. This stipulation to certification is in no way an admission that class action certification is proper and shall not be admissible in this or in any other action except for the sole purposes of enforcing this Agreement. Should, for whatever reason, the Court fail to issue Final Approval, the Parties' stipulation to class certification as part of the Settlement shall become null and void ab initio and shall have no bearing on, and shall not be admissible in connection with, the issue of whether certification would be appropriate in a non-settlement context. Defendant expressly reserves its rights and declares that it would continue to oppose class certification and the substantive merits of the case should the Court fail to issue Final Approval. Plaintiff expressly reserves his rights and declares that he will continue to pursue class certification and a trial should the Court fail to issue Final Approval.

C. Terms of Settlement

47. The financial terms of the Settlement are as follows:

(a) Settlement Amount: The Parties agree to settle this Action for the Settlement Amount, unless increased pursuant to the Escalator Clause and Defendant's obligation to separately pay its share of payroll taxes on the wage portion of the Individual Class Payments, which is the maximum amount that will be paid by Defendant and includes Individual Class Payments, Class Counsel's Attorneys' Fees and Costs Award, the Service Payment to the Class Representative, Administration Costs, and PAGA Penalties.

(b) Net Settlement Amount: The "Net Settlement Amount" is defined as the Settlement Amount less the Attorneys' Fees and Costs Award, the Service Payment to the Class Representative as awarded by the Court, the Administration Costs, and PAGA Penalties. If the

1 Court reduces the Attorneys' Fees and Costs Award, Service Award, or Administrator Costs, or
2 either increases or decreases the amount allocated to the PAGA Penalties, the difference shall be
3 placed in the Net Settlement Amount and allocated to the Class.

4 (c) The Individual Class Payment for each Participating Class Member will be
5 calculated by the Administrator using the Class Data provided by Defendant as follows.

6 Compensable workweeks will be all Weeks Worked by Participating Class Members during the
7 Class Period. The dollars per compensable workweek will be calculated by dividing the total
8 Weeks Worked by Participating Class Members into the Net Settlement Amount to determine a
9 per workweek value ("Workweek Value"). The Workweek Value will be multiplied by the
10 number of Weeks Worked by a Participating Class Member during the Class Period to determine
11 the Individual Class Payment for a Participating Class Member.

12 (d) Allocation of Individual Class Payments: The Individual Class Payments
13 to Participating Class Members will be allocated as follows: 25% will be allocated as wages
14 subject to withholding of all applicable local, state and federal taxes; and 75% will be allocated
15 for interest and statutory penalties pursuant to, applicable California Labor Code sections from
16 which no taxes will be withheld. If required based on the settlement amounts, the Administrator
17 will issue to each Participating Class Member and/or PAGA Group Member an Internal Revenue
18 Service Form W-2 and comparable state forms with respect to the wage allocation and a Form
19 1099 with respect to the penalties and interest allocations.

20 (e) Service Payment to Class Representative: The amount, if any, awarded to
21 the Class Representative as a Service Payment will be set by the Court in its discretion, not to
22 exceed \$7,500, in recognition of the service that Plaintiff performed on behalf of the Class and in
23 return for executing a general release with Defendant as to Class Representative's Released
24 Claims as defined below. Defendant agrees not to oppose this request. The Service Payment to
25 Plaintiff will be paid out of the Settlement Amount. The Class Representative will be issued an
26 IRS Form 1099 in connection with this payment. Plaintiff shall be solely and legally responsible
27 to pay all applicable taxes on this payment. The Parties agree that any amount awarded as the
28 Service Payment to Plaintiff less than the requested amount shall not be a basis for Class Counsel
to void this Settlement Agreement. Should the Court approve a lesser amount for the Service

1 Payment, the difference shall be added to the Net Settlement Amount to be distributed to the
2 Participating Class Members.

3 (f) Attorneys' Fees and Costs Award: Defendant agrees to not oppose a
4 request by Class Counsel to the Court for an award of attorneys' fees of one-third of the
5 Settlement Amount, plus reasonable litigation costs not to exceed \$20,000 ("Attorney's Fees and
6 Cost Award"). Defendant agrees not to oppose any contention by Class Counsel that attorneys'
7 fees should be based on the common fund theory. The Attorney's Fee and Cost Award shall be
8 paid from the Settlement Amount, and, except for this award, Defendant shall have no further
9 obligation to pay any attorneys' fees, costs, or expenses to Class Counsel. Should the Court
10 approve a lesser amount than what is sought by Class Counsel, the difference shall be added to
11 the Net Settlement Amount to be distributed to the Participating Class Members. Any Court
12 order awarding less than the amount sought by Class Counsel shall not be grounds to rescind the
13 Settlement Agreement or otherwise void the Settlement. The Administrator shall issue to Class
14 Counsel an IRS Form 1099 reflecting the amount of attorneys' fees and costs awarded by the
15 Court.

16 (g) Administration Costs: The fees and other charges of the Administrator
17 will be paid from the Settlement Amount, not to exceed \$7,000, unless an increase is justified by
18 the Administrator and is agreed to by the Parties and approved by the Court.

19 (h) PAGA Penalties: The Parties agree that \$90,000 is allocated to PAGA
20 Penalties, and is to be paid from the Settlement Amount, subject to Court approval. Of this
21 amount, \$67,500 (75%) shall be paid to the LWDA as its share of civil penalties under PAGA,
22 and \$22,500 (25%) will be the total amount allocated to Individual PAGA Payments to the
23 PAGA Settlement Employees, which for simplicity shall be calculated and allocated pro-rata on
24 a workweek basis, even though Defendant's pay periods were bi-weekly during the relevant
25 period. The Individual PAGA Payments will be treated entirely as civil penalties and shall be
26 reported to the extent required on an IRS Form 1099. Class Counsel shall give proper notice to
27 the LWDA of the Settlement by submitting a copy of this Settlement Agreement to the LWDA at
28 the same time as they submit this Settlement Agreement to the Court for Preliminary Approval,
as required by California Labor Code § 2699(1)(2). Within ten (10) days following the Final

1 Approval Order, Class Counsel shall submit a copy of the Final Approval Order and Judgment
2 entered by the Court to the LWDA, as required by California Labor Code § 2699(1)(3).

3 (i) Tax Liability: Class Counsel and Defendant make no representations as to
4 the tax treatment or legal effect of settlement amounts called for hereunder, and Plaintiff and the
5 Class Members are not relying on any statement or representation by Class Counsel or Defendant
6 in this regard. Plaintiff, Participating Class Members, and PAGA Settlement Employees
7 understand and agree that they will be solely responsible for the payment of any taxes and
8 penalties assessed on their respective Individual Class Payments and Individual PAGA
9 Payments, described herein. The portion of Individual Class Payments deemed payment for
10 settlement of claims for wages and expenses shall be reported on Form W-2 with respect to the
11 year of payment as wage income to the Class Member by the Administrator on behalf of the
12 QSF. The Administrator shall issue I.R.S. Form 1099 if required for the remaining portion of the
13 Individual Class Payment and for any Individual PAGA Payment. If the Code, the regulations
14 promulgated thereunder, or other applicable tax law, is changed after the date of this Agreement,
15 the processes set forth in this Section may be modified in a manner to bring Defendant into
16 compliance with any such changes. Plaintiff, Participating Class Members, and PAGA
17 Settlement Employees understand and agree that they will be solely responsible for the payment
18 of any taxes and penalties assessed on their respective payments described herein.

19 (j) CIRCULAR 230 DISCLAIMER. EACH PARTY TO THIS
20 AGREEMENT (FOR PURPOSES OF THIS SECTION, THE “ACKNOWLEDGING PARTY”
21 AND EACH PARTY TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING
22 PARTY, AN “OTHER PARTY”) ACKNOWLEDGES AND AGREES THAT (1) NO
23 PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR
24 DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND
25 OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR SHALL ANY SUCH
26 COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE
27 RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES
28 TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE
ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER OR ITS

OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISOR TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISOR'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT.

(k) "Non-Reversionary" Settlement. This is a "non-reversionary" settlement. Under no circumstances will any portion of the Settlement Amount revert to Defendant. Participating Class Members and PAGA Settlement Employees will not have to make a claim in order to receive an Individual Class Payment or Individual PAGA Payment. Distributions, in the form of Individual Class Payments or Individual PAGA Payments will be made directly to each Participating Class Member and PAGA Settlement Employee. The Administrator shall be responsible for accurately and timely reporting and remittance obligations with respect to unclaimed funds as a result of a Participating Class Member and/or PAGA Settlement Employee not cashing any checks delivered pursuant to the Settlement by the check cashing deadline, as set forth herein.

(l) Class Counsel and Plaintiff believe that the Settlement is fair and reasonable and will so represent same to the Court.

D. Release by the Participating Class Members

48. As of the Effective Date, Plaintiff and the Participating Class Members will forever completely release and discharge the Released Parties from the Released Class Claims for the Class Period.

49. Each Participating Class Member will be deemed to have made the foregoing Release as if by manually signing it.

E. Release of PAGA Claims

50. As of the Effective Date, Plaintiff and the PAGA Settlement Employees shall completely release and discharge the Released Parties from the Released PAGA Claims for the PAGA Period.

51. Regardless of whether a Class Member submits a valid Request for Exclusion, neither Plaintiff nor any PAGA Settlement Employee shall have the right to opt-out or otherwise exclude themselves from releasing the Released PAGA Claims.

52. It is the intent of the Parties that the Final Approval judgment shall have full equitable and collateral estoppel and res judicata effect to the fullest extent permitted by law.

F. Release by Plaintiff and Class Representative

53. Class Representative does hereby, for himself and his spouses, heirs, successors, beneficiaries, devisees, legatees, executors, administrators, trustees, conservators, guardians, personal representatives, and assigns forever and completely release and discharge the Released Parties from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts, and expenses (including back wages, statutory penalties, civil penalties, liquidated damages, exemplary damages, interest, attorneys' fees, and costs) of any nature whatsoever, from the beginning of time through the execution of this Stipulation, whether known or unknown, suspected or unsuspected, including but not limited to all claims arising out of, based upon, or relating to Class Representative's employment with Defendant or the termination of such employment (the "Class Representative's Released Claims").

54. Without limiting the generality of the foregoing, this general release by Plaintiff includes all federal, state and local statutory claims, federal and state common law claims (including but not limited to those for contract, tort and equity), including without limitation the Americans with Disabilities Act, Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964 (as amended), 42 USC sec. 1981, 42 USC sec. 1983, the Fair Labor Standards Act, the Employment Retirement Security Income Act of 1974, the California

1 Constitution, the California Fair Employment and Housing Act, the California Unfair
2 Competition Act (California Business and Professions Code section 17200 et seq.), and the
3 California Labor Code.

4 55. Plaintiff agrees that there is a risk that any injury that he may have suffered by
5 reason of the Released Parties' relationship with him might not now be known, and there is a
6 further risk that said injuries, whether known or unknown at the date of this Settlement
7 Agreement, might possibly become progressively worse, and that as a result thereof further
8 damages may be sustained. Nevertheless, Plaintiff agrees to forever and fully release and
9 discharge the Released Parties, and understands that by the execution of this Settlement
10 Agreement no further claims for any such injuries that existed at the time of the execution of this
11 Settlement Agreement may ever be asserted by Plaintiff with respect to claims arising in the time
12 period from the beginning of time to the execution of this Settlement Agreement.

13 56. Plaintiff expressly waives and relinquishes all rights and benefits afforded by
14 Section 1542 of the Civil Code of the State of California and does so understanding and
15 acknowledging the significance of the waiver of Section 1542. Section 1542 of the Civil Code
16 of the State of California states:

17 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS
18 THAT THE CREDITOR OR RELEASING PARTY DOES NOT
19 KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT
20 THE TIME OF EXECUTING THE RELEASE AND THAT, IF
21 KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY
AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR
OR RELEASED PARTY.

22 Notwithstanding the provisions of Section 1542, and for the purpose of implementing a
23 full and complete release and discharge of all parties, Class Representative expressly
24 acknowledges that this Settlement Agreement is intended to include in its effect, without
25 limitation, all claims against the Released Parties, known or unknown, suspected or unsuspected,
26 which exist or may exist on behalf of or against the other at the time of execution of this
27 Settlement Agreement, including, but not limited to, any and all claims relating to or arising from
28 Plaintiffs' employment. The only claims not covered by this release are claims that cannot be
released by private or court approved agreement under applicable law.

1 **G. Interim Stay of Proceedings**

2 57. Pending completion of all of the prerequisites necessary to effectuate this
3 Settlement, the Parties agree, subject to Court approval, to a stay of all proceedings in the Action
4 except such as is necessary to effectuate the Settlement.

5 **H. Notice Process**

6 58. Appointment of Administrator. The Parties have agreed to the appointment of the
7 Administrator to perform the duties of a settlement administrator, including mailing the Notice,
8 exercising its judgment to determine the current mailing address for each Settlement Class
9 Member, including performing a skip-trace to identify any updated addresses,
10 independently reviewing and verifying documentation associated with any opt-out requests,
11 resolving any disputes regarding the calculation or application of the formula for determining the
12 Individual Class Payments and Individual PAGA Payments, issuing and mailing the settlement
13 checks to Participating Class Members and PAGA Settlement Employees, issuing all necessary
14 tax forms, and performing such other tasks as set forth herein or as the Parties mutually agree or
15 that the Court orders.

16 59. Additional Duties of the Administrator. The Administrator shall upload and
17 maintain on its website the following non-inclusive list of documents: the Settlement Agreement,
18 the Notice Packet, the Motion for Preliminary Approval, the Order granting Preliminary
19 Approval, the Motion for Final Approval, and the Order granting Final Approval. These
20 documents shall be accessible by the Class via URL link that will be provided in the Notice.

21 60. Disputes Regarding Administration. Any disputes not resolved by the Parties and
22 the Settlement Administrator concerning the administration of the Settlement will be resolved by
23 the Court under the laws of the State of California. Prior to any such involvement of the Court,
24 counsel for the Parties will confer in good faith to attempt to resolve the dispute without
25 involving the Court.

26 61. Class Data. Within thirty (30) days after entry of the Preliminary Approval
27 Order, Defendant shall provide the Class Data to the Administrator. The Administrator will
28 inform the Parties within five (5) days of receipt of the Class Data if the Escalator Clause has
been triggered and, if so, if the Administrator will seek an adjustment of the Administration

Costs. The Administrator also will run a check of the Class Members' addresses against those on file with the U.S. Postal Service's National Change of Address List. The Class Data provided to the Administrator will remain confidential, will be used solely for purposes of administration of the Settlement, and will not be used or disclosed to anyone, except as required by applicable tax authorities, pursuant to Defendant's express written consent, or by order of the Court. Although Class Counsel will not be provided with the Class Data, nothing herein shall prevent Class Counsel from responding to inquiries or requests from Class Members regarding the Action and Settlement.

62. Total Workweeks. At least 5 days prior to mailing the Notice, the Administrator shall provide a spreadsheet to Class Counsel and Defense Counsel containing a preliminary calculation of all payments to be paid from the Settlement Amount, including the estimated Individual Class Payments to each Class Member and Individual PAGA Payments to each PAGA Settlement Employee (a person's name shall be redacted and a control number used in place of the name). In the event that the total Workweeks worked by all Class Members through May 22, 2023 triggers the Escalator Clause, the Administrator shall notify the Parties.

63. Notice Packet. The Notice Packet, as approved by the Court, shall be sent by the Administrator to the Class Members, by first class mail, in English, within ten (10) calendar days following the Administrator's receipt of the Class Data. For all Class Members, the Notice Packet will include the Notice, a Request for Exclusion Form, and an Objection Form. The Administrator shall use reasonable skip trace methods to obtain forwarding addresses of Class Members if any envelopes are returned.

64. Returned Notice Packets. The Administrator will take steps to ensure that the Notice Packet is received by all Class Members, including utilization of the National Change of Address Database maintained by the United States Postal Service to review the accuracy of and, if possible, update a mailing address. Notice Packets will be re-mailed to any Class Member for whom an updated address is located within ten (10) calendar days following both the Administrator learning of the failed mailing and its receipt of the updated address. The Notice Packet shall be identical to the original Notice Packet, except that it shall notify the Class Member that the exclusion (opt-out) request or objection must be returned by no later than 15

(fifteen) days from the original Response Deadline.

65. Presumption Regarding Receipt of Notice Packet. It will be conclusively presumed that if an envelope has not been returned undeliverable to Administrator by the Response Deadline that the Class Member received the Notice Packet.

66. Disputes Regarding Class Data. Class Members are deemed to participate in the Settlement unless they opt-out. Regardless of whether any Class Members opt out of the Class Settlement, they will still be bound by the PAGA Release if they are a PAGA Settlement Employee. The Notice will inform Class Members of the number of Workweeks he/she worked during the Class Period and the PAGA Period. Class Members may dispute their Weeks Worked if they feel they should be credited with more Weeks Worked in the Class Period and/or PAGA Period in California than Defendant's records show by timely submitting evidence to the Administrator. Defendant's records will be presumed determinative absent reliable evidence to rebut Defendant's records, but the Administrator will evaluate the evidence submitted by the Class Member and provide the evidence submitted to Class Counsel and Defense Counsel who agree to meet and confer in good faith about the evidence to determine the Class Member's actual number of Workweeks and estimated Individual Class Payment and Individual PAGA Payment. If Class Counsel and Defense Counsel are unable to agree, the Administrator will determine the eligibility for and amount of any Individual Class Payment and Individual PAGA Payment, which will be binding upon the Class Members and the Parties. Class Members and PAGA Settlement Employees will have until the Response Deadline to dispute Weeks Worked, object or opt out, unless extended by the Court.

67. Declaration of Due Diligence. The Administrator shall provide counsel for the Parties, at least twenty-five (25) days prior to the final approval hearing, a declaration of due diligence and proof of mailing with regard to the mailing of the Notice Packet.

68. Class Members' Rights. Each Class Member will be advised of the Settlement, the ability to object to the settlement, and the ability to request exclusion from the Class Action Settlement. The Notice Packet will inform the Class Members of the Court-established deadlines for filing objections or requesting exclusion from the Settlement in accordance with the following guidelines:

1 (a) Requests for Exclusion from Class. Any Class Member, other than
2 Plaintiff, may request to be excluded from the Class by completing and submitting a Request for
3 Exclusion, using the Form provided within the Notice Packet. The Request for Exclusion Form
4 must be mailed to the Administrator and postmarked on or before the Response Deadline in
5 order to be timely, unless the Parties otherwise agree in writing. Any such Request must be
6 made in accordance with the terms set forth in the Notice Packet. The Administrator shall attach
7 each Request for Exclusion to its declaration of due diligence and file with the Court prior to the
8 Final Approval Hearing. Any Class Member who timely requests exclusion in compliance with
9 these requirements: (i) will not have any rights under this Agreement as to the Class Action
10 Settlement, including the right to object to or otherwise challenge the Settlement; (ii) will not be
11 entitled to receive any Individual Class Payment under this Agreement; and (iii) will not be
12 bound by the Class Action Settlement including the Released Class Claims. Any Class Member
13 who is a PAGA Settlement Employee who requests timely exclusion will still be bound by the
14 PAGA Settlement and Judgment including the Released PAGA Claims to the fullest extent
15 permitted by law and will receive an Individual PAGA Payment. The Parties and their counsel
16 shall not encourage or solicit Class members to submit requests for exclusion or objections,
17 directly or indirectly, through any means.

18 (b) Binding Effect on Participating Class Members. All Participating Class
19 Members will: (i) be bound by the terms and conditions of this Agreement, the Final Approval
20 Judgment, and the releases set forth herein; and (ii) unless they object as set forth herein, will be
21 deemed to have waived all objections and oppositions to the fairness, reasonableness, and
22 adequacy of the Settlement.

23 (c) Objections to Settlement. Any Class Member, other than Plaintiff, who
24 does not submit a valid and timely Request for Exclusion may object to the terms of this
25 Agreement by completing an Objection Form provided within the Notice Packet. To object, the
26 Class Member must mail the Objection to the Administrator, postmarked by the Response
27 Deadline in order to be timely, unless the Parties otherwise agree in writing. Additionally, any
28 objection must be made in accordance with the terms set forth in the Notice Packet. The
Administrator shall provide any objections to Class Counsel and Defense Counsel within three

1 (3) days of receipt, and the Administrator shall attach the same to its declaration of due diligence
2 and file with the Court prior to the Final Approval Hearing. Any Participating Class Member
3 who files an objection remains eligible to receive an Individual Class Payment. Plaintiff and
4 Defendants shall not be responsible for any fees, costs, or expenses incurred by any Class
5 Member and/or his or her counsel related to any objections to the Settlement. Submitting an
6 objection does not preserve the right to appeal a final judgment. Rather, the right to appeal is
7 preserved by becoming a party of record by timely and properly intervening or filing a motion to
8 vacate the judgment under Code of Civil Procedure § 663.

9 (d) Failure to Object. Any Class Member who does not timely and properly
10 become a party of record by intervening or filing a motion to vacate the judgment waives any
11 and all rights to appeal from the Judgment, including all rights to any post-judgment proceeding
12 and appellate proceeding, such as a motion to vacate judgment, motion for new trial, a motion
13 under California Code of Civil Procedure section 473, and extraordinary writs.

14 (e) Responses to Objections. Counsel for the Parties may jointly or separately
15 file a response to any objections submitted by any Class Members at least five (5) court days
16 before the date of the Final Approval Hearing.

17 (f) Class Members will have until the Response Deadline to object or submit
18 a Request for Exclusion to the Administrator by U.S. Mail. The Administrator shall disclose
19 jointly to Class Counsel and Defense Counsel on a weekly basis all objections or Requests for
20 Exclusion that were submitted.

21 69. Funding of the Settlement Amount. Defendant shall deposit the Settlement
22 Amount, plus Defendant's share of payroll taxes owed on Individual Class Payments, into the
23 QSF within thirty (30) days after the Effective Date or notice by the Administrator of the amount
24 of Defendant's share of payroll taxes, whichever is later.

25 70. Distribution of Funds. No later than ten (10) calendar days after the deposit of the
26 Settlement Amount by Defendant, the Administrator shall mail the Individual Class Payments to
27 the Participating Class Members, the Individual PAGA Payments to the PAGA Settlement
28 Employees, the payment to Class Counsel for the Attorneys' Fees and Costs Award, any Service
Payment to the Class Representative, the payment to the LWDA for PAGA Penalties, and will

1 pay itself the Administration Costs from the Settlement Amount.

2 71. Deadline for Cashing/Depositing Settlement Checks. Participating Class
3 Members and PAGA Settlement Employees shall have 180 calendar days after mailing by the
4 Administrator to cash or deposit their settlement checks. If any check is not cashed within that
5 period, the check will be void and a stop-payment will be issued, and the Administrator shall
6 issue the unclaimed funds to the following cy pres in accordance with CCP section 384: Public
7 Counsel (publiccounsel.org). Neither party nor their counsel have an interest or affiliation with
8 this cy pres entity. The applicable releases will be binding upon all Participating Class Members
9 and PAGA Settlement Employees regardless of whether they cash or deposit their settlement
10 checks. In the event that any settlement check is returned to the Administrator within 180 days
11 of mailing, the Administrator will, within five (5) business days of receipt of the returned
12 settlement check, perform a skip trace to locate the individual, and notify Defense Counsel and
13 Class Counsel of the results. If a new address is located by these means, the Administrator will
14 have ten (10) business days to re-issue the check. Neither Defendant, Defense Counsel, Class
15 Counsel, Plaintiff, nor the Administrator will have any liability for lost or stolen settlement
16 checks, forged signatures on settlement checks, or unauthorized negotiation of settlement checks.
17 Without limiting the foregoing, in the event a Participating Class Member and/or PAGA
18 Settlement Employee notifies the Administrator that he or she believes that a settlement check
19 has been lost or stolen, the Administrator shall immediately stop payment on such check. If the
20 check in question has not been negotiated prior to the stop payment order, the Administrator will
21 issue a replacement check.

22 **I. Duties of the Parties Prior to the Court's Approval**

23 72. Promptly after execution of this Agreement, Plaintiff will move the Court for
24 Preliminary Approval of this Settlement and entry of the Preliminary Approval Order jointly
25 prepared by the Parties accomplishing the following:

- 26 (a) Approving as to form and content the proposed Notice;
- 27 (b) Directing the mailing of the Notice by first class mail to the Class
- 28 Members;
- (c) Preliminarily approving this Settlement;

- 1 (d) Preliminarily certifying the class for purposes of this Settlement only;
2 (e) Advising the LWDA of the proposed Settlement; and
3 (f) Scheduling the Final Approval Hearing on the issue of whether this
4 Settlement should be finally approved as fair, reasonable and adequate.

5 **J. Duties of the Parties Following Court's Final Approval**

6 73. In connection with the Final Approval Hearing provided for in this Agreement,
7 Class Counsel shall submit a proposed Final Approval Order jointly prepared by the Parties:

- 8 (a) Approving the Settlement, adjudging the terms thereof to be fair,
9 reasonable and adequate, and directing consummation of its terms and provisions;
10 (b) Approving Class Counsel's application for an award of attorneys' fees and
11 reimbursement of litigation costs and expenses, the Service Payment to the Class Representative,
12 and the payment to the Administrator for costs of administering the settlement; and
13 (c) Entering judgment pursuant to the Settlement.

14 **K. Voiding the Agreement**

15 74. If the Court fails or refuses to issue the Final Approval Order or fails to approve
16 any material condition of this Agreement which effects a fundamental change of the Settlement,
17 the entire Agreement shall be rendered voidable and the Parties will be restored to their
18 respective positions as if they had not entered into the Agreement.

19 75. To the extent that more than ten (10) Settlement Class Members submit valid
20 Requests for Exclusion, Defendant has the option to nullify this settlement within ten (10) days
21 of notification by the Administrator after the Response Deadline of the total number of Requests
22 for Exclusion, via a written notice to Class Counsel. If Defendant exercises this option, the
23 Settlement will become void and unenforceable in its entirety and the Parties shall be returned to
24 their status as if this Agreement had not been executed, except that any costs of administration
25 already incurred by the Administrator shall be paid by Defendant.

26 76. If the Settlement is voided or fails for any reason, Plaintiff and Defendant will
27 have no further obligations under the Settlement, including any obligation by Defendant to pay
28 the Settlement Amount, or any amounts that otherwise would have been owed under this
Settlement. The Parties further agree that this Agreement will not be admissible in this or any

1 other proceeding as evidence that either (i) a class action should be certified or not decertified, or
2 that this matter may proceed as a representative action; or (ii) Defendant is liable to Plaintiff or
3 any Class Member other than according to the Settlement's terms. In the event that the
4 Settlement is not approved or otherwise voided, Defendant expressly reserves all rights to
5 challenge certification of a class, or Plaintiff's ability to maintain a representative action, for all
6 purposes.

7 77. If the Settlement is voided or fails for any reason other than as described in
8 paragraph 74, any costs incurred by the Administrator shall be borne equally by Defendant and
9 Plaintiff, unless otherwise specified in this Agreement.

10 **L. Other Terms**

11 78. Waiver. The waiver by one Party of any breach of this Agreement by another
12 Party shall not be deemed a waiver of any other prior or subsequent breach of this Agreement.

13 79. Parties' Authority. The signatories hereto represent that they are fully authorized
14 to enter into this Agreement and bind the Parties hereto to the terms and conditions hereof.

15 80. Mutual Full Cooperation. The Parties agree to fully cooperate with each other to
16 accomplish the terms of this Agreement, including but not limited to, execution of such
17 documents and to take such other action as may reasonably be necessary to implement the terms
18 of this Agreement. The Parties to this Agreement shall use their best efforts, including all efforts
19 contemplated by this Agreement and any other efforts that may become necessary by order of the
20 Court, or otherwise, to effectuate this Agreement and the terms set forth herein. As soon as
21 practicable after execution of this Agreement, Class Counsel shall, with the assistance and
22 cooperation of Defendant and Defense Counsel, take all necessary steps to secure the Court's
23 preliminary and final approval of the settlement, and the final entry of judgment.

24 81. No Prior Assignments. The Parties hereto represent, covenant, and warrant that
25 they have not, directly or indirectly, assigned, transferred, encumbered, or purported to assign,
26 transfer, or encumber to any person or entity any portion of any liability, claim, demand, action,
27 cause of action or rights released and discharged by this Agreement.

28 82. No Admission. Defendant denies any and all liability to Plaintiff and/or any Class
Member and/or PAGA Settlement Employee in this Action, as to any and all causes of action

1 that were asserted or that might have been asserted in this Action. Nonetheless, Defendant
2 wishes to settle and compromise the matters at issue in the Complaint to avoid further substantial
3 expense and the inconvenience and distraction of protracted and burdensome litigation.
4 Defendant has taken into account the uncertainty and risks inherent in litigation, and without
5 conceding the validity of any claims or any infirmity in the defenses that it has asserted or could
6 assert in the Action, has determined that it is desirable and beneficial that Plaintiff's claims be
7 settled in the manner and upon the terms and conditions set forth in this Agreement.

8 83. Inadmissibility of Agreement. Whether or not the Court issues the Final Approval
9 Order, nothing contained herein, nor the consummation of this Agreement, is to be construed or
10 deemed an admission of liability, culpability, negligence, or wrongdoing on the part of
11 Defendant or any of the other Released Parties. Each of the Parties hereto has entered into this
12 Agreement with the intention of avoiding further disputes and litigation with the attendant
13 inconvenience and expenses. This Agreement is a settlement document, and it, along with all
14 related documents such as the notices, and motions for preliminary and final approval, shall,
15 pursuant to California Evidence Code section 1152 and/or Federal Rule of Evidence 408, be
16 inadmissible in evidence in any proceeding, except that the Settlement may be filed and used in
17 this litigation or any related litigation as necessary to approve, interpret, or enforce this
18 Settlement, or in any subsequent action against or by Defendants to support a stay of such
19 subsequent action, or to establish a defense of res judicata, collateral estoppel, release, good faith
20 settlement, judgment bar, or reduction, or any other theory of claim preclusion or issue
21 preclusion or similar defense or counterclaim. The stipulation for class certification as part of
22 this Agreement is for settlement purposes only and if, for any reason the settlement is not
23 approved, the stipulation will be of no force or effect.

24 84. No Publicity. The Parties will not publicize the Settlement or disclose it to third
25 parties prior to the Court granting Preliminary Approval, except as required or necessary to
26 effectuate its terms and comply with law. After Preliminary Approval and the Final Approval
27 Date, Class Counsel and Class Representative agree that they will not discuss the Settlement
28 with the media, any settlement and verdict reporting service, any social media postings or other
Internet postings. Nothing herein shall be construed to prevent Class Counsel from the public

1 filing of motions or other case materials in the Action related to seeking and obtaining Court
2 approval of this Settlement and the related awards of attorneys' fees and costs, or to
3 communications with Class Members or their representatives about this Settlement, including
4 through the posting of Court-filed documents on Class Counsel's websites for access solely by
5 the Class Members, or to prevent the Parties or their representatives from communicating with
6 financial or legal advisors regarding the Settlement. In response to any media inquiry, Class
7 Counsel may state only that the Action has been settled on terms mutually agreeable to the
8 Parties.

9 85. Construction. The Parties hereto agree that the terms and conditions of this
10 Agreement are the result of lengthy, intensive arms' length negotiations between the Parties and
11 that this Agreement shall not be construed in favor of or against any Party by reason of the extent
12 to which any Party or his or its counsel participated in the drafting of this Agreement. Plaintiff
13 and Defendant expressly waive the common-law and statutory rule of construction that
14 ambiguities should be construed against the drafter of an agreement and further agree, covenant,
15 and represent that the language in all parts of this Agreement shall be in all cases construed as a
16 whole, according to its fair meaning.

17 86. Captions and Interpretations. Paragraph titles or captions contained herein are
18 inserted as a matter of convenience and for reference, and in no way define, limit, extend, or
19 describe the scope of this Agreement or any provision hereof. Each term of this Agreement is
20 contractual and not merely a recital.

21 87. Modification. This Agreement may not be changed, altered, or modified, except
22 in writing and signed by the Parties hereto or their counsel, and if necessary approved by the
23 Court. This Settlement Agreement may not be discharged except by performance in accordance
24 with its terms or by a writing signed by all of the Parties hereto.

25 88. Dispute Resolution. Prior to instituting legal action to enforce the provisions of
26 this Agreement or to declare rights and/or obligations under this Agreement, a Party shall
27 provide written notice to the other Party and allow an opportunity to cure the alleged
28 deficiencies, and Plaintiff and Defendant may agree to seek the help of the Mediator to resolve
any dispute they are unable to resolve informally. This provision shall not apply to any legal

1 action or other proceeding instituted by any person or entity other than Plaintiff or Defendant.

2 89. Jurisdiction of the Court. Consistent with California Code of Civil Procedure
3 section 664.6 and California Rules of Court, Rule 3.769(h), the Court shall retain jurisdiction
4 over the Parties with respect to the interpretation, implementation, and enforcement of the
5 Agreement.

6 90. Choice of Law. This Settlement Agreement shall be governed by and construed,
7 enforced and administered in accordance with the laws of the State of California, without regard
8 to its conflicts-of-law rules.

9 91. Integration Clause. This Settlement Agreement contains the entire agreement
10 between the Parties relating to the settlement and transaction contemplated hereby, and all prior
11 or contemporaneous agreements, understandings, representations, and statements, whether oral
12 or written and whether by a Party or such Party's legal counsel, are merged herein. No rights
13 hereunder may be waived except in writing.

14 92. Binding On Assigns. This Agreement shall be binding upon and inure to the
15 benefit of the Parties hereto and their respective heirs, trustees, executors, administrators,
16 successors and assigns.

17 93. Signatures of All Class Members Unnecessary to be Binding. It is agreed that,
18 because the members of the Class are numerous, it is impossible or impractical to have each
19 Class Member execute this Agreement. The Notice will advise all Class Members of the binding
20 nature of the release provided herein and such shall have the same force and effect as if this
21 Agreement were executed by each Class Member.

22 94. Counterparts. This Agreement may be executed in counterparts, and when each
23 Party has signed and delivered at least one such counterpart, each counterpart shall be deemed an
24 original, and, when taken together with other signed counterparts, shall constitute one fully
25 signed Agreement, which shall be binding upon and effective as to all Parties. Electronic
26 signatures shall have the same force and effect as an original.
27
28

1 Dated: May 26, 2023

PLAINTIFF AND CLASS REPRESENTATIVE:

2 
Edward Cruz (May 26, 2023 17:21 PDT)

3 Edward Cruz

4 Dated: May ___, 2023

DEFENDANT C T CORPORATION SYSTEM

6 By: _____ (name)

8 _____ (title)

9 **APPROVED AS TO FORM:**

10 Dated: May 26, 2023

CLASS COUNSEL
LAUBY, MANKIN & LAUBY LLP

12 

13 Brian J. Mankin
Attorneys for Plaintiff

15 Dated: May ___, 2023

DEFENSE COUNSEL
MORGAN, LEWIS & BOCKIUS LLP

17 _____
18 John S. Battenfeld, Esq.
Attorneys for Defendant

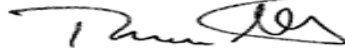
1 Dated: May ___, 2023

PLAINTIFF AND CLASS REPRESENTATIVE:

2
3 Edward Cruz

4 Dated: May 22, 2023

DEFENDANT C T CORPORATION SYSTEM

5
6 

7 By: Thomas Nestor (name)

8 Chief Financial Officer (title)

9 **APPROVED AS TO FORM:**

10 Dated: May ___, 2023

CLASS COUNSEL
LAUBY, MANKIN & LAUBY LLP

11
12
13 Brian J. Mankin
14 Attorneys for Plaintiff

15 Dated: May 22, 2023

DEFENSE COUNSEL
MORGAN, LEWIS & BOCKIUS LLP

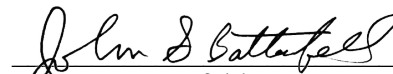
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18 John S. Battenfeld, Esq.
19 Attorneys for Defendant
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EXHIBIT “B”

COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT

Cruz v. C T Corporation System

(Orange County Superior Court, Case No. 30-2022-01261966-CU-OE-CXC)

**YOU MAY BE ENTITLED TO RECEIVE MONEY FROM A SETTLEMENT.
PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED.**

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

A class and representative action settlement has been reached by the parties to a lawsuit involving wage and hour claims. The settlement covers all persons who were employed by Defendant CT Corporation System ("Defendant" or "CT Corp") as an hourly non-exempt employee in the State of California (the "Settlement Class") during the period from May 25, 2018 through May 22, 2023 (the "Class Period"). The settlement resolves a class and representative action lawsuit filed in Orange County Superior Court, entitled *Edward Cruz v. CT Corporation System*, Case No. No. 30-2022-01261966-CU-OE-CXC ("the Action"). Plaintiff alleges that Defendant failed to: pay all wages due, including minimum and overtime wages; provide compliant meal and rest periods or premium compensation in lieu thereof; properly pay vested vacation; timely and properly pay final wages upon separation of employment; issue accurate and complete itemized wage statements; and reimburse employee business expenses. Plaintiff also brings a claim for civil penalties under California's Labor Code Private Attorneys General Act ("PAGA").

Defendant denies liability for all claims and contends that its policies and practices comply with the law. The Settlement avoids costs and risks of continuing the Action; pays money to employees; and releases Defendant from liability from the claims that were or could have been asserted in the Action.

The proposed Settlement has two main parts: (1) a Class Settlement requiring CT Corp to fund Individual Class Payments to Class Members, and (2) a PAGA Settlement requiring CT Corp to fund Individual PAGA Payments to PAGA Settlement Employees and pay penalties to the California Labor and Workforce Development Agency ("LWDA").

Based on Defendant's records, and the Parties' current assumptions, the Workweeks you are credited with working during the Class Period and PAGA Period according to Defendant's records are shown in the chart below. The amount you may receive will depend on several factors. (If no weeks worked are stated for the PAGA Period, then according to Defendant's records, you are not eligible for an Individual PAGA Payment under the Settlement because you did not work during the PAGA Period.)

[CLASS MEMBER NAME]

[ID/CONTROL NUMBER]

Two Parts	Weeks Worked During: Class Period (Class Member) and PAGA Period (If Applicable)	Your Estimated Share
Class Member	INSERT (During Class Period)	\$INSERT (Individual Class Payment)
PAGA Settlement Employee	INSERT (During PAGA Period)	\$INSERT (Individual PAGA Payment)

If you believe that you worked different weeks during either period than Defendant's records show in the chart above, you can submit a dispute by **DATE**, 2023 ("Response Deadline"). See **Section 4** of this Notice.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or not act. Read this Notice carefully. You will be deemed to have carefully read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiff as a Service Award and to Plaintiff's attorneys ("Class Counsel") for their requested fees and costs. If the Settlement is approved the Court will enter an order and judgment that requires Defendant to make payments under the Settlement and bars Class

Members and PAGA Settlement Employees from asserting certain claims against Defendant as described in Question 3 below.

Based on Defendant's records showing that you worked for Defendant during the Class Period and/or the PAGA Period, you have a few options as shown in the Chart below:

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
DO NOTHING AND RECEIVE A SETTLEMENT PAYMENT IF THE SETTLEMENT IS APPROVED	To receive a cash payment from the Settlement, no further action is required on your part. If you do nothing and the Court approves the Settlement, you will be mailed a settlement payment and you will release certain claims. You will be bound by the terms of the Settlement Agreement and will give up your right to sue on the Released Class Claims described in Section 3 .
EXCLUDE YOURSELF FROM THE CLASS SETTLEMENT	If you do <u>not</u> wish to participate in the settlement of the Class Claims, you may "opt-out" of the settlement of the Class Claims, but not the PAGA settlement. If you choose to opt-out, you must submit a Request for Exclusion Form by [REDACTED], 2023 (see Section 6 for more details on how to opt-out). If you opt-out, you cannot object to the Class Settlement and you will receive no money from the class settlement but you will preserve your right to pursue the Released Class Claims described below subject to applicable statutes of limitations. If you are a PAGA Settlement Employee you will be paid a share of the PAGA Payment and will be bound by the PAGA Release, as detailed below
OBJECT TO THE SETTLEMENT	If you decide to object to the settlement of the Class Claims, you must submit an Objection Form stating why you object to the settlement by [REDACTED], 2023 (see Section 7 for details on how to object).
DISPUTE THE NUMBER OF WEEKS WORKED	If you believe the number of workweeks that you were credited with working in the chart above is incorrect, you may submit a written dispute to the Administrator (see Section 4 for more details on how to dispute your credited Weeks Worked). Defendant's records will be presumed correct, but you may provide evidence to the Administrator showing how many Work Weeks you believe you should be credited.

YOU MAY ATTEND THE FINAL APPROVAL HEARING, BUT IT'S NOT EXPECTED OR REQUIRED	
DATE: INSERT DATE, 2023 TIME: 8:30 A.M.	At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement. You don't have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court's virtual appearance platform. Participating Class Members can object to the Settlement prior to or at the Final Approval Hearing. See Section 8 of this Notice.

1. WHAT IS THE ACTION ABOUT?

Plaintiff and Class Representative, Edward Cruz, is a former CT Corp employee. On May 22, 2022, Plaintiff filed the class and representative Action against Defendant, which alleges the following violations of the California Labor Code: failure to pay minimum and overtime wages, failure to provide meal periods and rest breaks and failure to pay meal and rest period premiums, failure to reimburse business expenses, failure to properly pay all vested vacation, failure to timely pay wages each period and upon separation of employment, and failure to provide accurate itemized wage statements. Based on the same claims, Plaintiff has also asserted a claim for civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698, et seq.) ("PAGA"). Plaintiff is represented by attorneys in the Action ("Class Counsel"). See Section 9 below for their contact information.

Defendant strongly denies violating any laws or failing to pay any wages and contends it complied with all applicable laws.

2. WHAT DOES IT MEAN THAT THE ACTION HAS SETTLED?

In preliminarily approving the Settlement, the Court did not make any determination in favor of Plaintiff or Defendant. There has been no decision on the merits or trial. Instead, both sides conducted investigations and analysis of the facts and applicable law, and hired an experienced, neutral mediator in an effort to resolve the Action by negotiating to end the case by agreement (settle the case) rather than continuing the expensive and time-consuming process of litigation. The negotiations were successful. By signing a written settlement agreement (“Agreement”) and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement, Plaintiff and Defendant have negotiated a proposed Settlement that is subject to the Court’s Final Approval. Both sides agree the proposed Settlement is a compromise of disputed claims. By agreeing to settle, Defendant does not admit any violations and it strongly disputes that any of Plaintiff’s claims have merit.

Plaintiff and Class Counsel strongly believe the Settlement is a good deal for you because they believe that: (1) Defendant has agreed to pay a fair, reasonable and adequate amount considering the strength of the claims and the risks and uncertainties of continued litigation; and (2) Settlement is in the best interests of the Class Members and PAGA Settlement Employees. The Court preliminarily approved the proposed Settlement as fair, reasonable and adequate, authorized this Notice, and scheduled a hearing to determine Final Approval.

3. WHAT ARE THE IMPORTANT TERMS OF THE PROPOSED SETTLEMENT?

1. Defendant Will Pay \$950,000 as the Settlement Amount. Defendant has agreed upon final approval of the Settlement to deposit the Settlement Amount into an account controlled by the Administrator of the Settlement. The Administrator will use the Settlement Amount to pay the Individual Class Payments, Individual PAGA Payments, Class Representative Service Payment, Class Counsel’s attorneys’ fees and expenses, the Administrator’s Costs, and PAGA Penalties to be paid to the California Labor and Workforce Development Agency (“LWDA”). Assuming the Court grants Final Approval, Defendant will fund the Settlement not more than 30 days after the Judgment entered by the Court becomes final. The Judgment will be final on the date the Court enters Judgment, or a later date if any Participating Class Member objects to the proposed Settlement or the Judgment is appealed.

2. Court Approved Payments from the Settlement Amount. At the Final Approval Hearing, Plaintiff and/or Class Counsel will ask the Court to approve the following payments from the Settlement, the amounts of which will be decided by the Court at the Final Approval Hearing:

- A. Up to one-third of the Settlement Amount to Class Counsel for attorneys’ fees (\$316,666.66) and up to \$20,000 for their litigation expenses. To date, Class Counsel have worked and incurred expenses on the Action without payment.
- B. Up to \$7,500 to the Class Representative as a Service Payment for filing the Action, working with Class Counsel and representing the Class. The Class Representative’s Service Payment will be the only monies Plaintiff will receive other than Plaintiff’s Individual Class Payment and any Individual PAGA Payment.
- C. Up to \$7,000 to the Administrator for services administering the Settlement.
- D. Up to \$90,000 for PAGA Penalties, allocated 75% to the LWDA PAGA Payment and 25% to Individual PAGA Payments to all PAGA Settlement Employees, which will be divided based on their share of Weeks Worked during the PAGA Period.

3. Net Settlement Distributed to Class Members. After subtracting the above payments in amounts approved by the Court, the Administrator will distribute the rest of the remainder (the “Net Settlement”) by making Individual Class Payments to Participating Class Members based on their Weeks Worked during the Class Period.

4. Taxes Owed on Payments to Class Members. Plaintiff and Defendant are asking the Court to approve an allocation of 25% of each Individual Class Payment to taxable wages (“Wage Portion”) and 75% to penalties and interest (“Non-Wage Portion”). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. Defendant will separately pay employer payroll taxes it owes on the Wage Portion. The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments and the Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms.

Although Plaintiff and Defendant have agreed to these allocations, neither side is giving you any advice on whether your Payments are taxable or how much you might owe in taxes. You are responsible for paying all taxes (including penalties and interest on back taxes) on any Payments received from the proposed Settlement. You should consult a tax advisor if you have any questions about the tax consequences of the proposed Settlement.

5. Need to Promptly Cash Payment Checks. The front of every check issued for Individual Class Payments and Individual PAGA Payments will show the date when the check expires (the void date). If you don’t cash it by the void date, your check will be automatically cancelled. All unclaimed funds will be paid to a court-approved *cy pres* beneficiary consistent with California Code of Civil Procedure § 384 (“Cy Pres Recipient”). The Parties are proposing Public Counsel, which is a not-for-profit public interest law organization, as the Cy Pres Recipient for this Settlement.

6. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you opt-out of the Settlement, not later than the Response Deadline. See Section 6 of this Notice for details on how to Opt-Out.

7. The Proposed Settlement Will be Void If the Court Denies Final Approval. It is possible the Court will decline to grant Final Approval of the Settlement or decline to enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiff and Defendant have agreed that, in either case, the Settlement will be void: Defendant will not pay any money and Class Members will not release any claims against Defendant.

8. Administrator. The Court has appointed a neutral company, Phoenix Class Action Administration Solutions (the “Administrator”) to send this Notice, calculate and make payments, and process Class Members’ Requests for Exclusion and Objections (if any). The Administrator will also decide any Disputes over weeks worked, mail and re-mail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Administrator’s contact information is contained in Section 9 of this Notice.

9. Participating Class Members’ Release. After the Judgment is final and Defendant has fully funded the Settlement Amount and an additional amount to pay employer payroll taxes, Participating Class Members will be legally barred from asserting any of the claims released under the Settlement. This means that unless you opted out by validly excluding yourself from the Class Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against Defendant or related entities for wages, expenses or penalties based on the facts alleged in the Action for the duration of the Class Period and PAGA Period, which are resolved by this Settlement.

The Participating Class Members will be bound by the following release: All Participating Class Members, on behalf of themselves and their respective representatives, agents, heirs, and assigns, release the Released Parties from any and all claims and/or causes of action that were or could have been pled based on the facts alleged in the Complaint and/or the LWDA Notice, including but not limited to, any claim for: (a) failure to pay minimum wages, (b) failure to pay overtime wages (including failure to include additional earned compensation in the calculations for the regular rate of pay), (c) failure to provide meal periods, (d) failure to provide rest breaks, (e) failure to reimburse business expenses, (f) failure to carry over (including due to forfeiture of unused PTO) or pay vested vacation/PTO, (g) failure to timely pay wages during or upon separation of employment, (h) failure to provide accurate itemized wage statements, (i) unfair and unlawful competition, and (j) all other claims for statutory penalties based on such alleged violations, claims based on such alleged facts that could have been brought under the Fair Labor Standards Act (“FLSA”) or under any applicable California Industrial Welfare Commission Wage Order; related common law claims for conversion, other alleged tortious conduct, breach of contract, and misrepresentation; and any other derivative claims under California law including claims for liquidated damages, punitive damages, interest, attorneys’ fees, litigation and other costs, expenses, restitution, and equitable and declaratory relief.

10. Release of Released PAGA Claims. Regardless of whether you exclude yourself from the Class Settlement, after the Court’s judgment is final, and Defendant has paid the Settlement Amount, Plaintiff on behalf of himself, the State of California and the PAGA Settlement Employees shall release the Released Parties from any and all PAGA claims and/or causes of action that were or could have been pled based on the alleged facts and violations set forth in the Complaint and/or the LWDA Notice, including all PAGA claims seeking civil penalties that premised upon (a) failure to pay minimum wages, (b) failure to pay overtime wages, (c) failure to provide meal periods, (d) failure to provide rest breaks, (e) failure to reimburse business expenses, (f) failure to carry over or pay vested vacation, (g) failure to timely pay wages during and upon separation of employment, (h) failure to provide accurate itemized wage statements, and (i) all other claims for civil penalties recoverable under PAGA based on the facts or claims alleged in the Complaint. The time period governing the Released PAGA Claims shall be any time during the PAGA Period.

4. HOW IS MY SETTLEMENT PAYMENT CALCULATED?

1. Individual Class Payments. The Administrator will calculate Individual Class Payments by (a) dividing the Net Settlement Amount by the total number of Weeks Worked by all Participating Class Members during the Class Period, and (b) multiplying the result by the number of Weeks Worked by each individual Participating Class Member during the Class Period.

2. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing \$12,500 by the total number of Weeks Worked by all PAGA Settlement Employees during the PAGA Period and (b) multiplying the result by the number of Weeks Worked by each individual PAGA Settlement Employee during the PAGA Period.

3. Disputing Weeks Worked. The number of weeks you worked during the Class Period and PAGA Period, as recorded in Defendant’s records, are stated in the first page of this Notice. You have until **INSERT DATE HERE** (“Response Deadline”) to dispute the number of Workweeks credited to you by submitting evidence to the Administrator.

You need to support your dispute by sending copies of pay stubs or other records. The Administrator will accept Defendant’s calculation of weeks worked based on Defendant’s records as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because the documents will not be returned to you. The Administrator will resolve Workweek disputed based on your submission and on input from Class Counsel and Defendant’s Counsel. The Administrator’s decision is final. You can’t appeal or otherwise challenge its final decision.

5. HOW AND WHEN WILL I GET PAID?

1. Participating Class Members and PAGA Settlement Employees. The Administrator will send, by U.S. mail, a single check to every Participating Class Member (*i.e.*, every Class Member who does not opt-out) and PAGA Settlement Employee. The single check will combine the Individual Class Payment and, if applicable, the Individual PAGA Payment.

2. PAGA Settlement Employees Only. If you opted out of the Class settlement, but qualify as an PAGA Settlement Employee, then the Administrator will send, by U.S. mail, a single Individual PAGA Payment check to you. .

3. Individual Payments will be mailed to Participating Class Members and PAGA Settlement Employees if the Court grants final approval of the Settlement. How long that will be after the Final Approval Hearing depends on several factors, including whether anyone objects to the Settlement or appeals the Court’s approval.

Your check will be sent to the same address as this Notice. If you change your address, be sure to notify the Administrator as soon as possible. Section 9 of this Notice has the Administrator’s contact information.

6. HOW DO I OPT-OUT OF THE CLASS SETTLEMENT?

You will be treated as a Participating Class Member, participating fully in the Settlement, unless you opt-out of the Settlement, not later than the Response Deadline, by completing, signing, and mailing the accompanying Request for Exclusion Form to the Settlement Administrator, postmarked on or before the Response Deadline (as a reminder, **the “Response Deadline” is DATE, 2023**).

If you submit a timely Request for Exclusion from the Class Settlement (1) will not have any rights under the Class Settlement, including the right to object to, appeal or comment on the Settlement; (2) will not be entitled to receive an Individual Class Payment; (3) will preserve the right to pursue the Released Class Claims, and (4) will not be bound by this Settlement, or the Judgment, except as to the release of PAGA claims.

You cannot opt-out of the PAGA portion of the Settlement. Class Members who exclude themselves from the Class Settlement remain eligible for Individual PAGA Payments.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members (those who do not elect to be excluded from the Settlement) have the right to object to the Settlement. If you remain a Participating Class Member, and 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 or in person or via audio/video appearance at the Final Approval Hearing. **The deadline for sending written objections to the Administrator is [REDACTED], 2023 (the “Response Deadline”).**

If you wish to object to the proposed Settlement, you or your own attorney must submit a written objection, on the enclosed Objection Form or another method stating your objection, and include any and all evidence and supporting papers. The Objection Form or other method and any accompanying evidence and papers must be sent to the Settlement Administrator at the address listed in Section 9 on the Objection Form, **postmarked** on or before the Response Deadline of [REDACTED], 2023. If you do not comply with these procedures and the deadline for objections, the Court may choose not to consider your objection at the Final Approval Hearing, and you may lose the right to contest the approval of the Settlement. You are still eligible to receive a settlement payment should the settlement become Final even if you object to the settlement.

As a Participating Class Member, you can personally state objections to the Settlement (or personally retain a lawyer to object at your own cost) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection. See Section 8 of this Notice (immediately below) for specifics regarding the Final Approval Hearing.

8. WHEN IS THE FINAL APPROVAL HEARING?

On [REDACTED], 2023, the Court will hold a public hearing in Department CX101 of the Civil Complex Center for the Superior Court for the State of California, County of Orange, 751 W. Santa Ana Blvd., Santa Ana, CA 92701 for the purposes of determining whether the proposed Settlement is fair, adequate and reasonable and should be approved, whether to approve Class Counsel’s applications for attorneys’ fees and costs, whether to approve the payment to the LWDA, and whether to approve Plaintiff’s request for the Service Award. This hearing may be continued or rescheduled by the Court without further notice to you other than by you checking the Court’s docket. If you do not object to the proposed Settlement you can but do not need to appear at the hearing and do not need to take any other action. Class Counsel will answer any questions the Judge may have.

9. HOW CAN I GET MORE INFORMATION?

If you have questions about this Notice, the process to Opt-Out or Object, or the Settlement, or if you did not receive this Notice in the mail but obtained it and you believe that you are or may be a member of the Class, you should contact the Administrator for more information or to request that a copy of this Notice be sent to you in the mail.

Settlement Administrator
Name
Mailing Address
Telephone Number

For your convenience, the Administrator has uploaded various documents for this case to the following website: **PLEASE INSERT URL HERE**. Should you desire any additional information, or if you wish to communicate directly with Class Counsel or Defendant’s Counsel, you may contact them at the contact information noted here:

Class Counsel	Defendant's Counsel
Brian Mankin, Esq. <i>brian@LMLfirm.com</i> Lauby Mankin Lauby LLP 5198 Arlington Ave, PMB 513 Riverside, CA 92504 Tel: (951) 320-1444	John S. Battenfeld Tuyet T. Nguyen Lu <i>john.battenfeld@morganlewis.com</i> <i>tuyet.nguyen@morganlewis.com</i> Morgan, Lewis & Bockius LLP 300 South Grand Avenue Twenty-Second Floor Los Angeles, CA 90071-3132 Tel: (213) 612-2500 Fax: (213) 612-2501

You may also seek advice from your own private attorney at your own expense, if you so desire.

This Notice is only a summary. For more detailed information, you may review the Settlement Agreement, containing the complete terms of the proposed Settlement, which is on file with the Court and attached to the Declaration of Brian J. Mankin in Support of Motion for Preliminary Approval of Class Action Settlement filed on [REDACTED], 2023 and which is available to be inspected at any time during regular business hours at the Office of the Clerk, Orange County Superior Court, at 700 Civic Center Drive West, Santa Ana, CA 92701, during regular court hours.

**DO NOT WRITE OR TELEPHONE THE SUPERIOR COURT
TO OBTAIN INFORMATION ABOUT THE SETTLEMENT**

10. WHAT IF I DON'T GET OR I LOSE MY SETTLEMENT CHECK?

If the settlement is approved but you do not receive or you lose or misplace your settlement check before cashing it, you should contact the Administrator who will replace it as long as you request a replacement before the void date on the face of the original check.

11. WHAT IF MY ADDRESS HAS CHANGED?

To ensure that you receive your check, you should immediately notify the Administrator if you have moved or otherwise changed your mailing address.

REQUEST FOR EXCLUSION FORM

Edward Cruz v. C T Corporation System

Orange County Superior Court, Case No. 30-2022-01261966-CU-OE-CXC

[NAME]

[ADDRESS LINE 1]

[ADDRESS LINE 2]

DO YOU WANT TO PARTICIPATE IN THE SETTLEMENT AND RECEIVE A SETTLEMENT CHECK? (check the box that applies)

☐

YES: STOP HERE -- DO NOT RETURN THIS FORM. NO FURTHER ACTION IS NEEDED TO PARTICIPATE IN THE SETTLEMENT.

☐

NO: SIGN, DATE AND RETURN THIS FORM TO EXCLUDE YOURSELF FROM THE SETTLEMENT.

By signing below, I am excluding myself from the Settlement:

I do NOT want to participate in the settlement in *Cruz v. C T Corporation System* (Orange County Superior Court Case No. 30-2022-01261966-CU-OE-CXC). I understand by excluding myself from the settlement that I will not receive any money from the settlement other than an Individual PAGA Payment if I qualify as an Aggrieved Employee (see first page of the Court Approved Notice of Class Action Settlement).

Signed on _____, 2023

[NAME]

MAIL TO THE SETTLEMENT ADMINISTRATOR, BY U.S. MAIL, POSTMARKED NO LATER THAN [INSERT DEADLINE]:

Settlement Administrator:

Name

Mailing Address

Telephone Number

OBJECTION FORM

Edward Cruz v. C T Corporation System

Orange County Superior Court, Case No. 30-2022-01261966-CU-OE-CXC

Please verify and/or complete any missing identifying information:

[NAME]

[ADDRESS LINE 1]

[ADDRESS LINE 2]

DO YOU OBJECT TO THE SETTLEMENT? (check the box that applies)

☐

NO: STOP HERE -- DO NOT RETURN THIS FORM

☐

YES: COMPLETE THE REVERSE SIDE AND RETURN THIS FORM

The Court will consider your objection at the Final Approval Hearing if you submit a timely and valid written statement of objection. Any objection should describe the nature of and basis for the objection, and any other information that you would like the Court to consider.

I OBJECT to the Settlement in the case of *Cruz v. C T Corporation System*, on the following grounds (if additional space is necessary, please include additional sheets of paper):

Signed on _____, 2023

[NAME]

MAIL TO THE SETTLEMENT ADMINISTRATOR, BY U.S. MAIL, POSTMARKED NO LATER THAN [INSERT OBJECTION DEADLINE]:

Settlement Administrator:

Name
Mailing Address
Telephone Number

EXHIBIT “C”



LAUBY, MANKIN & LAUBY LLP

May 25, 2022

Submitted Via Online Filing to the LWDA

California LWDA
Attn: PAGA Administrator
455 Golden Gate Ave., 9th Fl.
San Francisco, CA 94102

Sent Via U.S. Mail and Certified Mail

C T Corporation System
2050 West 190th St., Suite 310
Torrance, CA 90504

C T Corporation System
28 Liberty Street
New York, NY 10005

Wolters Kluwer United States Inc.
2700 Lake Cook Road
Attn: WKUS Law Dept.
Riverwoods, IL 60015

Re: PAGA Civil Penalty Claim
Edward Cruz v. C T Corporation System

To the Labor and Workforce Development Agency, C T Corporation System, and Wolters Kluwer:

Pursuant to the Private Attorneys General Act of 2004 (“PAGA”), Labor Code §§ 2699, *et seq.*, this letter shall serve as notification of the PAGA civil penalty claim of aggrieved employee Edward Cruz (“Claimant”), on behalf of the State of California and all Aggrieved Employees, against his employer(s), C T Corporation System, Wolters Kluwer United States Inc., and/or any affiliated entities (the “Company”), for violations of Labor Code §§ 200, 201, 202, 203, 204, 208, 210, 218.6, 226, 226.3, 226.7, 227.3, 246, 510, 512, 558, 1194, 1194.2, 1197, 1197.1, 1198, 1199, and 2802 among possibly other sections inadvertently omitted, and/or sections of the applicable IWC Wage Order(s).

FACTUAL BACKGROUND

Claimant was employed by the Company from approximately July 2019 through April 2022. Claimant alleges that, at all relevant times, he and all other non-exempt employees employed by the Company in California (the “Aggrieved Employees”) were subjected to the same policies, working conditions, and corresponding wage and hour violations that Claimant was subjected during his employment.

For instance, at all relevant times, Claimant and the Aggrieved Employees were not provided proper minimum and overtime wages due to the Company’s failure to accurately record and compensate for all hours worked. As one specific example, Claimant and the Aggrieved Employees were frequently required to perform off-the-clock work at the beginning and end of shifts without compensation. And Claimant and the Aggrieved Employees were often required to attend Zoom meetings while clocked out for meal periods,



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Toll Free 888.959.8508

leading to uncompensated work. These practices violate California law and led to minimum and overtime wage violations. See *Troester v. Starbucks Corporation* (2018) 5 Cal.5th 829 (California law “do[es] not allow employers to require employees to routinely work for minutes off the clock without compensation”); See also *Frlekin v. Apple Inc.* (2020) 8 Cal.5th 1038 (tasks are compensable when employee is under company’s control and where the tasks served the employer’s interests).

Also, at all relevant times, Claimant and the Aggrieved Employees were compensated on an hourly basis plus additional earned compensation in the form of nondiscretionary bonuses, commissions, and other similar payments. However, on the occasions when Claimant worked overtime hours and received additional earned compensation during the same workweek, the Company failed to properly include these amounts in the calculations for Claimant’s regular rate of pay – in violation of California law and which led to the failure to pay proper overtime.

Claimant was also not provided 30-minute off-duty meal periods, as mandated by California law, during employment with the Company. As a result of the Company’s policies and practices, as well as the hectic and demanding workload, Claimant was subjected to meal period violations when: (1) unable to take a meal period due to workload, (2) forced to take an on-duty meal period while under the control of the Company, (3) forced to take a shortened meal period, (4) forced to take a meal period after the 5th hour of work, and (5) not provided a mandated second meal period for shifts in excess of 10 hours.

The Company also failed to provide Claimant with 10 minutes of net rest break time for every 4 hours worked, or major fraction thereof, as mandated by California law. The Company did not schedule Claimant’s rest breaks and Claimant was often not authorized and/or permitted to take mandated rest breaks due to the lack of adequate staffing and coverage and being overwhelmed by the hectic workload. Furthermore, on occasions when Claimant worked 10 hours or more in a shift, the Company failed to authorize and/or permit the mandated additional rest breaks.

Moreover, at all relevant times, the Company utilized a policy and practice through which Claimant and the Aggrieved Employees accrued vacation and/or PTO hours (collectively, “vacation hours”). However, on the occasions when Claimant and the Aggrieved Employees had accrued but unused vacation hours upon separation of employment, Defendants failed to pay for these earned wages at the “final rate” as required by Labor Code § 227.3. To illustrate, at the time of (and leading up to) Claimant’s termination, he was paid a base hourly rate plus additional compensation in the form of commissions and bonuses. However, despite that Claimant’s “final rate” at the time of termination was comprised of his base hourly rate plus the additional earned compensation, the Company paid Claimant’s accrued and unused vacation at only the base hourly rate. As a result, Claimant did not receive compensation for all accrued but unused vacation hours at the “final rate” – in violation of Labor Code § 227.3.

The Company also failed to comply with the mandates of Labor Code §§ 204 and 210 regarding the timing of the payment of wages to its employees each period, including minimum and overtime wages, as well as meal and rest period premiums. Also, the Company failed to comply with the mandates of Labor Code §§ 201–203 regarding timing of payment of final wages and failed to pay all wages due and owing upon separation of employment including minimum wages, overtime, meal and rest break premiums, and the Company further failed to pay the Aggrieved Employees for mandated sick time at a rate “calculated in the same manner as the regular rate of pay.”



Also, the Company required Claimant and the Aggrieved Employees to incur necessary business-related expenses and costs without reimbursement, including, but not limited to, maintaining the home office (since the Aggrieved Employees worked from home), including internet and telephone expenses.

Finally, during employment with the Company, Claimant received inaccurate and incomplete wage statements that failed to accurately state all necessary items required under Labor Code § 226(a).

Claimant alleges that he worked under the joint direction and control of the entities listed herein and is informed and believes that each of them acted in all respects pertinent to this action as the agent of the others, carried out a joint scheme, business plan or policy in all respect pertinent hereto, and the acts of each are legally attributable to the others. On information and belief, a unity of interest and ownership between each exists such that the entities listed herein acted as a single employer of Claimant and the Aggrieved Employees. Furthermore, on information and belief, the entities listed herein are an integrated enterprise and should be treated as a single employer because the entities share an interrelation of operations, with common human resources and personnel policies and shared common offices and facilities. Upon information and belief, the entities listed herein share common management, a centralized control of labor operations, and common ownership or financial control.

Claimant also alleges the entities listed herein were merely the alter-ego of the others in that there existed a unity of interest and ownership such that any separateness between them ceased to exist and each exercised undue dominance, control, influence, and management over the others. Claimant further alleges that, at all relevant times, the entities listed herein have been inadequately capitalized to conduct business, have failed to follow appropriate corporate formalities, and have simply been a shell and instrumentality through which the Owners have conducted their personal affairs. Adherence to the fiction of the separate existence of the entities listed herein would permit abuse of the corporate privilege, thereby sanctioning fraud and promoting injustice. Accordingly, the corporate veil should be pierced, and any liability attached to the entities listed herein should be imposed jointly and severally against the Owners.

As a result of these violations, and others described below, Claimant alleges that he and other Aggrieved Employees were denied specific rights to which they are/were entitled under California law and the rules promulgated by the IWC Wage Orders, including the following:

**PAGA ASSESSMENT FOR FAILURE TO
PAY ALL MINIMUM, REGULAR, AND OVERTIME WAGES**

(Labor Code §§ 204, 210, 221-223, 510, 558, 1194, 1194.2, 1197, 1197.1, 1198; IWC Wage Order §§ 3, 4(B))

As discussed above, the Company failed to pay all required minimum, regular, and overtime wages to Claimant and the Aggrieved Employees due to the Company's failure to accurately record and compensate for all hours worked and the failure to pay overtime and/or properly calculate the regular rate of pay for Claimant and other Aggrieved Employees. This resulted in earned, but unpaid, wages due and owing to Claimant and the Aggrieved Employees. Therefore, Claimants and the Aggrieved Employees performed work for the Company without receiving proper payment of the requisite minimum, overtime, and/or doubletime wages.

Accordingly, Labor Code §§ 210, 558, 1194.2, 1197.1, and 2699, among possibly others, impose various penalties upon the Company for each employee and each pay period in which it failed to pay all



wages including, but not limited to, minimum, regular, and overtime wages in violation of the Labor Code and/or the IWC Wage Orders.

**PAGA ASSESSMENT FOR DENIAL OF MEAL PERIODS,
REST BREAKS, AND WAGE PREMIUMS**

(Labor Code §§ 226.7(b) & (c), 512, 558; Cal. Admin. Code, Title 8, § 11090)

Labor Code § 226.7(b) states that “[a]n employer shall not require an employee to work during a meal or rest or recovery period mandated pursuant to an applicable statute, or applicable regulation, standard, or order of the Industrial Welfare Commission ...” Labor Code § 512(a) states in pertinent part: “[A]n employer may not employ an employee for a work period of more than 5 hours per day without providing the employee with an uninterrupted meal period of not less than 30 minutes [...] [a]n employer may not employ an employee for a work period of more than 10 hours per day without providing the employee with a second meal period of not less than 30 minutes.”

Section 12 of applicable IWC Wage Order states in pertinent part: “Every employer shall authorize and permit all employees to take rest periods, which insofar as practicable shall be in the middle of each work period. The authorized rest period time shall be based on the total hours worked daily at the rate of ten (10) minutes net rest time per four (4) hours or major fraction thereof.”

Here, Claimant and other Aggrieved Employees were regularly not provided compliant mandatory meal periods and paid rest breaks due to the Company’s policies described above. Although the Company was required to pay Claimant and all Aggrieved Employees premium wages equal to an additional hour of pay at the employee’s regular rate of pay for each violation under Labor Code § 226.7(c), the Company did not pay the mandatory one-hour wage premiums and did not do so at the proper rate. Labor Code § 558 imposes a penalty for each violation, plus an amount sufficient to recover the underpaid wages. Additionally, the civil assessment set forth in Labor Code § 2699 applies to these violations.

FAILURE TO PAY VESTED VACATION UPON SEPARATION OF EMPLOYMENT

(Labor Code § 227.3)

Pursuant to Labor Code § 227.3, an employer that has implemented a paid vacation, paid time off, or compensated time off policy must, upon an employee’s separation from employment, pay to the employee all vested but unused vacation and/or paid time off at her final rate of pay. However, as alleged herein, the Company failed to pay all vested vacation upon separation of employment and, further, only paid vested vacation upon separation at the base rate of pay, leading to a violation on each such occasion. As a result of these violations, penalties may be assessed pursuant to Labor Code § 2699.

FAILURE TO PAY SICK TIME AT PROPER RATE OF PAY

(Labor Code § 246)

Labor Code § 246(l)(1) provides that paid sick time for non-exempt employees must be “calculated in the same manner as the regular rate of pay for the workweek in which the employee uses paid sick time, whether or not the employee actually works overtime in that workweek.” Additionally, Labor Code § 246(l)(2) states that the paid sick time must be “calculated by dividing the employee’s total wages, not including overtime premium pay, by the employee’s total hours worked in the full pay periods of the prior 90 days of employment.”



Here, Claimant and the Aggrieved Employees were compensated on an hourly basis plus additional compensation in the form of nondiscretionary bonuses, commissions, and other forms of payment. However, on the occasions that the Aggrieved Employees took sick time and received paid sick leave, the Company only paid sick time at the base rate of pay (not factoring in the additional compensation as required by Labor Code §§ 246(1)(1-2). As such, penalties may be assessed pursuant to Labor Code § 2699.

PAGA ASSESSMENT FOR FAILURE TO REIMBURSE BUSINESS EXPENSES

(Labor Code § 2802; IWC Wage Order § 9(b))

Labor Code § 2802(a) states “An employer shall indemnify his or her employee for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties.” IWC Wage Order § 9(b) states “[w]hen tools or equipment are required by the employer or are necessary to the performance of a job, such tools and equipment shall be provided and maintained by the employer.”

Here, the Company required Claimant and the Aggrieved Employees to incur expenses in direct consequence of the discharge of their duties. Accordingly, Labor Code § 2699 imposes a penalty upon the Company for each such violation of Labor Code § 2802. Furthermore, Labor Code § 2802(b) states that “[a]ll awards made by a Court for reimbursement of necessary expenditures” shall carry interest, at the same rate as judgments in civil actions, and said interest will accrue from the date on which the employee incurred the necessary expenditure or loss including, but not limited to, reasonable costs and attorney’s fees incurred by the employee enforcing her rights granted pursuant to Labor Code § 2802.

PAGA ASSESSMENT FOR FAILURE TO PAY ALL WAGES DUE AND OWING EACH PAYROLL PERIOD WITHIN THE TIME REQUIRED BY LAW

(Labor Code §§ 204, 204.1, 208, 210, 256 and 2699)

Labor Code § 204(a) states that all wages earned by a person are due and payable twice during each calendar month, and further states that wages earned during the first through fifteenth days of the month must be paid no later than the twenty-sixth day of the month, and that wages earned between the sixteenth and last day of the month must be paid by the tenth day of the following month. Labor Code § 204(d) states “[t]he requirements of this section shall be deemed satisfied by the payment of wages for weekly, biweekly, or semimonthly payroll if the wages are paid not more than seven calendar days following the close of the payroll period.”

As a result of the Company’s failure to pay Claimant and the Aggrieved Employees all compensation to which they were entitled, the Company had a pattern and practice of failing to pay all wages due and owing to Claimant and the Aggrieved Employees within the time mandated by Labor Code § 204. As a result of these violations, penalties may be assessed pursuant to Labor Code §§ 210 and/or 2699.

PAGA ASSESSMENT FOR FAILURE TO TIMELY PAY FINAL WAGES

(Labor Code §§ 201, 202, 203, 256 and 2699)

Labor Code § 201(a) provides in pertinent part: “If an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately.” Labor Code § 202(a) states in pertinent part “If an employee not having a written contract for a definite period quits his or her employment, his or her wages shall become due and payable not later than 72 hours thereafter, unless the employee has



given 72 hours' previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting." Labor Code § 203(a) states "If an employer willfully fails to pay, without abatement or reduction, in accordance with Sections 201, 201.3, 201.5, 201.9, 202, and 205.5, any wages of an employee who is discharged or who quits, the wages of the employee shall continue as a penalty from the due date thereof at the same rate until paid or until an action therefor is commenced; but the wages shall not continue for more than 30 days."

The Company did not pay the Aggrieved Employees all wages that were due and owing within the required time following the end of their employment in accordance with Labor Code §§ 201-202. As a result, all such Aggrieved Employees are entitled to 30 days of wages as a "waiting time penalty." (Labor Code § 203.) Labor Code § 2699 also imposes a penalty.

**PAGA ASSESSMENT FOR FAILURE TO PROVIDE ACCURATE,
ITEMIZED WAGE STATEMENTS**
(Labor Code §§ 226, 226.3, and 1174)

Labor Code § 226(a) requires an employer to provide its employees with itemized wage statements accurately stating gross wages earned, total hours worked, all deductions, net wages earned, the inclusive dates of the pay period, the employee's name and the last four digits of his or her Social Security number (or employee identification number), the name and address of the legal entity that is the employer, and all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee.

At all times pertinent hereto, the Company failed to provide accurate itemized wage statements to Claimants and all Aggrieved Employees due to violations including: failure to accurately state total hours worked (the wage statements failed to accurately reflect total compensable hours); failure to accurately state gross wages earned; failure to accurately state all deductions; failure to accurately state net wages earned; failure to state the applicable hourly rates (including the accurate overtime rate of pay); and failure to accurately state the corresponding number of hours worked at each hourly rate. Additionally, the Company's wage statements directly violated Labor Code § 226(a) each period due to the failure to pay and report premium wages for denied meal periods and rest breaks under § 226.7. Accordingly, Labor Code §§ 226.3 and 2699 impose civil penalties for these violations.

PAGA ASSESSMENT FOR VIOLATIONS OF LABOR CODE § 1199
(Labor Code § 1199)

An employer violates Labor Code § 1199 if said employer: (a) requires or causes an employee to work for longer hours than those fixed, or under conditions of labor prohibited by an order of the commission; (b) pays or causes to be paid to any employee a wage less than the minimum fixed by an order of the commission; or, (c) violates or refuses or neglects to comply with any provision of this chapter or any order or ruling of the commission. Labor Code § 2699.5 specifically enumerates Labor Code § 1199 as a section to which the civil penalties under the PAGA apply. Therefore, as a result of the Company's violations described herein, the Company is subject to civil penalties in accordance with Labor Code § 2699.

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ATTORNEYS' FEES, INTEREST, AND PENALTIES

(Labor Code §§ 2699(f)(2), 2699(g)(1), 2699.5)

Labor Code § 2699(g)(1), give employees the right to recover in a civil action the unpaid balance of the full amount of wages, including interest thereon, penalties and other damages, as applicable, reasonable attorneys' fees, and costs of suit. Additionally, Claimant seeks the assessment of penalties, including civil penalties, under Labor Code §§ 203, 210, 225.5, 226.3, 1174.5, 1197.1, 2699, and/or § 20 of the IWC Wage Orders, among possibly other provisions inadvertently omitted herein. Furthermore, Claimant is entitled to bring a wage/hour claim on behalf of all current and former similarly situated employees of the Company. Thus, the Company is exposed to these same penalties for violations involving all Aggrieved Employees. Additionally, Claimant seeks attorney's fees pursuant to C.C.P. § 1021.5. Please construe this correspondence as Claimants' notification of alleged wrongdoing and attempted resolution in accordance with C.C.P. § 1021.5 and *Graham v. DaimlerChrysler Corp.* (2004) 34 Cal.4th 553.

CONCLUSION

Based on the foregoing, the Company may be liable for civil penalties related to the foregoing claims and remedies. If Claimant becomes aware of any additional claims for Labor Code violations related to his employment and/or other employees of the Company, he reserves the right to add new claims by supplementing this notice letter. Should you have any questions, please feel free to give me a call. In the meantime, I look forward to your response.

Very Truly Yours,



By: Peter J. Carlson, Esq.

E-mail: peter@lmlfirm.com



EXHIBIT “D”



CASE ASSUMPTIONS

Class Members	250
Opt Out Rate	1%
Opt Outs Received	2
Total Class Claimants	248
Subtotal Admin Only	\$7,770.09

Flat Fee Total **\$7,000.00**

For 250 Class Members

Pricing Good for Scope of Estimate Only

All Aspects of Escheating to the State of CA Included

February 27, 2023

Case: Cruz v. CT Corp, Opt-Out Administration

Phoenix Contact: Michael E. Moore

Contact Number: 949.331.0131

Email: mike@phoenixclassaction.com

Requesting Attorney: Brian J. Mankin

Firm: Lauby, Mankin & Lauby, LLP

Contact Number: (951) 320-1444

Email: brian@lmlfirm.com

Assumptions and Estimate are based on information provided by counsel. If class size changes, PSA will need to adjust this Estimate accordingly. Estimate is based on **250** Class Members. PSA assumes class data will be sent in Microsoft Excel or other usable format with no or reasonable additional formatting needed. A rate of \$150 per hour will be charged for any additional analysis or programming.

Case & Database Setup / Toll Free Setup & Call Center / NCOA (USPS)

Administrative Tasks:	Rate	Hours/Units	Line Item	Estimate
Programming Manager	\$100.00	2		\$200.00
Programming Database & Setup	\$100.00	2		\$200.00
Toll Free Setup*	\$150.00	1		\$150.00
Call Center & Long Distance	\$2.00	33		\$66.00
NCOA (USPS)	\$62.50	1		\$62.50
Total				\$678.50

* Up to 120 days after disbursement

Data Merger & Scrub / Notice Packet, Opt-Out Form & Postage / Reminder Postcard / Website

Project Action	Rate	Hours/Units	Line Item	Estimate
Notice Packet Formatting	\$100.00	1		\$100.00
Data Merge & Duplication Scrub	\$0.10	250		\$25.00
Notice Packet & Opt-Out Form	\$1.30	250		\$325.00
Estimated Postage (up to 2 oz.)*	\$0.61	250		\$152.50
Static Website	\$100.00	1		\$100.00
Check Cashing Reminder Postcard	\$0.60	52		\$31.25
Postage Included				
Total				\$733.75

* Prices good for 90 days. Subject to change with the USPS Rate or change in Notice pages or Translation, if any.



PHOENIX

CLASS ACTION ADMINISTRATION SOLUTIONS

Skip Tracing & Remailing Notice Packets / Tracking & Programming Undeliverables				
Project Action:	Rate	Hours/Units	Line Item	Estimate
Case Associate	\$55.00	4		\$220.00
Skip Tracing Undeliverables	\$0.85	63		\$53.13
Remail Notice Packets	\$0.75	60		\$44.63
Estimated Postage	\$0.61	60		\$36.30
Programming Undeliverables	\$50.00	1		\$50.00
		Total		\$404.05

Database Programming / Processing Opt-Outs, Deficiencies or Disputes				
Project Action:	Rate	Hours/Units	Line Item	Estimate
Programming Claims Database	\$150.00	2		\$300.00
Non Opt-Out Processing	\$200.00	1		\$200.00
Case Associate	\$55.00	3		\$165.00
Opt-Outs/Deficiency/Dispute Letters	\$10.00	8		\$80.00
Case Manager	\$85.00	3		\$255.00
		Total		\$1,000.00

Calculation & Disbursement Programming/ Create & Manage QSF/ Mail Checks				
Project Action:	Rate	Hours/Units	Line Item	Estimate
Programming Calculations	\$135.00	2		\$270.00
Disbursement Review	\$135.00	1		\$135.00
Programming Manager	\$95.00	1		\$95.00
QSF Bank Account & EIN	\$135.00	1		\$135.00
Check Run Setup & Printing	\$135.00	4		\$540.00
Mail Class Checks *	\$0.90	248		\$223.20
Estimated Postage	\$0.61	248		\$151.28
		Total		\$1,549.48

* Checks are printed on 8.5 x 11 in. sheets with W2/1099 Tax Filing



PHOENIX

CLASS ACTION ADMINISTRATION SOLUTIONS

Tax Reporting & Reconciliation / Re-Issuance of Checks / Conclusion Reports and Declarations			
Project Action:	Rate	Hours/Units	Line Item Estimate
Case Supervisor	\$115.00	3	\$345.00
Remail Checks & Tax Forms (Postage Included)	\$1.70	50	\$84.32
Case Associate	\$55.00	4	\$220.00
Reconcile Uncashed Checks	\$85.00	5	\$425.00
Conclusion Reports	\$115.00	3	\$345.00
Case Manager Conclusion	\$85.00	4	\$340.00
Final Reporting & Declarations	\$115.00	3	\$345.00
IRS & QSF Annual Tax Reporting * (1 State Tax Reporting Included)	\$1,000.00	1	\$1,000.00
Check to Cy-Pres	\$150.00	1	Included
Uncashed Checks to the State of California Controllers Office Estimated <u>29</u> Total Class Members	\$300.00	1	\$300.00
Total			\$3,404.32

* All applicable California State & Federal taxes, which include SUI, ETT, and SDI, and FUTA filings. Additional taxes are Defendant's responsibility.

Estimate Total: \$7,770.09



CLASS ACTION ADMINISTRATION SOLUTIONS

TERMS AND CONDITIONS

Provisions: The case estimate is in good faith and does not cover any applicable taxes and fees. The estimate does not make any provision for any services or class size not delineated in the request for proposal or stipulations. Proposal rates and amounts are subject to change upon further review, with Counsel/Client, of the Settlement Agreement. Only pre-approved changes will be charged when applicable. No modifications may be made to this estimate without the approval of PSA (Phoenix Settlement Administrators). All notifications are mailed in English language only unless otherwise specified. Additional costs will apply if translation into other language(s) is required. Rates to prepare and file taxes are for Federal and California State taxes only. Additional charges will apply if multiple state tax filing(s) is required. **Pricing is good for ninety (90) days.**

Data Conversion and Mailing: The proposal assumes that data provided will be in ready-to-use condition and that all data is provided in a single, comprehensive Excel spreadsheet. PSA cannot be liable for any errors or omissions arising due to additional work required for analyzing and processing the original database. A minimum of two (2) business days is required for processing prior to the anticipated mailing date with an additional two (2) business days for a National Change of Address (NCOA) update. Additional time may be required depending on the class size, necessary translation of the documents, or other factors. PSA will keep counsel apprised of the estimated mailing date.

Claims: PSA's general policy is to not accept claims via facsimile. However, in the event that facsimile filing of claims must be accepted, PSA will not be held responsible for any issues and/or errors arising out of said filing. Furthermore, PSA will require disclaimer language regarding facsimile transmissions. PSA will not be responsible for any acts or omissions caused by the USPS. PSA shall not make payments to any claimants without verified, valid Social Security Numbers. All responses and class member information are held in strict confidentiality. Additional class members are \$10.00 per opt-out.

Payment Terms: 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 data and/or notice documents. PSA bills are due upon receipt unless otherwise negotiated and agreed to with PSA by Counsel/Client. In the event the settlement terms provide that PSA is to be paid out of the settlement fund, PSA will request that Counsel/Client endeavor to make alternate payment arrangements for PSA charges that are due at the onset of the case. The entire remaining balance is due and payable at the time the settlement account is funded by Defendant, or no later than the time of disbursement. Amounts not paid within thirty (30) days are subject to a service charge of 1.5% per month or the highest rate permitted by law.

Tax Reporting Requirements

PSA will file the necessary tax returns under the EIN of the QSF, including federal and state returns. Payroll tax returns will be filed if necessary. Under the California Employment Development Department, all taxes are to be reported under the EIN of the QSF with the exception of the following taxes: Unemployment Insurance (UI) and Employment Training Tax (ETT), employer-side taxes, and State Disability Insurance (SDI), an employee-side tax. These are reported under Defendant's EIN. Therefore, to comply with the EDD payroll tax filing requirements we will need the following information:

1. Defendant's California State ID and Federal EIN.
2. Defendant's current State Unemployment Insurance (UI) rate and Employment Training Tax (ETT) rate. This information can be found in the current year DE 2088, Notice of Contribution Rates, issued by the EDD.
3. Termination dates of the class members, or identification of current employee class members, so we can account for the periods that the wages relate to for each class member.
4. An executed Power of Attorney (Form DE 48) from Defendant. This form is needed so that we may report the UI, SDI, and ETT taxes under Defendant's EIN on their behalf. If this form is not provided we will work with the EDD auditors to transfer the tax payments to Defendant's EIN.
5. Defendant is responsible for reporting the SDI portion of the settlement payments on the class member's W-2. PSA will file these forms on Defendant's behalf for an additional fee and will issue an additional W-2 for each class member under Defendant's EIN, as SDI is reported under Defendant's EIN rather than the EIN of the QSF. The Power of Attorney (Form DE 48) will be needed in order for PSA to report SDI payments.

EXHIBIT “E”