

SETTLEMENT AGREEMENT AND RELEASE

Subject to approval by the Superior Court of California, County of Sacramento (“Court”), this Settlement Agreement and Release (“Agreement”) is made and entered by and between Plaintiffs Anthony Harris, Fabian Mancilla, and Limmie Propps (“Plaintiffs,” “Plaintiff Harris,” “Plaintiff Mancilla,” and “Plaintiff Propps”), on behalf of themselves and as representative aggrieved employees pursuant to Labor Code section 2698 *et seq.* (Private Attorneys General Act of 2004 (“PAGA”)), and Defendant RL Liquidators, LLC (“Defendant”) to settle the civil action entitled *Harris v. RL Liquidators* (Case No. 23CV000905) (“Lawsuit”). Plaintiffs and Defendant are collectively referred to herein as the “Parties,” and each may be individually referred to herein as a “Party.”

RECITALS

This Agreement is made in consideration of the following facts:

- A. Plaintiffs are former hourly-paid, non-exempt employees of Defendant.
- B. Plaintiffs contend they suffered one or more violations of the Labor Code during their employment with Defendant and that they are “aggrieved employees” under PAGA. Pursuant to PAGA, an “aggrieved employee” may, after exhausting administrative remedies with the California Labor and Workforce Development Agency (“LWDA”), act as an agent of the State of California to bring an action to recover civil penalties from their former employer on behalf of themselves and other current or former employees for violations of the Labor Code.
- C. Pursuant to PAGA, on June 3, 2022, May 18, 2023, and May 19, 2023, Plaintiff Harris, Plaintiff Mancilla, and Plaintiff Propps submitted letters to the LWDA respectively (“PAGA Notices”) alleging that Defendant subjected them and other current and former hourly-paid or non-exempt employees of Defendant within the State of California to certain violations under the Labor Code, including sections 201, 202, 203, 204, 210, 218.5, 221, 226(a), 226.3, 226.7, 246, 432.5, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802. These violations were premised upon Defendant’s alleged: (1) failure to compensate their hourly-paid or non-exempt employees for all hours worked; (2) failure to pay all minimum and overtime wages; (3) failure to provide, authorize, and/or permit meal and rest breaks (or pay premiums in lieu thereof); (4) failure to keep and provide complete and accurate wage statements; (5) failure to reimburse employees for all necessary business expenses and related costs; (6) failure to timely pay all wages due during employment and upon termination; and (7) failure to maintain accurate and complete payroll records, all of which are collectively referred to herein as the “PAGA Claims.”
- D. The Lawsuit includes the complaint Plaintiff Harris initially filed on May 2, 2023 that seeks to recover civil penalties and attorneys’ fees based on the PAGA Claims. On September 8, 2023, Plaintiff Harris filed a First Amended Complaint adding Plaintiff Mancilla and Plaintiff Propps as named plaintiffs.

E. After evaluating the strengths and weaknesses of their positions, considering the time, expense, and risk associated with litigating the Lawsuit to judgment, and engaging in arm's-length settlement negotiations at an all-day mediation on February 23, 2024 with the mediator David Rotman, the Parties desire, and have agreed, to fully and finally settle any and all claims in the Lawsuit ("Settlement") up to and through the Settlement Period (as defined herein).

F. Defendant denies all the allegations in the Lawsuit and any contention that Defendant committed any misconduct, wrongdoing, or any other actionable conduct of any kind, including any violation of the Labor Code.

G. The Parties have each independently analyzed and investigated the facts and law relevant to the Lawsuit through discovery. Pursuant to discovery, Defendant produced, and Plaintiffs reviewed, a substantial amount of documents and data, including, but not limited to, information pertaining to the employment policies, practices, and procedures implicated by the PAGA Claims. This included Defendant's meal and rest breaks, overtime, timekeeping, and payroll policies, sampling of timekeeping and payroll records, wage statements for Plaintiffs and putative aggrieved employees, and summaries of data pertaining to the number of employees allegedly affected by the PAGA Claims. The Parties have had ample opportunity to evaluate their positions on the merits of the claims asserted.

H. The Parties agree to cooperate and to take all steps necessary and appropriate to effectuate all aspects of this Agreement, to obtain the Court's approval of this Settlement, and to dismiss the Lawsuit with prejudice upon approval and funding of the Settlement.

NOW, THEREFORE, in consideration of the promises and agreements contained herein, the Parties agree to, and, pursuant to Labor Code section 2699(1)(2), seek approval of, the following settlement terms.

SETTLEMENT TERMS

1. **Court Approval of the Agreement.** In accordance with Labor Code section 2699(1)(2), the Parties will present this Agreement to the Court for its review and approval via a stipulation or noticed motion.

2. **Delivery of Agreement to the LWDA.** As required by Labor Code section 2699(1)(2), Plaintiffs will cause this Agreement to be submitted to the LWDA at the same time that this Agreement is submitted to the Court for approval.

3. **Effective Date.** This Agreement shall become fully effective the later of either: (a) the date the Court has granted the motion for approval of the Settlement and approved the amounts for Attorneys' Fees Award, Litigation Costs Award, Administration Costs, Enhancement Payments, and PAGA Penalties Fund (terms as defined herein), the Released Claims, and all the other material terms of this Agreement and has entered the Final Judgment consistent with this Agreement; or (b) the date there is a final resolution of the objection or appeal if the LWDA files an objection.

4. **No Admission of Liability.**

(a) The Parties acknowledge and agree this Agreement is the result of, and evidences, a compromise and settlement of disputed claims in the Lawsuit. Defendant denies and continues to deny all of the allegations made by Plaintiffs in the Lawsuit and denies and continues to deny that they are liable or owe any damages, penalties, or other compensation or remedies to anyone with respect to the alleged facts or claims asserted in the Lawsuit. Defendant denies any liability or wrongdoing of any kind in connection with Plaintiffs' claims, and contend that, during all relevant time periods, it complied in all respects with applicable state and federal laws and regulations. Without admitting or conceding any liability or damages whatsoever, and without admitting that a representative PAGA action is appropriate except for settlement purposes alone, Defendant has agreed to settle the Lawsuit on the terms and conditions set forth in this Agreement, to avoid the burden, expense, and uncertainty of continued litigation.

(b) The Parties understand and agree this Agreement and any exhibits thereto are settlement documents and shall be inadmissible for any purpose in any proceeding, except an action or proceeding to approve, interpret, or enforce the terms of this Agreement. The Parties agree that, to the extent permitted by law, this Agreement may be pleaded as a full and complete defense to, and may be used as the basis for an injunction against, any action, suit, or other proceeding that may be instituted, prosecuted, or attempted in breach of this Agreement.

5. **Persons and Entities Covered by this Agreement.**

(a) **The Settlement Period.** This Agreement shall cover the period from June 3, 2021 through February 23, 2024 ("Settlement Period").

(b) **The Settlement Group.** This Agreement shall cover all current or former hourly-paid or non-exempt employees of Defendant who worked for Defendant within the State of California at any time during the Settlement Period. Such employees shall be collectively referred to herein as the "Settlement Group." Each employee within the Settlement Group may be individually referred to herein as a "Settlement Group Member." The Parties agree that there will be no right of Settlement Group Members to opt out of or object to the Settlement. There will be no claims process and no reversion. Defendant estimates there are about 310 Settlement Group Members that worked around 8,905 pay periods during the Settlement Period.

6. **Settlement Administration.**

(a) The Parties will retain Phoenix Class Action Administration Solutions to act as the "Settlement Administrator" with respect to this Agreement.

(b) The Settlement Administrator shall be responsible for establishing a qualified settlement fund pursuant to 26 U.S.C. section 486B, making all payments required by this Agreement, handling all required tax withholding and reporting related thereto to the extent necessary, and issuing all appropriate tax forms to Plaintiffs, Plaintiffs' Counsel, Settlement Group, and LWDA resulting from the settlement payments under this Agreement.

(c) Any disputes concerning administration of the Agreement may be submitted to the mediator who facilitated the negotiation of this Agreement. If the Parties cannot resolve their dispute with the mediator's assistance, the dispute may be submitted to and resolved by the Court.

7. **Settlement Payments.**

(a) **Gross Settlement Amount.** In consideration of, and subject to, the promises, terms, and conditions set forth in this Agreement – including the releases set forth in Section 9 of this Agreement – Defendant shall pay the maximum gross sum of \$500,000 (“Gross Settlement Amount”), in the manner and method set forth in this Agreement, to fully, finally, and completely settle the Lawsuit and PAGA Claims alleged therein on behalf of the Settlement Group, including any and all associated claims for civil penalties, attorneys’ fees, interest, and litigation costs and expenses. Nothing in this Agreement, aside from the conditions set forth in Section 10, shall require Defendant to pay, or make Defendant liable for, more than the Gross Settlement Amount to fully, finally, and completely settle the Lawsuit and all claims alleged therein.

(b) **Allocation of Gross Settlement Amount.** The Gross Settlement Amount shall consist of the following categories of payments: proposed award of attorneys’ fees to Plaintiffs’ Counsel (“Attorneys’ Fees Award”), proposed award of litigation costs and expenses to Plaintiffs’ Counsel (“Litigation Costs Award”), proposed payment of settlement administration costs to the Settlement Administrator (“Administration Costs”), proposed enhancement payments to Plaintiffs (“Enhancement Payments”), and proposed payments of civil penalties to the LWDA and Settlement Group (“PAGA Penalties Fund”). Subject to approval by the Court, these amounts shall be paid and allocated as set forth below in Sections 7(b)(i) through 7(b)(v) of this Agreement.

(i) **Attorneys’ Fees Award.**

(A) Plaintiffs’ Counsel in the Lawsuit – Douglas Han, Shunt Tatavos-Gharajeh, and William Wilkinson of Justice Law Corporation (“Plaintiffs’ Counsel”) – may submit a combined application to the Court for an award of attorneys’ fees in an amount not to exceed the gross sum of \$190,000 (38% of the Gross Settlement Amount). Defendant will not oppose or object to this application. Defendant shall have no liability for attorneys’ fees except as provided for in this Agreement.

(B) Any Attorneys’ Fees Award approved by the Court will be paid by Defendant out of the Gross Settlement Amount and shall constitute a full and complete satisfaction of all claims Plaintiffs may have for attorneys’ fees arising out of the Lawsuit through the Effective Date of this Agreement, including work not yet performed.

(C) This Agreement is not contingent upon the Court approving an Attorneys’ Fees Award in an amount equal to the maximum amount authorized by Section 7(b)(i)(A) of this Agreement. This Agreement and its terms shall remain fully effective and enforceable notwithstanding any decision by the Court to approve an Attorneys’ Fees Award that is less than the amount authorized by Section 7(b)(i)(A) of this Agreement or the amount

requested by Plaintiffs' Counsel. The Court's refusal to approve the Attorneys' Fees Award requested by Plaintiffs' Counsel does not give Plaintiffs, Settlement Group, or Plaintiffs' Counsel any basis to abrogate this Settlement.

(D) If any portion of the Attorneys' Fees Award authorized by Section 7(b)(i)(A) of this Agreement is not approved by the Court, only the approved amount shall be paid, and the payment of that amount shall constitute satisfaction of Defendant's obligations with respect to the Attorneys' Fees Award. Additionally, any difference between the Attorneys' Fees Award authorized by Section 7(b)(i)(A) and Attorneys' Fees Award approved by the Court will become part of the PAGA Penalties Fund.

(ii) **Litigation Costs Award.**

(A) Plaintiffs' Counsel may submit an application to the Court for an award for reimbursement of litigation costs and expenses incurred by Plaintiffs' Counsel in connection with the Lawsuit that is currently estimated not to exceed the combined gross sum of \$30,000 ("Litigation Costs Award"). Defendant will not oppose or object to this application. Defendant shall have no liability for attorneys' costs except as provided for in this Agreement.

(B) Any Litigation Costs Award approved by the Court will be paid by Defendant out of the Gross Settlement Amount and shall constitute a full and complete satisfaction of all claims Plaintiffs may have for litigation costs and expenses arising out of the Lawsuit through the Effective Date of this Agreement, including litigation costs and expenses not yet incurred.

(C) This Agreement is not contingent upon the Court approving a Litigation Costs Award in an amount equal to the maximum amount authorized by Section 7(b)(ii)(A) of this Agreement. This Agreement and its terms shall remain fully effective and enforceable notwithstanding any decision by the Court to approve a Litigation Costs Award that is less than the amount authorized by Section 7(b)(ii)(A) of this Agreement or the amount requested by Plaintiffs' Counsel. The Court's refusal to approve the Litigation Costs Award requested by Plaintiffs' Counsel does not give Plaintiffs, Settlement Group, or Plaintiffs' Counsel any basis to abrogate this Settlement.

(D) If any portion of the Litigation Costs Award authorized by Section 7(b)(ii)(A) of this Agreement is not approved by the Court, only the approved amount shall be paid, and the payment of that amount shall constitute satisfaction of Defendant's obligations with respect to the Litigation Costs Award. Additionally, any difference between the Litigation Costs Award authorized by Section 7(b)(ii)(A) and Litigation Costs Award approved by the Court will become part of the PAGA Penalties Fund.

(iii) **Administration Costs.**

(A) Subject to approval by the Court, an amount currently estimated at \$10,000 will be paid to the Settlement Administrator out of the Gross Settlement Amount to cover the costs of the settlement administration process (“Administration Costs”). If the actual costs of the settlement administration process are less than the amount approved by the Court, the balance will become part of the PAGA Penalties Fund.

(B) Any Administration Costs approved by the Court will be paid out of the Gross Settlement Amount and shall constitute a full and complete satisfaction of any settlement administration costs.

(C) This Agreement is not contingent upon the Court approving Administration Costs in an amount equal to the maximum amount authorized by Section 7(b)(iii)(A) of this Agreement. This Agreement and its terms shall remain fully effective and enforceable notwithstanding any decision by the Court to approve Administration Costs in an amount that is less than the amount authorized by Section 7(b)(iii)(A) of this Agreement. The Court’s refusal to approve the Administration Costs requested does not give Plaintiffs, Settlement Group, or Plaintiffs’ Counsel any basis to abrogate this Settlement.

(D) If any portion of the Administration Costs authorized by Section 7(b)(iii)(A) of this Agreement is not approved by the Court, no more than the approved amount shall be paid to the Settlement Administrator out of the Gross Settlement Amount. Additionally, the difference between the Administration Costs authorized by Section 7(b)(iii)(A) and Administration Costs approved by the Court will become part of the PAGA Penalties Fund.

(iv) **Enhancement Payments.**

(A) Plaintiffs may submit an application to the Court for an award of enhancement payments in an amount not to exceed \$10,000 to each Plaintiff (totaling \$30,000) for the time and effort and for the risk undertaken in bringing and prosecuting the Lawsuit. Defendant shall not oppose any requests by Plaintiffs for the Enhancement Payments, which will be paid out of the Gross Settlement Amount.

(B) This Agreement is not contingent upon the Court approving the Enhancement Payments in an amount equal to the maximum amount authorized by Section 7(b)(iv)(A). This Agreement and its terms shall remain fully effective and enforceable notwithstanding any decision by the Court to approve the Enhancement Payments in an amount less than that authorized by Section 7(b)(iv)(A). The Court’s refusal to approve the Enhancement Payments requested by Plaintiffs’ Counsel does not give Plaintiffs, Settlement Group, or Plaintiffs’ Counsel any basis to abrogate this Settlement.

(C) If any portion of the Enhancement Payments authorized by Section 7(b)(iv)(A) is not approved by the Court, no more than the approved amount shall be paid to Plaintiffs from the Gross Settlement Amount. Additionally, any difference between the Enhancement Payments authorized by Section 7(b)(iv)(A) and Enhancement Payments approved by the Court will become part of the Net Settlement Amount.

(v) **PAGA Penalties Fund.** The portion of the Gross Settlement Amount remaining after the Attorneys' Fees Award, Litigation Costs Award, Enhancement Payments, and Administration Costs are paid shall be designated the "PAGA Penalties Fund," from which payments deemed to constitute a full and complete satisfaction of any and all claims in the Lawsuit for civil penalties under PAGA shall be made. Subject to approval by the Court, the PAGA Penalties Fund shall be allocated and paid as follows:

(A) **The LWDA Payment.** Seventy-five percent (75%) of the PAGA Penalties Fund will be paid to the LWDA for enforcement of labor laws, including the administration of PAGA, and for education of employers and employees about their rights and responsibilities under the Labor Code.

(B) **Individual Settlement Awards.** Twenty-five percent (25%) of the PAGA Penalties Fund shall be designated as the "Net Settlement Amount" and will be paid to the Settlement Group on a pro rata basis. Each Settlement Group Member will receive a pro-rated share of the Net Settlement Amount based on the total number of pay periods the Settlement Group Member worked as an hourly-paid or non-exempt employee of Defendant during the Settlement Period. The maximum amount that each Settlement Group Member is entitled to receive ("Individual Settlement Award") is determined by multiplying the Net Settlement Amount by a ratio that is determined by dividing the total number of pay periods worked by the Settlement Group Member for Defendant in California during the Settlement Period by the total number of pay periods worked by all Settlement Group Members for Defendant in California during the Settlement Period, as expressed in the following formula:

(1) Individual Settlement Award = Net Settlement Amount x (total number of pay periods worked by the Settlement Group Member ÷ total number of pay periods worked by all Settlement Group Members).

(2) The Parties intend the Net Settlement Amount shall be sufficient to pay all valid claims of Settlement Group Members in accordance with the formula set forth above. If for any reason the total value of payments to Settlement Group Members exceeds this amount, then payments to each Settlement Group Member will be adjusted on a pro-rata basis so that the total payout to Settlement Group Members does not exceed the Net Settlement Amount.

(c) **No Effect on Employee Benefits.** The payments made to Settlement Group Members pursuant to this Agreement shall not be utilized to calculate any additional benefits under any benefit plans to which any Settlement Group Members may be eligible, including, but not limited to, any profit-sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, or other benefit plans available to the Settlement Group. It is the Parties' intention that this Agreement will not affect any rights,

contributions, or amounts to which any Settlement Group Members may be entitled under any benefit plans.

(i) **Payments to Plaintiffs' Counsel.** The Attorneys' Fees Award and Litigation Costs Award shall be treated as IRS Form 1099 income. Accordingly, the Settlement Administrator shall issue an IRS Form 1099 to Justice Law Corporation in connection with its Attorneys' Fees Award and Litigation Costs Award.

(ii) **Payments to the LWDA.** The seventy-five percent (75%) of the PAGA Penalties Fund payable to the LWDA under Section 7(b)(v)(A) of this Agreement shall be deemed to consist entirely of civil penalties recovered under PAGA and subject to treatment as IRS Form 1099 income.

(iii) **Payments to the Settlement Group.** Individual Settlement Awards shall be deemed to consist entirely of civil penalties recovered under PAGA and subject to treatment as IRS Form 1099 income. An IRS Form 1099 will be issued to each Settlement Group Member in connection with his or her Individual Settlement Award if it is \$600 or more.

(d) **Tax Indemnification.** Plaintiffs, Plaintiffs' Counsel, Settlement Group, and applicable governmental authorities (including the LWDA) are solely responsible for all tax obligations, including all reporting and payment obligations, attributable to them that may arise as a consequence of this Agreement and the payment of the amounts set forth above in Section 7(b). Neither Defendant nor Defendant's counsel make any express or implied promise, representation, or warranty regarding the tax consequences or tax treatment under federal or state tax laws for any sum paid pursuant to this Agreement.

8. **Distribution of Settlement Payments.**

(a) **Funding of Settlement by Defendant.** Within fifteen (15) calendar days following the Effective Date, Defendant shall deposit the Gross Settlement Amount into the qualified settlement fund created by the Settlement Administrator.

(b) **Timing of Payment by Settlement Administrator.** Within fifteen (15) calendar days of the funding of the Settlement by Defendant, the Settlement Administrator will issue the payments required by Section 7 of this Agreement to the appropriate entities or persons. The Settlement Administrator shall obtain approval from all counsel of the calculations before mailing Individual Settlement Awards.

(c) **Payment of Individual Settlement Awards.**

(i) Within ten (10) calendar days of the Effective Date, Defendant shall provide to the Settlement Administrator a database containing the following information: (1) the full name, last known address, and full Social Security Number of all Settlement Group Members; and (2) the information necessary to determine the estimated settlement allocation to each Settlement Group Member, including the total number of pay periods by each Settlement Group Member within the Settlement Period. Defendant agrees to consult with the Settlement

Administrator as required to provide the list in a format reasonably acceptable for the performance of the duties of the Settlement Administrator. The Settlement Administrator will keep the list confidential, use it only for the purposes described herein, take adequate safeguards to protect confidential or private information and return or certify the destruction of the information upon completion of the Settlement Administration process. The list of Settlement Group Members shall not be shared with Plaintiffs or Plaintiffs' Counsel.

(ii) Individual Settlement Awards will be paid in the form of a check delivered to each Settlement Group Member at the last known address on file with Defendant or as updated by the Settlement Administrator. Each Individual Settlement Award will be accompanied by an explanatory letter, mutually approved by the Parties, substantially in the form attached hereto as **Exhibit A**.

(iii) Individual Settlement Award checks will remain negotiable for one hundred twenty (120) calendar days after the date of their issuance ("Check Stale Date"). Any Individual Settlement Award checks that are not cashed, deposited, or negotiated on or before the Check Stale Date will be void, and the amount of those checks will be directed to the California State Controller for deposit in the Unclaimed Property Fund in the name of the employee.

(iv) Any checks to the Settlement Group returned as undeliverable on or before the Check Stale Date will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator will attempt to determine the correct address using a skip trace or other reasonable method and will then perform a single remailing.

(v) Any Settlement Group Member who cannot be located after the above procedures are followed will continue to be bound by this Agreement. But the funds associated with such Settlement Group Member's Individual Settlement Award will be directed to the California State Controller for deposit in the Unclaimed Property Fund in their name.

9. **Releases.**

(a) **Release of PAGA Claims.** Effective on the date when Defendant fully funds the Gross Settlement Amount, this Agreement and judgment to be entered by the Court following this Agreement will forever bar Plaintiffs, all Settlement Group Members, LWDA, and any other representative, proxy, or agent thereof, including, but not limited to, any and all allegedly aggrieved employees, from pursuing any action against Defendant and any of its past, present and future direct or indirect parents, subsidiaries, predecessors, successors and affiliates, as well as each of its or its past, present and future officers, directors, employees, partners, members, shareholders and agents, attorneys, insurers, reinsurers, and any individual or entity that could be jointly liable with Defendant ("Released Parties") under PAGA based on or arising out of the violations of the Labor Code sections alleged in the Lawsuit and claims that could have been asserted in the Lawsuit based upon the facts alleged in the operative complaint and PAGA Notices through the end of the Settlement Period ("Released Claims"). The Released Claims include, but are not limited to, claims under the PAGA for civil penalties for alleged violations of Labor Code sections 201, 202, 203, 204, 210, 218.5, 221, 226(a), 226.3, 226.7, 246,

432.5, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802, all related claims for civil penalties under the governing Wage Orders, and claims for attorneys' fees, costs, or interest resulting therefrom.

(b) Plaintiffs' General Release and Waiver of Rights Under Civil Code Section 1542. Effective on the date when Defendant fully funds the entire Gross Settlement Amount, in consideration of the amount of the Enhancement Payments approved by the Court, Plaintiffs also agree for themselves and their spouses, heirs, successors, and assigns, to forever generally release 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, penalties and expenses of any nature whatsoever, from the beginning of time through the Effective Date, known or unknown, suspected or unsuspected, whether in tort, contract, equity, or otherwise, for violation of any federal, state or local statute, rule, ordinance or regulation, including, but not limited to, all claims arising out of, based upon, or relating to her employment with Defendant or remuneration for, or termination of, such employment, whether known or unknown, arising under any federal, state, or local law, or statute, including, *inter alia*, those arising under the Labor Code, Fair Labor Standards Act, Age Discrimination in Employment Act ("ADEA"), Older Workers Benefits Protection Act ("OWBPA"), Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, Employee Retirement Income Security Act, National Labor Relations Act, Corporations Code, Business and Professions Code, Fair Employment and Housing Act, Family Rights Act, and California Constitution (all as amended), and any law of contract and tort, as well as for discrimination, harassment, retaliation, wrongful termination, lost wages, benefits, other employment compensation, emotional distress, medical expenses, other economic and non-economic damages, attorneys' fees, and costs, arising on or before the date on which the Settlement is executed. Plaintiffs acknowledge that they may discover facts or law different from, or in addition to, the facts or law Plaintiffs now know or believe to be true. But Plaintiffs agree that this general release shall be and remain effective in all respects, notwithstanding such different or additional facts or discovery of them.

For purposes of this general release, Plaintiffs expressly waive and relinquish the provisions, rights, and benefits, if any, of Civil Code section 1542, which provides:

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

Plaintiffs acknowledge they have read this Agreement in its entirety, including the above language from the Civil Code section 1542, and that they fully understand this Agreement. By executing this Agreement, as of the Effective Date, Plaintiffs expressly waive any benefits and rights granted pursuant to Civil Code section 1542 or any statute, rule, or principle of common law or equity, in any jurisdiction, that is similar, comparable, or equivalent, in whole or in part, to Civil Code section 1542. Plaintiffs acknowledge and agree that this knowing and voluntary waiver is an essential and material term of this Agreement, and the Agreement would not have been entered into without such a waiver.

Plaintiffs further understand and agree that claims or facts in addition to or different from those which are now known or believed by her to exist may hereafter be discovered. It is Plaintiffs' intention to settle fully and release all claims they now have against the Released Parties, whether known or unknown, suspected or unsuspected. The Enhancement Payments to be paid to Plaintiffs are specifically in exchange for the general release of the Released Parties from all claims, including those specified in this section and a covenant not to sue the Released Parties. Notwithstanding the above, the general release by Plaintiffs shall not extend to claims for workers' compensation benefits, claims for unemployment benefits, or other claims that may not be released by law.

10. **Escalator Clause.** This Agreement was reached based on a total number of approximately 8,905 pay periods worked by Settlement Group Members in the Settlement Period. If it is determined the number of pay periods within the Settlement Period exceeds ten percent (10%) or more of 8,905 (*i.e.*, more than 9,796 pay periods), the Gross Settlement Amount shall increase proportionally over the ten percent (10%) increase (*i.e.*, if the number of pay periods increases by 11%, the Gross Settlement Amount will increase by 1%).

11. **Dismissal.** Upon the Court's approval of this Agreement and payment of all sums required by this Agreement, Plaintiffs shall file a request for dismissal of the Lawsuit in its entirety as to Defendant with prejudice. Pursuant to Code of Civil Procedure section 664.6, the Court shall retain jurisdiction to enforce the terms of this Agreement.

12. **Waiver of Appeal Rights.** By accepting this Settlement, and upon the Court granting approval of the settlement, Plaintiffs and Plaintiffs' Counsel hereby waive any and all rights they may have to appeal any judgment, ruling, or order made by the Court in the Lawsuit including, without limitation, any order granting approval of this Settlement or dismissing the Lawsuit with prejudice. This includes all rights to any post-judgment proceeding and appellate proceeding, such as, but not limited to, a motion to vacate judgment, a motion for new trial, a motion for relief, and any extraordinary writ, and the approval, therefore, will become non-appealable at the time it is entered. The waiver of appeal does not include any waiver of the right to oppose any appeal, appellate proceedings, or post-judgment proceedings. If an appeal is taken from the approval, the time for consummation of the Settlement (including making payments under the Settlement) will be suspended until such time as the appeal is finally resolved and the approval becomes final.

13. **Acknowledgement of Fair and Reasonable Settlement.** The Parties have arrived at this Agreement after arm's-length negotiations between experienced counsel. Each of the Parties acknowledges, agrees, and believes this Agreement is a fair, adequate, and reasonable settlement of the Lawsuit. The Parties further acknowledge they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Agreement. Each Party to this Agreement agrees and represents it has investigated the facts relevant to this Agreement, and all matters pertaining thereto, to the full extent that each Party deems necessary. The Parties agree this Agreement reflects their good faith compromise of the claims raised in the Lawsuit based on their assessment of the mutual risks and costs of further litigation and the assessments of their counsel.

14. **Authority to Enter the Agreement.** Each Party represents and warrants it has the right and authority to execute this Agreement. It is agreed that the Settlement Group Members are so numerous that it is impossible or impractical to have each member execute this Agreement. It is agreed that this Agreement may be executed on behalf of the Settlement Group Members by Plaintiffs and Plaintiffs' Counsel.

15. **Ownership of Claims.** The Parties represent they have not transferred or assigned, or purported to transfer or assign, to any person or entity any portion of any liability, claim, demand, action, cause of action or right herein released and discharged.

16. **Authorization of Counsel.** The Parties' counsel warrant and represent they are authorized by the Parties whom they represent to negotiate this Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms and to execute any other documents required to effectuate its terms.

17. **Attorneys' Fees.** Except as set forth in this Agreement, each side shall bear its own costs and attorneys' fees.

18. **Confidentiality.** Except as provided below to the extent necessary to effectuate the settlement or as required by court or legal process, the Parties and their counsel will keep confidential the facts relating to the existence of this Agreement, negotiations leading to the execution of this Agreement, terms of this Agreement, and alleged factual basis for Plaintiffs' claims, if any. Neither the Parties nor their counsel shall issue a press release, hold a press conference, publish information about the settlement on any website or through any social media, or otherwise publicize the settlement or communicate its terms in public or in private, unless ordered by the Court. However, for the limited purpose of establishing adequacy of counsel in future actions, Plaintiffs' Counsel may reference the Action only by name and case number in a declaration establishing adequacy as class or representative counsel. Breach of this provision by Plaintiffs or Plaintiffs' Counsel shall entitle Defendant, in the exercise of their sole discretion, to nullify the Settlement at any time before approval by the Court. Should Plaintiffs at any time breach this provision, Plaintiffs shall forfeit to Defendant the full amount of the Enhancement Payments. Without limitation by the foregoing, Defendant also may enforce this provision through an action for injunctive relief. Plaintiffs waive any obligation by Defendant to file a bond in connection with any such action.

19. **Duty to Cooperate.** Each Party agrees it will abide by this Agreement and that the Parties and their counsel will cooperate with each other to effect the implementation of this Agreement. The Parties pledge their good faith and fair dealing in supporting the approval of this Agreement by the Court, including, but not limited to, fully documenting the settlement, completing or filing any other documents or pleadings, arguing that the terms and conditions agreed upon should be enforced fully, commencing any required action (either in court or in arbitration), jointly appealing and/or otherwise exhausting judicial review of any adverse ruling, etc. If the Parties are unable to reach agreement on the form or content of any document needed to implement the Agreement or on any supplemental provisions that may become necessary to effectuate the terms of this Agreement, the Parties may seek the assistance of the mediator who

facilitated the negotiation of this Agreement. If the Parties cannot resolve their dispute with the assistance of the mediator, the Parties may seek the assistance of the Court.

20. **Nullification of Agreement.** Defendant's payment of the Gross Settlement Amount shall be subject to the Court granting approval. If the Court fails to grant approval, the Parties shall be returned to their original positions as though this Agreement had never been entered into at all, with the exception that if any settlement administration costs are due and payable, the Parties agree to split those costs.

21. **Defendant's Option to Revoke.** If the settlement, or any terms therein, is modified, vacated, altered, or becomes otherwise subject to challenge by law, including, but not limited to, any law that became effective after the execution of this Agreement, so that this Agreement is not approved by the Court in its entirety and, therefore, the intent of the Parties cannot be accomplished after jointly taken efforts to enforce it have been exhausted, Defendant shall have the option to revoke this Agreement at its sole discretion.

22. **Severability.** If any clause or provision of this Agreement is declared illegal or unenforceable, it shall be modified as minimally as necessary to be enforceable. If the provision cannot be modified to be enforceable, such provision shall immediately become null and void, leaving the remainder of this Agreement in full force and effect.

23. **Governing Law and Interpretation.** This Agreement shall be governed in accordance with the laws of the State of California. The Agreement shall be interpreted in accordance with the plain meaning of its terms and shall not be strictly interpreted for or against any of the Parties to this Agreement. Given that all Parties hereto had the opportunity to draft, review, and edit the language of this Agreement, the Parties expressly waive the benefit of any legal principle or rule providing that in cases of uncertainty the language of a contract should be interpreted against the Party who caused the uncertainty to exist.

24. **Continuing Jurisdiction of the Court.** Pursuant to Code of Civil Procedure section 664.6, the Court shall retain continuing jurisdiction over the Lawsuit and Parties to the fullest extent necessary to enforce and effectuate the terms and intent of this Agreement.

25. **Admissibility of Agreement.** The Parties agree this Agreement is admissible for the purposes of proving up and or enforcing the terms of the Agreement, as set forth herein, pursuant to Evidence Code section 1123.

26. **Amendment and Modification.** This Agreement may not be modified, altered, or changed, except by a written instrument signed by either the Parties or their successors-in-interest or counsel for all Parties.

27. **Discovery of Documents and Information.** Plaintiffs and Plaintiffs' Counsel agree that they will destroy all documents and information provided to them by Defendant during this Lawsuit within sixty (60) calendar days after the completion of the administration of the Settlement. Plaintiffs' Counsel agree that none of the documents and information provided to them by Defendant shall be used for any purpose other than Settlement of the Lawsuit.

28. **Binding on Successors and Assigns.** This Agreement will be binding upon, and inure to the benefit of, the Parties hereto and their agents, employees, representatives, officers, directors, parents, subsidiaries, assigns, heirs, executors, administrators, insurers, and successors in interest.

29. **No Representations.** The Parties acknowledge, except as expressly set forth herein, no representation of any kind or character has been made to induce the execution of this Agreement.

30. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures sent by facsimile transmission or scanned e-mail transmission have the same force, validity, and effect as original signatures.

* * *

IN WITNESS WHEREOF, the Parties knowingly and voluntarily accept the terms of this Settlement Agreement and Release by affixing their signatures below.

Dated: 04/16/2024

Anthony Harris

By: *Anthony Harris*

Dated: 04/30/2024

Fabian Mancilla

By: *Fabian Mancilla*

Dated: 04/16/2024

Limmie Propps

By: *Limmie Propps*

Dated: May 1, 2024

Justice Law Corporation [Approving as to Form Only]

By: *D. Han*

Douglas Han, Esq.

Shunt Tatavos-Gharajeh, Esq.

William Wilkinson, Esq.

Attorneys for Plaintiffs

Dated: May 2, 2024

RL Liquidators, LLC

By: 
On behalf of RL Liquidators, LLC
Curtis Hendryx, Esq.

Dated: May 6, 2024

**Porter Scott, A Professional Corporation [Approving as to
Form Only]**

By: 
Derek J. Haynes, Esq.
Dylan T. de Wit, Esq.
Attorneys for Defendant

EXHIBIT A

NOTICE OF PAGA SETTLEMENT

Harris v. RL Liquidators
Superior Court of California, County of Sacramento
Case No. 23CV000905

Dear [Settlement Group Member's Name]:

Enclosed with this letter is a settlement check being paid to you pursuant to the settlement of the lawsuit filed in the Superior Court of California, County of Sacramento, entitled *Harris v. RL Liquidators*, Case Number 23CV000905 ("Action"). The purpose of this letter is to provide you with basic information about the Action, the reasons why you are receiving the enclosed settlement check, and the effect of the settlement on your legal rights.

I. The Action

On May 2, 2023, Plaintiffs Anthony Harris, Fabian Mancilla, and Limmie Propps ("Plaintiffs"), former employees of RL Liquidators, LLC ("Defendant"), commenced this Action by filing a complaint against Defendant pursuant to Labor Code section 2698 (Private Attorneys General Act of 2004 ("PAGA")) in the Superior Court of California, County of Sacramento ("Operative Complaint"), on behalf of the State of California and all current or former hourly-paid or non-exempt employees of Defendant who worked for Defendant within the State of California at any time during the period from June 3, 2021 through February 23, 2024, otherwise referred to as "Settlement Group Members."

In the Action, Plaintiffs claimed Defendant owed civil penalties under PAGA to Plaintiffs and the Settlement Group Members for alleged violations of the Labor Code. Defendant denies it violated the Labor Code, denies the allegations in the Operative Complaint, and denies all liability under PAGA to Plaintiffs, Settlement Group Members, and State of California.

The merits of the Action have not been determined. However, on [Approval Date], the Superior Court of California, County of Sacramento, approved a settlement of the Action that Defendant entered to avoid the costs and disruption of litigation.

II. Why This Settlement Check Is Being Sent to You

The settlement approved by the Superior Court of California, County of Sacramento, involves a payment of civil penalties. In accordance with PAGA, seventy-five percent (75%) of the civil penalties paid under the settlement goes to the California Labor and Workforce Development Agency. The remaining twenty-five percent (25%) of the civil penalties paid under the settlement will be distributed to all Settlement Group Members. The enclosed settlement check is being sent to you because you have been identified as a Settlement Group Member.

III. How the Amount of Your Settlement Check Was Determined

The enclosed settlement check was calculated based on the total number of pay periods you worked for Defendant from June 3, 2021 through February 23, 2024 relative to all other Settlement Group Members.

Your settlement check will remain negotiable for one hundred twenty (120) calendar days after its mailing. If your settlement check is not cashed, deposited, or negotiated within this timeframe, it will be voided and paid to the California State Controller's Unclaimed Property Fund in your name.

IV. Consequences of the Settlement

The Action was filed exclusively as a representative action under PAGA, which functions as a substitute for an enforcement action by the State of California.

The Court's order and judgment approving the settlement of the Action binds all persons, including nonparty employees, who would be bound by a judgment in an action brought by California itself. As a result, although you are not a "party" to the Action, the judgment entered upon settlement of the Action is binding on you with respect to any claims for civil penalties under PAGA encompassed by the settlement. That is true regardless of whether you choose to cash, deposit, or negotiate the enclosed settlement check. As a result of this settlement, Plaintiffs, Settlement Group Members, and State of California have fully released and forever discharged Defendant and any of its past, present and future direct or indirect parents, subsidiaries, predecessors, successors and affiliates, as well as each of its or its past, present and future officers, directors, employees, partners, members, shareholders and agents, attorneys, insurers, reinsurers, and any individual or entity that could be jointly liable with Defendant ("Released Parties") from any and all claims to recover civil penalties for any violations of, including but not limited to, Labor Code sections 201, 202, 203, 204, 210, 218.5, 221, 226(a), 226.3, 226.7, 246, 432.5, 510, 512(a), 551, 552, 558, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802, all related claims for civil penalties under the governing Wage Orders, and claims for attorneys' fees, costs, or interest resulting therefrom that may have arisen between June 3, 2021 through February 23, 2024 ("Released Claims").

V. Taxation of Your Individual Settlement Award

You will be issued an IRS Form 1099 in connection with the funds paid to you via the enclosed check if your Individual Settlement Award is \$600 or more. However, you are solely responsible for all tax obligations attributable to you that may arise as a result of receiving the settlement check. If you have any tax-related questions regarding your receipt of the enclosed check, you should direct them your own tax advisor.

VI. Where to Get More Information

Do not call or contact the Superior Court of California, County of Sacramento, about this letter, settlement, settlement check sent to you, or Action in general. If you have questions about this letter, settlement, settlement check sent to you, or Action in general, you may contact the Settlement Administrator Phoenix Class Action Administration Solutions at [INSERT CONTACT INFORMATION].

Dated: [INSERT DATE]

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

PROOF OF SERVICE
1013A(3) CCP

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 751 N. Fair Oaks Avenue, Suite 101, Pasadena, California 91103 and my electronic service address is dmather@justicelawcorp.com.

On August 12, 2024, I served the foregoing document described as

SETTLEMENT AGREEMENT AND RELEASE

for the following case: **Harris v. RL Liquidators, LLC**
LWDA/Court Case No.: **LWDA Case No.: LWDA-CM- 887325-22**
Court Case No.: 23CV000905
Sacramento County Superior Court

on interested parties in this action by electronically submitting as follows:

State of California
Labor & Workforce Development Agency
800 Capitol Mall, MIC-55
Sacramento, California 95814

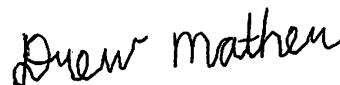
[X] BY ELECTRONIC SUBMISSION

Pursuant to California Senate Bill No. 836, I caused the documents described above to be electronically submitted by and through the procedure stated on the website of the State of California Labor and Workforce Development Agency.

[X] STATE

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

Executed on August 12, 2024, at Pasadena, California.



Drew Mather