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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES—SPRING STREET COURTHOUSE

DFT, INC. WAGE AND HOUR CASES

Coordinated Actions:

ERIC BETANCES vs. DFT, INC. D/B/A
CANNON MANAGEMENT

ROXANA VALDEZ vs. DFT, INC.
D/B/A CANNON MANAGEMENT

JUDICIAL COUNCIL COORDINATION
PROCEEDING NO.: 4882

Honorable John S. Wiley, Jr.
Department SSC9

Superior Court of California, County of Los
Angeles: BC559751

Complaint Filed: October 6, 2014

Superior Court of California, County of San
Bernardino: CIVDS1605358

Complaint Filed: April 12, 2016

**DECLARATION OF EDWIN AIWAZIAN IN
SUPPORT OF PLAINTIFFS' MOTION FOR
PRELIMINARY APPROVAL OF CLASS
ACTION SETTLEMENT**

[Plaintiffs' Motion for Preliminary Approval of
Class Action Settlement; Declaration of Proposed
Class Counsel (V. Andre Sherman); Declarations
of Proposed Class Representatives (Eric Betances
and Roxana Valdez); and [Proposed] Order filed
concurrently herewith.]

Date: June 13, 2018
Time: 10:00 a.m.
Department: 9

DECLARATION OF EDWIN AIWAZIAN

I, Edwin Aiwarzian, hereby declare as follows:

1. I am an attorney licensed to practice law in the State of California. I am a member of Lawyers for Justice, PC, attorneys of record for Plaintiffs Eric Betances and Roxana Valdez. The facts set forth in this declaration are within my personal knowledge or based on information and belief, and if called as a witness, I could and would competently testify thereto.

EDUCATION

2. In May of 2004, I graduated from *Pepperdine University School of Law* with a Juris Doctor degree. I have extensive formal training in dispute resolution and negotiation from the Straus Institute for Dispute Resolution as part of its Masters in Dispute Resolution degree program. In addition, I have previously served as a *pro bono* mediator for the Los Angeles Superior Court. In October of 2000, I obtained a Litigation Paralegal Certificate from the *UCLA Extension Program*. During the summer of 2000, I studied Legal Writing at *Harvard University*. In April of 1999, I obtained a Bachelor of Arts degree in Communication with a concentration in Natural Sciences from *Pepperdine University*.

JUDICIAL EXTERNSHIPS

3. From approximately September 2002 to approximately December 2002, I served as a Judicial Extern to the Honorable Kim McLane Wardlaw of the *United States Court of Appeals for the Ninth Circuit*. From approximately June 2002 to approximately August 2002, I served as a Judicial Extern to the Honorable Earl Johnson, Jr. of the *California Court of Appeal for the Second Appellate District*.

LITIGATION AND CLASS ACTION EXPERIENCE

4. In December of 2004, I obtained a license to practice law from the California State Bar. From approximately December 2004 to approximately August 2008, I was employed by the law firm of *Girardi & Keese*.

5. At *Girardi & Keese*, my practice focused on class actions and other complex cases involving toxic torts and products liability. In addition, I gained substantial experience on cases involving insurance bad faith, premises liability, and medical negligence. While employed by

1 *Girardi & Keese*, I argued approximately 100 motions, took or defended approximately 150
2 depositions, and prepared dozens of expert witnesses for deposition or trial.

3 6. Since its inception, in or around October of 2008, *Lawyers for Justice, PC* has
4 almost exclusively focused on the prosecution of consumer and employment class actions,
5 involving wage-and-hour claims, race discrimination, unfair business practices or consumer
6 fraud. Currently, we are the attorneys of record in over a dozen employment-related putative
7 class actions in both state and federal courts in the State of California. Our firm has successfully
8 litigated cases involving the executive, administrative, and other overtime exemptions to the
9 State of California and federal overtime compensation requirements. During this relatively short
10 time, in association with other law firms, we have recovered millions of dollars on behalf of
11 thousands of individuals in California.

12 **EXAMPLES OF CLASS ACTION RESULTS**

13 7. What follows are just a few examples of the type of results we have achieved on
14 behalf of our clients:

15 a) Our firm, in association with other co-counsel, represented the plaintiffs
16 in a wage-and-hour class action against a major property management company involving
17 allegations of misclassification of various “manager” positions. On September 20, 2010, the
18 court granted final approval of the class and representative action settlement. The Los Angeles
19 County Superior Court Case Number is BC400414.

20 b) Our firm, in association with other co-counsel, represented the plaintiffs
21 in a wage-and-hour class action against a national retailer involving allegations of
22 misclassification of the “Assistant Store Manager” position. On October 28, 2010, the court
23 granted final approval of the class action settlement. The Los Angeles County Superior Court
24 Case Number is BC413498.

25 c) Our firm, in association with other co-counsel, represented the plaintiffs
26 in a wage-and-hour class action against a national property management company involving
27 allegations of misclassification of the “Property Manager” position. On May 23, 2012, the court
28 granted final approval of the class and representative action settlement. The Los Angeles

County Superior Court Case Number is BC430918.

d) Our firm, in association with other co-counsel, represented the plaintiffs in a wage-and-hour class action against a national retailer involving allegations of misclassification of the "Store Manager" position. On June 10, 2011, the court granted plaintiffs' motion for class certification. On August 26, 2013, the court granted final approval of the class action settlement. The Los Angeles County Superior Court Case Number is BC424012.

e) Our firm, in association with other co-counsel, represented the plaintiffs in a wage-and-hour class action against a bank, involving allegations of misclassification of the "Assistant Branch Manager" position. On August 27, 2013, the court granted final approval of the class and representative action settlement. The Kern County Superior Court Case Number is S-1500-CV-273194-LHB.

f) Our firm, in association with other co-counsel, represented the plaintiffs in a wage-and-hour class action against a national wholesale distributor of plumbing and builder supplies, involving allegations of misclassification of multiple salaried "manager" positions. On May 22, 2014, the court granted final approval of the class and representative action settlement. The Sacramento County Superior Court Case Number is 34-2012-00136285.

g) Our firm, in association with other co-counsel, represented the plaintiffs in a wage-and-hour class action involving allegations of misclassification of the "Operations Manager" position. On September 16, 2014, the court granted plaintiffs' motion for class certification. The Los Angeles County Superior Court Case Number is BC478769.

h) Our firm, in association with other co-counsel, represented the plaintiffs in a wage-and-hour class action against a national retailer of household items, on behalf of hourly-paid or non-exempt employees. On May 27, 2015, the court granted final approval of the class and representative action settlement. The San Francisco County Superior Court Case Number is CGC-13-532344.

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1 i) Our firm, in association with other co-counsel, represented the plaintiffs
2 in a wage-and-hour class action involving allegations of misclassification of the salaried
3 residential "Property Manager" position. On September 17, 2015, the court granted plaintiffs'
4 motion for class certification. The Los Angeles County Superior Court Case Number is
5 BC474784.

6 j) Our firm, in association with co-counsel Girardi & Keese, represented the
7 plaintiffs in a wage-and-hour class action against a national retailer of upscale hardware and
8 home furnishings, on behalf of non-exempt employees. On April 28, 2016, the court granted
9 final approval of the class and representative action settlement. The Los Angeles County
10 Superior Court Case Number is JCCP4794.

11 k) Our firm, in association with co-counsel Girardi & Keese, represented the
12 plaintiffs in a wage-and-hour class and representative action against a national retailer of apparel
13 and fashion accessories, on behalf of non-exempt employees. On August 5, 2016, the court
14 granted final approval of the class and representative action settlement. The Los Angeles
15 County Superior Court Case Number is BC488069.

16 l) Our firm, in association with other co-counsel, represented the plaintiffs
17 in a wage-and-hour class action against a national retailer of apparel, accessories, and home
18 products, involving allegations of misclassification of the "Department Manager" position. On
19 August 12, 2016, the court granted plaintiffs' motion for class certification. The Alameda
20 County Superior Court Case Number is RG13680477.

21 m) Our firm represented the plaintiffs in a representative action under the
22 Private Attorneys General Act, against a real estate and property management company, on
23 behalf of non-exempt employees. On November 4, 2016, the Court granted approval of the
24 settlement. The Orange County Superior Court Case Number is 30-2015-00775439-CU-OE-
25 CXC.

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1 n) Our firm, in association with other co-counsel, represented the plaintiffs
2 in a wage-and-hour class action against a full-service bank, on behalf of non-exempt employees.
3 On November 18, 2016, the court granted final approval of the class action settlement. The San
4 Francisco County Superior Court Case Number is CJC-13-004839.

5 o) Our firm, in association with co-counsel Girardi & Keese, represented the
6 plaintiffs in a wage-and-hour class action and representative action against a consumer
7 packaging company, on behalf of non-exempt employees. On March 10, 2017, the court granted
8 final approval of the class action settlement. The Los Angeles County Superior Court Case
9 Number is BC590429.

10 p) Our firm, in association with other co-counsel, represented the plaintiffs
11 in a wage-and-hour class action and representative action against a manufacturer of food service
12 industry supplies on behalf of non-exempt employees. On April 14, 2017, the court granted final
13 approval of the class action settlement. The Orange County Superior Court Case Number is 30-
14 2015-00810013-CU-OE-CXC.

15 q) Our firm represented the plaintiffs in a wage-and-hour class action and
16 representative action against a food company on behalf of non-exempt employees. On June 30,
17 2017, the court granted final approval of the class action settlement. The Sacramento County
18 Superior Court Case Number is 34-2015-00175871.

19 r) Our firm represented the plaintiffs in a wage-and-hour class action and
20 representative action against a chocolate company on behalf of non-exempt employees. On July
21 19, 2017, the court granted final approval of the class and representative action settlement. The
22 Alameda County Superior Court Case Number is RG15764300.

23 s) Our firm represented the plaintiffs in a wage-and-hour class action and
24 representative action against a manufacturer of plastic containers on behalf of non-exempt
25 employees. On October 31, 2017, the court granted final approval of the class and representative
26 action settlement. The Los Angeles County Superior Court Case Number is BC577233.

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PRELIMINARY APPROVAL

8. Marked and attached hereto as “EXHIBIT 1” is the Joint Stipulation of Class Action and PAGA Settlement and Release (“Settlement,” “Agreement,” or “Settlement Agreement”) entered into by and between Plaintiffs Eric Betances and Roxana Valdez (“Plaintiffs”), individually and on behalf of all others similarly situated and other aggrieved employees, on the one hand, and Defendant DFT, Inc. d/b/a Cannon Management (“Defendant”), on the other hand (collectively, the “Parties”). The Parties and their counsel have approved the proposed Notice of Class Action and PAGA Settlement (“Class Notice”), which is attached to the Settlement Agreement as “Exhibit A” and respectfully request that the Court approve it as well. The above-captioned coordinated proceeding titled DFT, Inc. Wage and Hour Cases, currently pending in Department 9 of the above-captioned Court (the “Action”) is comprised of the following included actions: *Eric Betances v. DFT, Inc. D/B/A Cannon Management*, Los Angeles County Superior Court, Case No. BC559751 (the “*Betances Lawsuit*”) and *Roxana Valdez v. DFT, Inc. D/B/A Cannon Management*, San Bernardino County Superior Court, Case No. CIVDS1605358 (the “*Valdez Lawsuit*”).

9. Based on information provided by Defendant, as of May 2018, the Class was estimated to consist of approximately eight hundred eighty-five (885) individuals.

10. The effectiveness of Lawyers for Justice PC and Girardi & Keese (“Class Counsel”) in prosecuting this case has translated into tangible monetary benefits for the Class Members in the following respects: (1) Class Members recover over a reasonably short period of time as opposed to waiting additional years for the same, or possibly worse, result; (2) a guaranteed result that compares favorably with other similar class action settlements of this type given the strengths and weaknesses of the case; and (3) significant savings in Class Counsel’s fees and/or costs that would have only increased significantly had the case progressed through certification, trial, and/or appeals.

11. Class Counsel have actively litigated the lawsuits since the *Betances Lawsuit* was commenced on October 6, 2014. The Parties have engaged in extensive settlement negotiations and participated in a formal, full-day mediation conducted by Deborah C. Saxe, Esq., a well-

1 respected mediator experienced in mediating complex labor and employment matters. Prior to
2 and during the mediation and settlement discussions, the Parties exchanged class information,
3 propounded and responded to extensive formal written discovery requests, engaged in an
4 extensive discussion regarding their evaluations of the case and various aspects of the case,
5 including but not limited to, the risks and delays of further litigation, the risks to the Parties of
6 proceeding with class certification and/or representative adjudication, the law relating to off-
7 the-clock theory, meal and rest periods, wage-and-hour enforcement, and PAGA representative
8 claims, as well as the evidence produced and analyzed, and the possibility of appeals, among
9 other things. During all settlement discussions, the Parties conducted their negotiations at arm's
10 length in an adversarial position. Arriving at a settlement that was acceptable to both Parties
11 was not easy. Defendant and its counsel felt strongly about their ability to prevail on the merits
12 and at certification, and Plaintiffs and Class Counsel believed that they would be able to obtain
13 class certification and prevail at trial. After conducting investigations and formal and informal
14 discovery and exchange of information, extensive settlement negotiations, and with the aid of
15 the mediator's evaluations, the Parties have agreed that this case well-suited for settlement given
16 the legal issues relating to Plaintiffs' principal claims, as well as the costs and risks to both sides
17 that would attend further litigation. The Settlement is a fair, reasonable, and adequate resolution
18 of the Released Claims of Plaintiffs and Class Members who do not timely submit a Request for
19 Exclusion from the Settlement ("Settlement Class Members"), against the Released Parties.

20 12. Prior to the mediation session on June 29, 2017, the Parties used the pre-mediation
21 time to investigate the veracity, strength and scope of the claims, and Class Counsel was
22 preparing the case for class certification. Prior to engaging in the mediation, Plaintiffs
23 conducted significant investigation and formal and informal discovery regarding the facts of the
24 case, including and not limited to, the exchange, review, and analysis of thousands of pages of
25 documents and data produced by Defendant. The volume of data and documents that Class
26 Counsel reviewed and analyzed included and was not limited to: Plaintiffs and other Class
27 Members' employment records, a detailed sampling of Class Members' time and pay data
28 (including but not limited to, timecards, payroll records, and wage statements), Defendant's

1 Employee Handbook, agreements, internal memoranda (for example Defendant's Use of Cell
2 Phones and Personal Digital Assistants (PDA) While Driving memo), job descriptions, and
3 Defendant's operations and employment practices, forms (such as Auto Mileage Log and Check
4 Request forms), procedures, and policies (including but not limited to Defendant's Company
5 Related Driving Policy), among other information and documents. Counsel for the Parties also
6 met and conferred on numerous occasions, e.g., to discuss issues relating to the pleadings,
7 discovery, and coordination. Class Counsel interviewed Plaintiffs and other Class Members to
8 gather facts and to identify potential witnesses. Plaintiffs propounded onto Defendant, and
9 reviewed and provided responses to, multiple sets of formal written discovery requests in both
10 the Action and the *Betances* Lawsuit. Class Counsel also took the deposition of Defendant's
11 Person Most Knowledgeable designee and prepared for and defended the depositions of
12 Plaintiffs. Counsel for the Parties also met and conferred on numerous occasions, e.g., to discuss
13 issues relating to the pleadings, discovery, and the production of documents and data prior to
14 the mediation. Class Counsel also drafted Plaintiffs' mediation brief and prepared for and
15 attended court proceedings, settlement negotiations, and the mediation, among other tasks.

16 13. Counsel for the Parties have also invested time researching and investigating the
17 applicable law, which is constantly evolving as it relates to certification, representative PAGA
18 claims, off-the-clock theory, meal and rest periods, wage-and-hour enforcement, Plaintiffs'
19 claims and damages, and Defendant's defenses thereto, as well as facts discovered. Based on
20 our analysis, I submit that the result achieved in this litigation is fair, adequate, and reasonable.

21 14. The Settlement provides for a Maximum Settlement Amount of five hundred fifty
22 thousand dollars (\$550,000). The Net Settlement Amount is the Maximum Settlement Amount
23 less the following amounts subject to approval by the Court: Attorneys' Fees and Costs to Class
24 Counsel, Class Representative Enhancement Payments to Plaintiffs, the penalties allocated
25 under the California Private Attorneys General Act ("PAGA Settlement Amount") to the
26 California Labor and Workforce Development Agency ("LWDA") and the PAGA Class
27 Members, and Settlement Administration Costs to the Settlement Administrator. Assuming that
28 the amounts allocated under the Settlement toward these payments are awarded by the Court,

1 the Net Settlement Amount is currently estimated to be two hundred sixty-eight thousand
2 (\$268,000). Under the Settlement Agreement, the final available Net Settlement Amount and
3 PAGA Settlement Amount will be fully distributed and no portion will revert to Defendant.

4 15. The Parties have agreed to retain Phoenix Settlement Administrators ("Phoenix")
5 or "Settlement Administrator") to handle the notice and settlement administration. The Parties
6 respectfully request that the Court appoint Phoenix to handle these procedures and serve as the
7 Settlement Administrator. Defendant will provide Phoenix with the Class List and Phoenix will
8 calculate each Class Member's estimated Settlement Share and each PAGA Class Member's
9 Individual PAGA Payment. Phoenix will also receive Requests for Exclusion, Notices of
10 Objection, and Workweek Disputes; provide necessary reports and declarations; calculate,
11 subtract, and transmit necessary taxes and withholdings; prepare and submit informational and
12 other tax filings and documents; issue and transmit all payments provided by the Settlement,
13 including and not limited to, mailing Individual Settlement Payment checks to the Settlement
14 Class Members and Individual PAGA Payment checks to PAGA Class Members; and perform
15 any other usual and customary duties for administering a class action settlement. Settlement
16 Administration Costs are currently estimated not to exceed seventeen thousand dollars (\$17,000)
17 and will be paid out of the Maximum Settlement Amount, subject to approval of the Court.

18 16. Based on investigation and information discovered, Class Counsel believe that
19 there is sufficient evidence to support the allegations made in the lawsuits, including the
20 allegations that Defendant, with respect to Plaintiffs and the Class Members, *inter alia*, failed
21 to properly pay for all hours worked, failed to provide compliant meal and rest periods and to
22 pay associated premium pay, failed to timely pay wages upon termination and during
23 employment, failed to provide complaint wage statements, failed to maintain requisite payroll
24 records, and failed to reimburse necessary business expenses, and thereby engaged in unfair
25 business practices and violated the Private Attorneys General Act of 2004 (California Labor
26 Code sections 2698, *et seq.*). Plaintiffs also asserted that Class Members were expected to
27 perform similar job duties and were subject to the same or similar operations and employment
28 policies, practices, and procedures. Additionally, Plaintiffs asserted that Defendant's

1 recordkeeping practices with respect to Plaintiffs and the Class Members were substantially the
2 same during the time period at issue. As a result, Plaintiffs claim that the Class Members, were
3 uniformly not paid all of the compensation that was owed to them by Defendant during the Class
4 Period. Thus, it is clear that the outcome of this litigation would be determined by Defendant's
5 uniform operations and employment practices, policies, and procedures that applied across its
6 hourly-paid or non-exempt employees during the Class Period.

7 17. Class Counsel are aware of the defenses and position of Defendant, but believe
8 that Plaintiffs could potentially obtain class certification despite many obstacles. Plaintiffs have
9 also taken into account the uncertainty and risk of the outcome of further litigation, and the
10 difficulties and delays inherent in such litigation, including those involved in class certification
11 and/or representative adjudication. Plaintiffs further recognize the burdens of proof necessary
12 to establish liability for the claims asserted in the lawsuits, Defendant's defenses, and the
13 difficulties in establishing entitlement to monetary recovery. Plaintiffs have also considered the
14 Parties' settlement discussions, as well as the evaluations and proposal of the mediator, who is
15 experienced and well-regarded in complex labor and employment matters.

16 18. Defendant, on the other hand, denied and continues to deny any liability and
17 wrongdoing of any kind associated with the claims alleged in the lawsuits, and further denies
18 that the lawsuits are appropriate for class treatment or representative adjudication for any
19 purpose other than this Settlement. Defendant believes that it would ultimately succeed in the
20 Action. Both sides have also had the opportunity to interview witnesses and review documents
21 and information relating to Plaintiffs' and the Class Members' employment with Defendant, and
22 Defendant's operations and employment policies, practices, and procedures. The Parties also
23 reviewed and analyzed thousands of pages of documents and data, including but not limited to
24 a detailed sampling of Class Members' time and pay information, to determine the potential
25 value and strength of the claims. The available information enabled Class Counsel to estimate
26 the potential claims of the Class and prepare damages/valuation models. Accordingly, the
27 Parties have conducted adequate investigation and discovery to be sufficiently informed of the
28 nature and extent of the Class Members' claims, and to enable both sides to fully evaluate the

1 Settlement for its fairness, adequacy, and reasonableness. The Parties have agreed that the case
2 is well-suited for settlement given the legal issues relating to Plaintiffs' principal claims, as well
3 as the costs and risks to both sides that would attend further litigation. The Settlement takes into
4 account the strengths and weaknesses of each side's position and the uncertainty of how the case
5 might have concluded at certification, trial, and/or appeals.

6 19. The Settlement Agreement provides for Class Counsel to apply for attorneys' fees
7 in an amount of up to thirty-five percent (35%) of the Maximum Settlement Amount (i.e.,
8 \$192,500) and reimbursement of actual fees and costs in an amount not to exceed thirty thousand
9 dollars (\$30,000), which will be paid out of the Maximum Settlement Amount, subject to
10 approval by the Court. It should be noted that Class Counsel has borne all of the risks and costs
11 of litigation and will not receive any compensation until recovery is obtained.

12 20. The Settlement Agreement provides for a Class Representative Enhancement
13 Payment of up to seven thousand five hundred dollars (\$7,500) to Plaintiff Betances and of up
14 to five thousand dollars (\$5,000) to Plaintiff Valdez to be paid out of the Maximum Settlement
15 Amount, subject to approval by the Court. Plaintiffs spent considerable time and effort to
16 produce relevant documents and past employment records and to provide the facts and evidence
17 necessary to attempt to prove the allegations. Plaintiffs were available whenever Class Counsel
18 needed them and actively tried to obtain information that would benefit the Class. For instance,
19 both Plaintiffs prepared for and attended at least full day of deposition (with Plaintiff Betances
20 being deposed on two days) and reviewed a transcript of their deposition thereafter. Plaintiffs
21 also reviewed and responded to Defendant's formal written discovery requests. Accordingly, it
22 is appropriate and just for Plaintiffs to receive a reasonable Class Representative Enhancement
23 Payment in addition to their Individual Settlement Payment, and if applicable, their Individual
24 PAGA Payment, for their services on behalf of the Class.

25 21. Class Counsel submit that the Settlement is fair, reasonable, and adequate, and is
26 in the best interest of the Class. Class Counsel further submit that the Settlement is within an
27 acceptable range of recovery for this type of litigation given the strengths and weaknesses of
28 this action, the inherent costs and risks of further litigation, and the costs and risks associated

1 with class certification, representative adjudication, trial, and/or appeals.

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

4 Executed on this 1st day of June 2018, at Glendale, California.

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EXHIBIT 1

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

DFT, INC. WAGE AND HOUR CASES

Coordinated actions:

BETANCES vs. DFT, INC. D/B/A CANNON
MANAGEMENT

VALDEZ VS. DFT, INC. D/B/A CANNON
MANAGEMENT

**JUDICIAL COUNCIL COORDINATION
PROCEEDING NO: 4882**

SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES
NO.: BC559751

Complaint Filed: October 6, 2014

SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN BERNARDINO
NO.: CIVDS1605358

Complaint Filed: April 12, 2016

**STIPULATION OF CLASS ACTION AND
PAGA SETTLEMENT AND RELEASE**

1 **STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT AND RELEASE**

2 This Stipulation of Class Action and PAGA Settlement and Release ("Agreement," "Settlement," or
3 "Stipulation of Settlement") is made and entered into by and between Plaintiffs ERIC BETANCES and
4 ROXANA VALDEZ ("Plaintiffs" or "Class Representatives") on the one hand, as individuals and on
5 behalf of all others similarly situated, and Defendant DFT, INC. dba CANNON MANAGEMENT
6 ("Defendant") on the other hand, and is subject to the terms and conditions hereof and the approval of
7 the Court. Plaintiffs and Defendant are referenced collectively herein as the "Parties."

8 Subject to approval of the Court, this Stipulation of Settlement shall be binding on Plaintiffs and
9 the Settlement Class and Defendant and Released Parties (as defined in Paragraph 34 herein), and any
10 individual or entity which could be jointly liable with Defendant, and its respective counsel, subject to the
11 terms and conditions hereof and the approval of the Court.

12 **RECITALS**

13 1. On October 6, 2014, Plaintiff Eric Betances ("Betances") filed a putative class action
14 complaint in the Los Angeles County Superior Court, Case No. BC559751, captioned *Eric Betances v.*
15 *DFT, Inc. d/b/a Cannon Management* ("the *Betances Lawsuit*"). The *Betances Lawsuit* sought to
16 represent all current and former hourly-paid or non-exempt employees who worked for Defendant within
17 the State of California at any time during the period from October 6, 2010 to final judgment, and alleged
18 causes of action for: (1) violation of California Labor Code §§ 510 and 1198 (unpaid overtime); (2)
19 violation of California Labor §§ 226.7 and 512(a) (unpaid meal period premiums); (3) violation of
20 California Labor Code § 226.7 (unpaid rest period premiums); (4) violation of California Labor Code
21 §§ 1194, 1197, and 1197.1 (unpaid minimum wages); (5) violation of California Labor Code §§ 201 and
22 202 (final wages not timely paid); (6) violation of California Labor Code § 204 (wages not timely paid
23 during employment); (7) violation of California Labor Code § 226(a) (non-compliant wage statements);
24 (8) violation of California Labor Code § 1174(d) (failure to keep requisite payroll records); (9) violation
25 of California Labor Code §§ 2800 and 2802 (unreimbursed business expenses); and (10) violation of
26 California Business & Professions Code §§ 17200, *et seq.* On or around March 17, 2015, Betances filed
27 a first amended putative class and representative action complaint which alleged the ten causes of action
28 asserted in the original complaint, plus a newly asserted cause of action for violation of California Labor

1 Code § 2698, *et seq.* (California Labor Code Private Attorneys General Act of 2004) (“PAGA”). Betances
2 subsequently filed a second amended putative class and representative action complaint on June 26, 2015,
3 which asserted the same eleven causes of action alleged in the first amended complaint.

4 2. On April 12, 2016, Plaintiff Roxana Valdez (“Valdez”) filed a putative representative action
5 complaint in the San Bernardino County Superior Court, Case No. CIVDS1605358, captioned *Roxana*
6 *Valdez v. DFT, Inc. d/b/a Cannon Management* (“the Valdez Lawsuit”) (collectively, the *Betances* Lawsuit
7 and the *Valdez* Lawsuit are referred to herein as the “Action”). The *Valdez* Lawsuit alleged a single cause
8 of action for violation of California Labor Code § 2698, *et seq.* (California Labor Code Private Attorneys
9 General Act of 2004), and sought to recover civil penalties on behalf of all allegedly aggrieved employees
10 under PAGA.

11 3. Defendant denies all material allegations set forth in the Action and has asserted numerous
12 affirmative defenses. Notwithstanding, in the interest of avoiding further costly and protracted litigation,
13 Defendant desires to fully and finally settle the Action and all Released Claims.

14 4. Plaintiff’s counsel, Lawyers for Justice, PC and Girardi | Keese (collectively, “Class
15 Counsel”) in the Action, diligently investigated the claims asserted against Defendant, including any and
16 all applicable defenses and the applicable law. The investigation included, *inter alia*, the exchange of
17 information pursuant to formal and informal discovery methods and review of numerous corporate
18 policies and practices.

19 5. On June 29, 2017, the Parties participated in private mediation before Deborah C. Saxe,
20 Esq. (the “Mediator”), a highly respected mediator of wage and hour class actions. After a full day of
21 negotiations, the Parties were unable to reach a resolution. However, the mediation allowed the Parties to
22 better assess their respective strengths and weaknesses in the Action, and Ms. Saxe’s supervision of the
23 mediation and negotiations was critical in managing the expectations of the Parties and providing a useful
24 and neutral analysis of the issues and risks to both sides. Following the mediation, the Parties continued
25 to engage in settlement negotiations and exchanged additional information until an agreement in principle
26 to resolve the Action was reached on or around January 2, 2018. Thereafter, the Parties signed a Term
27 Sheet on March 12, 2018.

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6. At all times during the Action, both during and after mediation, the settlement discussions were conducted at arm's-length and this Stipulation of Settlement is the result of an informed and detailed analysis of both Parties' potential risks associated with continued litigation.

7. Based on the data produced pursuant to formal and informal discovery, as well as Class Counsel's own independent investigation and evaluation, Class Counsel believes that the settlement with Defendant, for the consideration and on the terms set forth in this Stipulation of Settlement, is fair, reasonable, and adequate and is in the best interest of the Settlement Class in light of all known facts and circumstances.

8. This Stipulation of Settlement is made and entered into by and between Plaintiffs, individually, and on behalf of all others similarly situated, and Defendant, and is subject to the terms and conditions hereof, and to the Court's approval. The Parties expressly acknowledge that this Stipulation of Settlement Agreement is entered into solely for the purpose of compromising materially disputed claims and that nothing herein is an admission of liability or wrongdoing by Defendant. If for any reason this Stipulation of Settlement is not approved, it will be of no force or effect, and the Parties shall be returned to their original respective positions.

DEFINITIONS

As used in all parts of this Stipulation of Settlement (including the exhibits which are incorporated as part of the Stipulation of Settlement), the following terms have the meanings and definitions specified below, unless otherwise specified, and those meanings and definitions which are contained elsewhere in this Stipulation of Settlement will also be effective:

9. “Action” means the DFT, Inc. Wage and Hour Cases, Judicial Council Coordination Proceeding No. 4882, which consists of the (i) the matter entitled *Eric Betances v. DFT, Inc. d/b/a Cannon Management*, Los Angeles County Superior Court, Case No. BC559751, including the original Class Action Complaint for Damages and any amendments thereto (“*Betances Complaint*”), and (ii) the matter entitled *Roxana Valdez v. DFT, Inc. d/b/a Cannon Management*, San Bernardino County Superior Court, Case No. CIVDS1605358, including the original Complaint For Enforcement Under the Private Attorneys General Act, California Labor Code §2698, Et Seq. and any amendments thereto (“*Valdez Complaint*”).

10. "Attorneys' Fees and Costs" means attorneys' fees approved by the Court for Class Counsel's litigation and resolution of the Action, and all costs and expenses incurred and to be incurred by

Class Counsel in the Action, including, but not limited to, costs and expenses associated with preparing the Settlement, securing the Court's approval of the Settlement, administering the Settlement, obtaining entry of an order granting final approval of the settlement and judgment based thereon ("Final Approval Order and Judgment") in the Action, and expenses for any experts. Class Counsel will collectively request attorneys' fees not to exceed Thirty-Five Percent (35%) of the Maximum Settlement Amount, or up to One Hundred Ninety Two Thousand Five Hundred Dollars (\$192,500.00). Class Counsel will also request reimbursement of the costs and expenses associated with Class Counsel's litigation and settlement of the Action, not to exceed Thirty Thousand Dollars (\$30,000.00). Defendant has agreed not to oppose Class Counsel's request for attorneys' fees and litigation costs and expenses ("Attorneys' Fees and Costs"), as set forth above. Any portion of the Attorneys' Fees and Costs not awarded to Class Counsel will be added to the Net Settlement Amount, to be distributed in accordance with the provisions of this Agreement.

11. "Class Counsel" means Lawyers *for* Justice, PC and Girardi | Keese.

12. "Class List" means a complete list of all Putative Class Members that Defendant will diligently and in good faith compile from its records and provide only to the Settlement Administrator within thirty (30) calendar days of the Court's Preliminary Approval of this Stipulation of Settlement. The Class List will be formatted in a readable Microsoft Office Excel spreadsheet and will include each Putative Class Member's full name, last known mailing address, Social Security Number, and dates of employment with Defendant.

13. "Class Notice" means the Notice of Class Action and PAGA Settlement, substantially in the form attached as Exhibit A.

14. "Class Period" means the period from October 6, 2010 to the date on which the Court grants Preliminary Approval of the Settlement.

15. "Class Representatives" or "Plaintiffs" means Eric Betances and Roxana Valdez.

16. "Class Representative Enhancement Payments" means the amounts to be paid to Class Representatives in recognition of their effort and work in prosecuting the Action. Specifically, Plaintiffs will request that Betances be paid Seven Thousand Five Hundred Dollars (\$7,500) and Valdez be paid Five Thousand Dollars (\$5,000), subject to Court approval, from the Maximum Settlement Amount for their services on behalf of the Putative Class. Any portion of the Class Representative Enhancement Payments

not awarded to Class Representatives will be added to the Net Settlement Amount, to be distributed in accordance with the provisions of this Agreement.

17. "Court" means the Superior Court of the State of California for the County of Los Angeles.

18. "Defendant" means DFT, Inc. d/b/a Cannon Management.

19. "Defendant's Counsel" means Jackson Lewis P.C.

20. "Effective Date" means the date on which the settlement embodied in this Stipulation of Settlement shall become effective after all of the following events have occurred: (i) all Parties, Class Counsel, and Defendants' Counsel have executed this Stipulation of Settlement; (ii) the Court has entered a Preliminary Approval Order, preliminarily approving this Stipulation of Settlement; (iii) the Settlement Administrator has mailed the Class Notice to Putative Class Members providing them with notice of their rights to object to the terms of the Settlement or opt out of the Settlement; (iv) the Court has held a Final Approval Hearing and entered a Final Approval Order and Judgment that certifies the Settlement Class and approves this Stipulation of Settlement; (v) sixty-five (65) calendar days have passed since the Court has entered a Final Approval Order and Judgment; and (vi) in the event there are Notices of Objection filed prior to the Final Approval Hearing, which are not later withdrawn or denied, the later of the following events: (a) five (5) business days after the period for filing any appeal, writ or other appellate proceeding opposing Court's Final Approval Order and Judgment has lapsed without any appeal, writ or other appellate proceeding having been filed; or (b) if any appeal, writ or other appellate proceeding opposing the Court's Final Approval Order and Judgment has been filed, five (5) business days after all appeals, writs or other appellate proceedings opposing the Final Approval Order and Judgment have been finally and conclusively adjudicated leaving no further appeals, writs or other appellate proceedings available as remedy or relief without any material changes to this Agreement.

21. "Individual PAGA Payment" means the payment to each PAGA Class Member for his or her share of the PAGA Settlement Amount.

22. "Individual Settlement Payment" means the payment to each Settlement Class Member for his or her share of the Net Settlement Amount (i.e. Settlement Share), reduced by the employer's and employee's share of payroll taxes.

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1 23. “Maximum Settlement Amount” means the maximum settlement amount of up to Five
2 Hundred Fifty Thousand Dollars (\$550,000.00) to be paid by Defendant to fully and finally settle and
3 resolve the Action and Released Claims, which includes all Individual Settlement Payments to Settlement
4 Class Members, the PAGA Settlement Amount, the Class Representative Enhancement Payments to
5 Plaintiffs, Settlement Administration Costs to the Settlement Administrator, employee’s and employer’s
6 share of payroll taxes, and the Attorneys’ Fees and Costs to Class Counsel. This Maximum Settlement
7 Amount has been agreed to by Plaintiffs and Defendant based on analysis and assessment of the value of
8 the claims of the Putative Class. In no event will Defendant be liable for more than the Maximum
9 Settlement Amount under this Settlement.

10 24. “Net Settlement Amount” means the portion of the Maximum Settlement Amount
11 remaining after deduction of the Court-approved Class Representative Enhancement Payments,
12 Settlement Administration Costs, Attorneys’ Fees and Costs, and the PAGA Settlement Amount. The Net
13 Settlement Amount will be distributed to Settlement Class Members, in accordance with the terms set
14 forth herein.

15 25. “Notice of Objection” means a Settlement Class Member’s valid and timely written objection
16 to this Settlement. For the Notice of Objection to be valid, it must be in writing and include: (a) the objector’s
17 full name, signature, address, telephone number, and last four numbers of his or her Social Security number,
18 (b) the case name and number of the Action, (c) a written statement of all grounds for the objection
19 accompanied by any legal support for such objection, (d) a statement of whether the objector intends to
20 appear at the Final Approval Hearing and whether he or she is represented by counsel, and (e) copies of any
21 papers, briefs, or other documents upon which the objection is based. The Notice of Objection must be filed
22 with the Court and copies thereof must also be mailed to the Settlement Administrator, on or before the
23 Response Deadline, as judged by the file-stamp date on the filing and postmark date on the copies submitted
24 to the Settlement Administrator.

25 26. “PAGA Class” or “PAGA Class Members” shall consist of all allegedly aggrieved
26 employees defined in the *Betances* Complaint and *Valdez* Complaint, specifically all Settlement Class
27 Members who were employed by Defendant during the time period between October 6, 2013 and the date
28 on which the Court grants Preliminary Approval of the Settlement.

1 27. “PAGA Period” means the period from October 6, 2013 to the date on which the Court
2 grants Preliminary Approval of the Settlement.

3 28. “PAGA Settlement Amount” means the portion of the Maximum Settlement Amount that
4 the Parties have agreed to allocate to Plaintiffs’ Labor Code § 2698, *et seq.* claims as PAGA civil penalties.
5 Specifically, the Parties have agreed that a total of Thirty Thousand Dollars (\$30,000.00) shall be allocated
6 as civil penalties under PAGA, of which Twenty Two Thousand Five Hundred Dollars (\$22,500.00) or
7 seventy-five percent (75%) will be paid to the California Labor & Workforce Development Agency
8 (“LWDA Payment”), and Seven Thousand Five Hundred Dollars (\$7,500.00) or twenty-five percent
9 (25%) shall be paid on a *pro rata* basis to the PAGA Class Members, pursuant to PAGA and in accordance
10 with Paragraph 53 of this Agreement.

11 29. “PAGA Workweeks” means the number of weeks of employment that each PAGA Class
12 Member worked as an hourly-paid or non-exempt employee for Defendant within the State of California
13 during the PAGA Period. The Settlement Administrator will calculate the number of PAGA Workweeks
14 based on Defendant’s payroll and/or time records for each PAGA Class Member.

15 30. “Parties” means Plaintiffs and Defendant, collectively.

16 31. “Preliminary Approval” or “Preliminary Approval Order” means the Court order granting
17 preliminary approval of this Stipulation of Settlement.

18 32. “Putative Class” and “Putative Class Members” consist of the class defined in the *Betances*
19 Complaint and *Valdez* Complaint, specifically all hourly-paid or non-exempt individuals employed by
20 Defendant within the State of California between October 6, 2010 and the date on which the Court grants
21 Preliminary Approval of the Settlement.

22 33. “Released Claims” means all allegations, claims, rights, demands, liabilities and causes of
23 action of any nature and description, against Defendant and Released Parties (as defined in Paragraph 34
24 herein), under state, federal, or local law, whether statutory, constitutional, contractual, common law, and
25 administrative law claims, made or which could have been made in the Action, based on the allegations
26 in the *Betances* Complaint and the *Valdez* Complaint, and amendments thereto, from October 6, 2010
27 through the date the Court grants Preliminary Approval, including the following claims and any
28 corresponding or related claims under the Fair Labor Standards Act: failure to pay for all hours worked,

1 including but not limited to minimum wage and overtime hours; failure to provide meal periods and failure
2 to pay associated premium payments; failure to provide rest breaks and failure to pay associated premium
3 payments; failure to timely pay wages during employment; failure to reimburse business expenses; failure
4 to keep accurate payroll records; failure to provide compliant wage statements; failure to timely pay all
5 wages due at time of separation and associated waiting time penalties; failure to comply with the California
6 Labor Code and associated PAGA civil penalties; and alleged violation of the California Business and
7 Professions Code section 17200, *et seq.*, including, but not limited to, injunctive relief, punitive damages,
8 liquidated damages, penalties of any nature, interest, fees, and costs.

9 34. "Released Parties" means Defendant and any of its current and former parents, subsidiaries,
10 affiliates, divisions, successors, assigns, and officers, directors, employees, and shareholders thereof, if any.

11 35. "Request for Exclusion" means a written statement submitted by a Putative Class Member
12 indicating a request to be excluded from the Settlement. The Request for Exclusion must be in writing and
13 contain: (a) the Putative Class Member's full name, signature, address, telephone number, and the last four
14 digits of his or her Social Security number; (b) the case name and number of the Action (DFT, Inc. Wage and
15 Hour Cases, JCCP 4882); and (c) a clear statement that the Putative Class Member does not wish to be
16 included in the Settlement. The Request for Exclusion must be returned by fax or mail to the Settlement
17 Administrator at the address and/or facsimile number specified in the Class Notice, and, must be postmarked
18 or fax-stamped on or before the Response Deadline. The date of the fax-stamp or postmark on the return
19 mailing envelope will be the exclusive means to determine whether a Request for Exclusion has been timely
20 submitted. A Putative Class Member who does not request exclusion from the Settlement will be deemed a
21 Settlement Class Member and will be bound by all terms of the Settlement, if the Court grants final approval
22 of the Settlement.

23 36. "Response Deadline" means the deadline by which Putative Class Members must fax or
24 postmark Requests for Exclusion to the Settlement Administrator, by which Putative Class Members must
25 file a Notice of Objection with the Court and mail copies of the Notice of Objection to the Settlement
26 Administrator, and by which Putative Class Members must fax or postmark any Workweek Disputes to
27 the Settlement Administrator. The Response Deadline will be forty-five (45) calendar days from the initial
28 mailing of the Class Notice by the Settlement Administrator, unless the 45th day falls on a Sunday or

1 Federal holiday, in which case the Response Deadline will be extended to the next day on which the U.S.
2 Postal Service is open. The deadline to submit a Request for Exclusion to the Settlement Administrator,
3 to file a Notice of Objection with the Court and mail copies of the Notice of Objection to the Settlement
4 Administrator, or submit a Workweek Dispute to the Settlement Administrator will be extended the later
5 of (a) fifteen (15) calendar days or (b) the Response Deadline for any Settlement Class Member who is
6 re-mailed a Class Notice by the Settlement Administrator, unless the 15th day falls on a Sunday or Federal
7 holiday, in which case the Response Deadline will be extended to the next day on which the U.S. Postal
8 Service is open. The Response Deadline may also be extended by express agreement between Class
9 Counsel and Defendant. Under no circumstances, however, will the Settlement Administrator have the
10 authority to extend the deadline for Putative Class Members to submit a Request for Exclusion, Notice of
11 Objection, or Workweek Dispute.

12 37. "Settlement Administrator" means the third-party class action settlement administrator
13 agreed to by the Parties and approved by the Court for purposes of administering this settlement. The
14 Parties each represent that they will not have any financial interest in the Settlement Administrator or
15 otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

16 38. "Settlement Administration Costs" means the costs payable from the Maximum Settlement
17 Amount to the Settlement Administrator for administering this Settlement, including, but not limited to,
18 printing, distributing, and tracking documents for this Settlement, calculating estimated Settlement Shares
19 for each Settlement Class Member, calculating Individual PAGA Payments for each PAGA Class
20 Member, tax reporting, distributing the appropriate payments due under the Settlement, providing
21 necessary reports and declarations, and other duties and responsibilities set forth herein to process this
22 Settlement, including those requested by the Parties and the Court. The Settlement Administration Costs
23 will be paid from the Maximum Settlement Amount. The Settlement Administration Costs are currently
24 estimated not to exceed Seventeen Thousand Dollars (\$17,000.00), and to the extent actual Settlement
25 Administration Costs are greater than this amount, such excess amount will be deducted from the
26 Maximum Settlement Amount, subject to approval by the Court. Any portion of the Settlement
27 Administration Costs not awarded to the Settlement Administrator will be added to the Net Settlement
28 Amount, to be distributed in accordance with the provisions of this Agreement.

39. "Settlement Class" or "Settlement Class Member" means all Putative Class Members who do not submit timely and valid, or otherwise accepted, Requests for Exclusion from the Settlement to the Settlement Administrator.

40. “Settlement Share” means the gross *pro rata* share of the Net Settlement Amount, calculated based on Workweeks, that a Putative Class Member may be eligible to receive under the terms of this Settlement.

41. "Workweeks" means the number of weeks of employment that each Putative Class Member worked as an hourly-paid or non-exempt employee for Defendant within the State of California during the Class Period. The Settlement Administrator will calculate the number of Workweeks based on Defendant's payroll and/or time records for each Putative Class Member.

42. "Workweek Dispute" means a written statement that a Putative Class Member disputes the number of Workweeks or, if applicable, PAGA Workweeks, listed on his or her Class Notice. Any such Workweek Dispute must be faxed or mailed to the Settlement Administrator by the Response Deadline. A valid Workweek Dispute must be in writing and contain: (a) the Putative Class Member's full name, signature, address, telephone number, and the last four digits of his or her Social Security number; (b) the case name and number of the Action (DFT, Inc. Wage and Hour Cases, JCCP 4882); and (c) the number of Workweeks and/or PAGA Workweeks the Putative Class Member contends is correct and any evidence supporting his or her contention.

CLASS CERTIFICATION

43. Solely for purposes of settling the Action, and not for purposes of class certification should the matter not be fully and finally settled for any reason, the Parties stipulate that the requisites for establishing class certification with respect to the Putative Class have been met and are met. More specifically, the Parties stipulate and agree that:

a. The Putative Class is ascertainable and so numerous as to make it impracticable to join all Putative Class Members;

b. There are common questions of law and fact including, but not limited to, the following:

i. Whether Defendant properly compensated its employees;

- ii. Whether Defendant failed to provide meal and rest breaks;
- iii. Whether Defendant failed to pay penalties for missed meal and/or rest breaks;
- iv. Whether Defendant failed to keep the requisite wage statements;
- v. Whether Defendant failed to provide its employees with compliant wage statements;
- vi. Whether Defendant failed to timely pay its employees during employment;
- vii. Whether Defendant failed to timely pay its employees their final wages;
- viii. Whether Defendant reimbursed its employees for business expenses;
- ix. Whether Defendant engaged in unfair business practices affecting the Putative Class; and
- x. Whether the Class Representatives and the Putative Class they purport to represent are entitled to injunctive and/or declaratory relief.

44. Class Representatives and Class Counsel will fairly and adequately protect the interests of the Putative Class; should this Settlement not be approved or be terminated, this stipulation shall be null and void and shall not be admissible for any purpose whatsoever.

45. The prosecution of separate actions by individual members of the Putative Class would create the risk of inconsistent or varying adjudications, which would establish incompatible standards of conduct; should this Settlement not be approved or be terminated, this stipulation shall be null and void and shall not be admissible for any purpose whatsoever.

46. With respect to the Putative Class, Class Representatives believe that questions of law and fact common to the members of the Putative Class predominate over any questions affecting any individual member in such Putative Class, and a class action is superior to other available means for the fair and efficient adjudication of the controversy; should this Settlement not be approved or be terminated, this stipulation shall be null and void and shall not be admissible for any purpose whatsoever.

47. The Class Representatives' claims are typical of the claims of the members of the Putative Class; should this Settlement not be approved or be terminated, this stipulation shall be null and void and shall not be admissible for any purpose whatsoever.

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48. Should this Settlement not be approved or be terminated, these stipulations shall be null and void and shall not be admissible for any purpose whatsoever.

TERMS OF AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements set forth herein, the Parties agree, subject to the Court's approval, as follows:

49. Funding of the Maximum Settlement Amount. Within seven (7) calendar days after the Effective Date, Defendant will make a one-time deposit of Five Hundred Fifty Thousand Dollars (\$550,000.00), into a Qualified Settlement Fund to be established by the Settlement Administrator, for payment of the Court-approved Attorneys' Fees and Costs, Settlement Administration Costs, Class Representative Enhancement Payments, the Individual PAGA Payments and LWDA Payment=, and Individual Settlement Payments from the Maximum Settlement Amount. Within fourteen (14) calendar days of Defendant depositing the Maximum Settlement Amount, the Settlement Administrator will issue payments to (a) Settlement Class Members and PAGA Class Members; (b) Class Representatives; (c) the LWDA; and (d) Class Counsel. The Settlement Administrator will also issue a payment to itself for the Court-approved Settlement Administration Costs in connection with the Settlement.

50. Attorneys' Fees and Costs. Defendant agrees not to oppose or impede any application or motion by Class Counsel for Attorneys' Fees and Costs, as follows: attorneys' fees of not more than Thirty Five Percent (35%) of the Maximum Settlement Amount or up to One Hundred Ninety Two Thousand Five Hundred Dollars (\$192,500.00), plus the reimbursement of costs and expenses associated with Class Counsel's litigation and settlement of the Action, not to exceed Thirty Thousand Dollars (\$30,000.00), both of which will be paid from the Maximum Settlement Amount. Any portion of the Attorneys' Fees and Costs not awarded to Class Counsel shall be added to the Net Settlement Amount, to be distributed in accordance with the provisions of this Agreement.

51. Class Representative Enhancement Payments. In recognition of their effort and work in prosecuting the Action on behalf of Putative Class Members, Defendant agrees not to oppose or impede any application or motion for Class Representative Enhancement Payments, in the amount of Seven Thousand Five Hundred Dollars (\$7,500) to Plaintiff Eric Betances and in the amount of Five Thousand Dollars (\$5,000) to Plaintiff Roxana Valdez, totaling up to Twelve Thousand Five Hundred Dollars (\$12,500). The

1 Class Representative Enhancement Payments, which will be paid from the Maximum Settlement Amount,
2 will be in addition to Plaintiffs' Individual Settlement Payments paid pursuant to the Settlement. Plaintiffs
3 agree to an additional waiver and release of all claims against the Released Parties, including a waiver of
4 California Civil Code § 1542, and to a waiver of reemployment by the Released Parties in exchange for these
5 payments, as set forth in Paragraphs 77 and 78. The Settlement Administrator will issue an IRS Form 1099
6 for the Class Representative Enhancement Payments to Plaintiffs, and Plaintiffs shall be solely and legally
7 responsible for correctly characterizing this compensation for tax purposes and for paying any taxes on the
8 amounts received. Plaintiffs agree to indemnify and hold Defendant harmless from any claim or liability for
9 taxes, penalties, or interest arising as a result of the Class Representative Enhancement Payments. Should
10 the Court approve the Class Representative Enhancement Payments to Plaintiffs in an amount less than that
11 set forth above, the difference between the lesser amount approved by the Court and the approved Class
12 Representative Enhancement Payments will be added to the Net Settlement Amount, to be distributed in
13 accordance with the provisions of this Agreement.

14 52. Settlement Administration Costs. The Settlement Administrator will be paid for the
15 reasonable costs of administration of the Settlement and distribution of payments from the Maximum
16 Settlement Amount, which is currently estimated not to exceed Seventeen Thousand Dollars (\$17,000.00).
17 The Settlement Administration Costs, which will be paid from the Maximum Settlement Amount, will
18 include, *inter alia*, the required tax reporting with respect to payments under the Settlement; the issuing
19 of 1099 and W-2 IRS Forms; distributing the Class Notice to Putative Class Members; calculating
20 Settlement Shares for Putative Class Members and Individual Settlement Payments for Settlement Class
21 Members; calculating Individual PAGA Payments for PAGA Class Members; distributing the Class
22 Representative Enhancement Payments, Attorneys' Fees and Costs, PAGA Settlement Amount, and Net
23 Settlement Amount; and providing necessary reports and declarations. Any portion of the Settlement
24 Administration Costs not awarded to Settlement Administrator will be added to the Net Settlement Amount,
25 to be distributed in accordance with the provisions of this Agreement.

26 53. Individual PAGA Payments. The portion of the PAGA Settlement Amount to be paid to
27 PAGA Class Members as Individual PAGA Payments – Seven Thousand Five Hundred Dollars (\$7,500)
28 or twenty-five percent (25%) of the total PAGA Settlement Amount – will be allocated to PAGA Class

Members, as follows:

- a. The Settlement Administrator will calculate the total number of PAGA Workweeks of each individual PAGA Class Member ("Individual PAGA Workweeks") and the total number of PAGA Workweeks worked by all PAGA Class Members ("Total PAGA Workweeks").
- b. To determine each PAGA Class Member's Individual PAGA Payment, the Settlement Administrator will use the following formula: Individual PAGA Payment = $(\$7,500.00 \div \text{Total PAGA Workweeks}) \times \text{Individual PAGA Workweeks}$.

The remaining portion of the PAGA Settlement Amount – Twenty-Two Thousand Five Hundred Dollars (\$22,500) or seventy-five percent (75%) of the total PAGA Settlement Amount – will be paid by the Settlement Administrator to the LWDA.

54. Net Settlement Amount. The Net Settlement Amount will be paid to Settlement Class Members in accordance with the terms of this Agreement. If any Putative Class Members submit timely and valid, or otherwise accepted, Requests for Exclusion, the Settlement Administrator will proportionately increase the Settlement Share of each Settlement Class Member to ensure that the entire Net Settlement Amount is distributed to Settlement Class Members.

55. Calculation of Settlement Shares. The Net Settlement Amount will be apportioned to Putative Class Members based on the number of Workweeks attributed to them. Specific calculations of Settlement Shares and Individual Settlement Payments will be made as follows:

- a. The Settlement Administrator will calculate the total number of Workweeks worked by each individual Putative Class Member and the total number of Workweeks worked by all Putative Class Members ("Class Workweeks").
- b. To determine each Class Member's estimated Settlement Share, the Settlement Administrator will use the following formula: estimated Settlement Share = $(\text{Net Settlement Amount} \div \text{Class Workweeks}) \times \text{Workweeks}$.
- c. If any Putative Class Members submit timely and valid, or otherwise accepted, Requests for Exclusion, the Settlement Administrator will proportionately increase the Settlement Share of each Settlement Class Member to ensure that the entire Net

1 Settlement Amount is distributed to Settlement Class Members.

- 2 d. The Settlement Share will be reduced by any required deductions for each
3 Settlement Class Member as set forth herein, including the employer's and
4 employee's share of payroll taxes or withholdings with respect to the wage portion
5 of the Settlement Share. The amount that results is the "Individual Settlement
6 Payment."

7 56. Settlement Awards Do Not Trigger Additional Benefits. Any amounts paid to Settlement
8 Class Member under this Settlement shall be deemed to be paid to such Settlement Class Member solely
9 in the year in which such payments are issued to the Settlement Class Member. It is expressly understood
10 and agreed that the receipt of such payments will not entitle any Settlement Class Member to additional
11 compensation or benefits under any company bonus, contest or other compensation or benefit plan or
12 agreement in place during the period covered by the Settlement, nor will it entitle any Settlement Class
13 Member to any increased retirement, 401K benefits or matching benefits, or deferred compensation
14 benefits. It is the Parties' intent that the Individual Settlement Payments provided for in this Settlement
15 are the sole payments to be made by Defendant to the Settlement Class Members, under this Settlement,
16 and that the Settlement Class Members are not entitled to any new or additional compensation or benefits
17 as a result of having received the Individual Settlement Payments (notwithstanding any contrary language
18 or agreement in any benefit or compensation plan document that might have been in effect during the
19 period covered by this Settlement).

20 57. Settlement Administration Process. The Parties agree to cooperate in the administration of
21 the Settlement and to make all reasonable efforts to control and minimize the costs and expenses incurred
22 in administration of the Settlement.

23 58. Delivery of the Class List. Within thirty (30) calendar days of Preliminary Approval,
24 Defendant will provide the Class List to the Settlement Administrator.

25 59. Notice to the Putative Class Members. Within forty-five (45) calendar days of the Court's
26 Preliminary Approval, the Settlement Administrator will mail a Class Notice to all Putative Class Members
27 via First-Class U.S. Mail, using the most current, known mailing addresses identified in the Class List and
28 after a search for updated addresses (as described in Paragraph 60 below).

1 60. Confirmation of Contact Information in the Class List. Prior to mailing the Class Notice,
2 the Settlement Administrator will perform a search based on the National Change of Address Database or
3 any other similar services available, such as provided by Experian, for information to update the Class
4 List and correct for any known or identifiable address changes. Any Class Notices returned to the
5 Settlement Administrator as non-deliverable on or before the Response Deadline will be sent promptly
6 via First-Class U.S. Mail to the forwarding address affixed thereto and the Settlement Administrator will
7 indicate the date of such re-mailing on the Class Notice. If no forwarding address is provided, the
8 Settlement Administrator will promptly attempt to determine the correct address using a skip-trace search,
9 and will then perform a single re-mailing indicating the date of the re-mailing on the Notice.

10 61. Class Notice. All Putative Class Members will be mailed a Class Notice. Each Class Notice
11 will provide: (a) information regarding the nature of the Action; (b) a summary of the Settlement's principal
12 terms; (c) the Putative Class definition; (d) the total number of Workweeks and PAGA Workweeks (if
13 applicable) attributed to each respective Putative Class Member; (e) each Putative Class Member's estimated
14 Settlement Share and Individual PAGA Payment (if applicable) and the formula for calculating them; (f) the
15 dates which comprise the Class Period and PAGA Period; (g) instructions on how to submit valid Requests
16 for Exclusion, Notices of Objection, or Workweek Disputes; (h) the deadlines by which the Putative Class
17 Member must fax or postmark Requests for Exclusion to the Settlement Administrator, file Notices of
18 Objection with the Court and mail copies thereof to the Settlement Administrator, and/or fax or postmark a
19 Workweek Dispute to the Settlement Administrator; (i) the Released Claims, as set forth herein; and (j) the
20 date and time of the Final Approval Hearing.

21 62. Workweek Dispute. Putative Class Members will have an opportunity to dispute the
22 Workweeks and PAGA Workweeks (if applicable) credited to them, as reflected in their Class Notices by
23 submitting a Workweek Dispute to the Settlement Administrator by the Response Deadline. To the extent
24 Putative Class Members dispute the number of Workweeks or PAGA Workweeks (if applicable) to which
25 they have been credited, Putative Class Members are required to produce written credible evidence to the
26 Settlement Administrator showing that such information is inaccurate. The Settlement Administrator will
27 confer with the Parties regarding the Workweek Dispute, and the Parties will evaluate the evidence submitted
28 by the Putative Class Member and will make a mutually agreed upon final decision as to the number of

1 Workweeks and/or PAGA Workweeks (if applicable) that should be applied. Absent written and credible
2 evidence rebutting Defendant's records, Defendant's records will be presumed determinative. In the event
3 the Parties are unable to agree, the Court will decide the Workweek Dispute.

4 63. Defective Submissions. If a Putative Class Member's timely submitted Request for
5 Exclusion is defective as to the requirements listed herein, that Putative Class Member will be given an
6 opportunity to cure the defect(s). The Settlement Administrator will mail the Putative Class Member a
7 cure letter within three (3) business days of receiving the defective submission to advise the Putative Class
8 Member that his or her submission is defective and that the defect must be cured to render the Request for
9 Exclusion valid. The Putative Class Member will have until the later of (a) the applicable Response
10 Deadline or (b) fifteen (15) calendar days from the date the cure letter is mailed, whichever date is later,
11 to postmark or fax a revised Request for Exclusion. If a Putative Class Member responds to a cure letter
12 by submitting a defective revised Request for Exclusion, then the Settlement Administrator will have no
13 further obligation to give notice of a need to cure. If the revised Request for Exclusion is not postmarked
14 or received by fax within the Response Period or any applicable cure period, it will be deemed untimely.

15 64. Request for Exclusion Procedures. Any Putative Class Member wishing to opt out from this
16 Stipulation of Settlement must sign and postmark or fax a written Request for Exclusion to the Settlement
17 Administrator within the Response Deadline. The date of fax-stamp or the postmark on the return mailing
18 envelope will be the exclusive means to determine whether a Request for Exclusion has been timely
19 submitted. All Requests for Exclusion will be submitted to the Settlement Administrator, who will certify
20 jointly to Class Counsel and Defendant's Counsel all valid and timely Requests for Exclusion.

21 65. Settlement Terms Bind All Settlement Class Members. Any Putative Class Member who
22 does not affirmatively opt out of this Stipulation of Settlement by submitting a timely and valid Request for
23 Exclusion will be part of the Settlement Class and be bound by all of the terms of the Settlement, including
24 those pertaining to the release of Released Claims against the Released Parties, as well as any judgment that
25 may be entered by the Court if it grants final approval to the Settlement.

26 66. Objection Procedures. To object to the Settlement, a Settlement Class Member must file a
27 valid Notice of Objection with the Court and mail a copy of the Notice of Objection to the Settlement
28 Administrator at the address specified in the Class Notice, by First Class U.S. mail, on or before the Response

1 Deadline. The Notice of Objection must be signed by the Settlement Class Member and contain all
2 information required by this Stipulation of Settlement. The date of filing and postmark date on the mailing
3 envelope will be deemed the exclusive means for determining that the Notice of Objection is timely.
4 Settlement Class Members who fail to object in the specific manner specified above will be deemed to have
5 waived all objections to the Settlement and will be foreclosed from making any objections and seeking any
6 adjudication or review, whether by appeal or otherwise, to this Stipulation of Settlement. At no time will
7 any of the Parties or their counsel seek to solicit or otherwise encourage Settlement Class Members to submit
8 written Notices of Objection to this Stipulation of Settlement or appeal from the Final Approval Order and
9 Judgment. The Settlement Administrator shall promptly forward all copies of Notices of Objections that
10 it receives, to counsel for the Parties, and shall also attach copies of the Notices of Objection as an exhibit
11 to its declaration to be filed in connection with final approval of the Settlement. The Parties shall have
12 the option to respond to any Notices of Objection at or before the Final Approval Hearing. Any Settlement
13 Class Member who has submitted a timely and valid, or otherwise accepted, Request for Exclusion will
14 be foreclosed from making any objections and seeking any adjudication or review, whether by appeal or
15 otherwise, to this Stipulation of Settlement.

16 67. Certification Reports Regarding Settlement. The Settlement Administrator will provide
17 Defendant's counsel and Class Counsel a weekly report which certifies: (a) the total number of Putative
18 Class Members for whom the Settlement Administrator received data from Defendant, (b) the total number
19 of Putative Class Members to whom Class Notices were mailed, (c) the number of Putative Class Members
20 who have submitted valid Requests for Exclusion; (d) whether any Putative Class Member has disputed the
21 Workweeks credited to them, and (e) the number of Settlement Class Members who have submitted Notices
22 of Objection. Additionally, the Settlement Administrator will provide to counsel for both Parties any
23 updated reports regarding the administration of this Stipulation of Settlement as needed or requested.

24 68. Employer Payroll Taxes. The employer's share of payroll taxes shall be included in the
25 Maximum Settlement Amount. Each Settlement Share will be reduced for employee and employer's side
26 of payroll taxes with respect to the wage portion of the Settlement Share.

27 69. Uncashed Checks. Any Individual Settlement Payment checks issued by the Settlement
28 Administrator to Settlement Class Members and Individual PAGA Payment checks issued by the Settlement

1 Administrator to PAGA Class Members will be valid and negotiable for at least one hundred eighty (180)
2 calendar days after they are issued. Those funds represented by settlement checks returned as undeliverable
3 and those settlement checks that have not been cashed or deposited for more than one hundred eighty (180)
4 calendar days after issuance (together, "Unused Funds"), will be tendered in conformity with California
5 Code of Civil Procedure section 384, as follows: 25% to the State Treasury for deposit in the Trial Court
6 Improvement and Modernization Fund; and 75% to the State Treasury for deposit into the Equal Access
7 Fund of the Judicial Branch. The Settlement Administrator shall prepare a report regarding the distribution
8 of the Unused Funds pursuant to California Code of Civil Procedure section 384, as ordered by the Court.

9 70. Certification of Completion. Upon completion of administration of the Settlement, the
10 Settlement Administrator will provide a written declaration under oath to certify such completion to the
11 Court and counsel for all Parties.

12 71. Tax Treatment of Individual Settlement Payments and Individual PAGA Payments.

- 13 a. For purposes of this Stipulation of Settlement, all Individual Settlement Payments
14 will be allocated as follows: one-third (1/3) of each Individual Settlement
15 Payments will be allocated as alleged unpaid wages; one-third (1/3) will be
16 allocated as alleged unpaid interest; and one-third (1/3) will be allocated as
17 alleged unpaid penalties and alleged non-taxable damages. The portion allocated
18 to alleged unpaid wages will be reported on an IRS Form W-2 and subject to
19 reduction for the employer's and employee's share of payroll taxes and
20 withholdings, and the portions allocated to alleged unpaid interest, penalties, and
21 non-taxable damages will be reported on an IRS Form-1099 by the Settlement
22 Administrator (and will be paid without reduction for any taxes or withholdings).
- 23 b. For purposes of this Stipulation of Settlement, all Individual PAGA Payments
24 will be allocated as alleged unpaid penalties and will be reported on an IRS
25 Form-1099 by the Settlement Administrator (and will be paid without reduction
26 for any taxes or withholdings).

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1 72. Administration of Taxes by the Settlement Administrator. The Settlement Administrator will
2 be responsible for issuing to Class Representatives, Settlement Class Members, PAGA Class Members, and
3 Class Counsel any W-2, 1099, or other tax forms as may be required by law for all amounts paid pursuant to
4 this Agreement. The Settlement Administrator will also be responsible for forwarding all taxes, withholdings,
5 and penalties, provided for by this Agreement, to the appropriate government authorities.

6 73. Tax Liability. Defendant makes no representation as to the tax treatment or legal effect of
7 the payments called for hereunder; and Class Representatives, Settlement Class Members, and PAGA
8 Class Members are not relying on any statement, representation, or calculation by Defendant or by the
9 Settlement Administrator in this regard. Class Representatives, Settlement Class Members, and PAGA
10 Class Members understand and agree that they will be solely responsible for the payment of any taxes and
11 penalties due as a result of payments to them under this Settlement, and will defend, indemnify, and hold
12 Defendant free and harmless from and against any claims regarding employee tax liability resulting from
13 treatment of such payments as non-taxable interest, penalties, or damages.

14 74. Circular 230 Disclaimer. EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF
15 THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY TO THIS AGREEMENT
16 OTHER THAN THE ACKNOWLEDGING PARTY, ANY "OTHER PARTY") ACKNOWLEDGES
17 AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN
18 COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR
19 ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR WILL ANY SUCH
20 COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON
21 AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT
22 CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS
23 RELIED EXCLUSIVELY UPON HIS, HER OR ITS OWN, INDEPENDENT LEGAL AND TAX
24 COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS
25 AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE
26 RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY
27 OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR
28 DISCLOSURE BY ANY ATTORNEY OR ADVISER TO ANY OTHER PARTY TO AVOID ANY

1 TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO
2 ATTORNEY OR ADVISER TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT
3 PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISER'S TAX
4 STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON
5 DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX
6 STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED
7 BY THIS AGREEMENT.

8 75. No Prior Assignments. The Parties and their counsel represent, covenant, and warrant that
9 they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or
10 encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or
11 right herein released and discharged.

12 76. Release of Claims by Settlement Class Members.

13 a. Upon the Effective Date, Class Representatives, and each Putative Class Member who
14 has not submitted a timely and valid Request for Exclusion (i.e. Settlement Class
15 Members) will be deemed to have fully, finally and forever released, settled,
16 compromised, relinquished, and discharged all Released Claims with respect to all of the
17 Released Parties.

18 b. Only those Settlement Class Members who cash, deposit, or otherwise negotiate their
19 Individual Settlement Payment checks will be deemed to have opted in for purposes of
20 the Fair Labor Standards Act ("FLSA") and to have, thereby, released the Released
21 Parties of the Released Claims which arise under the FLSA. Individual Settlement
22 Payment checks will state the following statement, or something substantially similar that
23 is agreed to by the Parties: "If you cash, deposit, or otherwise negotiate this check, you
24 will be deemed to have opted in for purposes of the Fair Labor Standards Act ("FLSA")
25 and to have, thereby, released the Released Parties of the Released Claims which arise
26 under the FLSA."

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1 77. Waiver of Claims by Plaintiffs.

2 In addition to the release of Released Claims against the Released Parties made by the Settlement
3 Class Members as set forth herein, Plaintiffs, each in their individual capacity and with respect to their
4 individual claims only, agree to release the Released Parties from any and all claims, known and unknown,
5 under federal, state and/or local law, statute, ordinance, regulation, common law, or other source of law,
6 arising as of the date of execution of this Agreement including but not limited to claims arising from or
7 related to their employment with Defendant and their compensation while an employee of Defendant
8 (“Class Representatives’ Released Claims”). Class Representatives’ Released Claims include, but are not
9 limited to, all claims arising from or related to the Action. Class Representatives’ Released Claims include
10 all of the Released Claims and any other claims arising under the California Labor Code; any claim arising
11 out of the California common law of contract; the Fair Labor Standards Act, 29 U.S.C. § 201 *et seq.*, and
12 federal common law. Class Representatives’ Released Claims also include all claims for lost wages and
13 benefits, emotional distress, retaliation, punitive damages, and attorneys’ fees and costs arising under
14 federal, state, or local laws for discrimination, harassment, and wrongful termination, including but not
15 limited to, 42 U.S.C. section 1981, Title VII of the Civil Rights Act of 1964, the Americans with
16 Disabilities Act, the Age Discrimination in Employment Act, and the California Fair Employment and
17 Housing Act; California Labor Code, and the law of contract and tort. This release excludes the release of
18 claims not permitted by law.

19 Class Representatives’ Released Claims include all claims, whether known or unknown. Even if
20 Plaintiffs discover facts in addition to or different from those that they now know or believe to be true
21 with respect to the subject matter of Class Representatives’ Released Claims, those claims will remain
22 released and forever barred. Furthermore, pursuant to the terms of the Settlement, and solely with respect
23 to the Released Claims, Plaintiffs expressly waive any rights or benefits available to them under the
24 provisions of section 1542 of the California Civil Code, which provides as follows:

25 **“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE**
26 **CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER**
27 **FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN**
28 **BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER**

1 **SETTLEMENT WITH THE DEBTOR.”**

2 78. Waiver of Reemployment by Plaintiffs. In addition to the releases made by Plaintiffs, as
3 set forth in Paragraphs 76 and 77, Plaintiffs acknowledge that, because of circumstances unique to
4 Plaintiffs, *inter alia*, irreconcilable differences, Plaintiffs shall not apply in the future for employment
5 or re-employment with any of the Released Parties. Plaintiffs further agree that the Released Parties
6 shall not be liable for any damages now or in the future because one of them refuses to employ any of
7 the Plaintiffs for any reason whatsoever.

8 79. Duties of the Parties Prior to Court Approval. The Parties shall promptly submit this
9 Stipulation of Settlement to the Court in support of Plaintiffs’ Motion for Preliminary Approval and
10 determination by the Court as to its fairness, adequacy, and reasonableness. The Parties shall apply to the
11 Court for the entry of an order scheduling a Final Approval Hearing on the question of whether the
12 Settlement, including Attorneys’ Fees and Costs, Class Representative Enhancement Payments, the
13 PAGA Settlement Amount, and Individual Settlement Payments to Settlement Class Members, should be
14 finally approved as fair, reasonable and adequate as to the members of the Settlement Class. As part of
15 Plaintiffs’ Motion for Preliminary Approval, Plaintiff shall also apply to the Court for the entry of an order
16 as follows:

- 17 a. Conditionally certifying the Putative Class for settlement purposes only;
18 b. Preliminarily appointing Plaintiffs as Class Representatives;
19 c. Preliminarily appointing Lawyers *for* Justice, PC and Girardi | Keese as Class Counsel;
20 d. Approving, as to form and content, the proposed Class Notice;
21 e. Approving the manner and method for Putative Class Members to request exclusion
22 from or object to the Settlement, as contained herein and within the Class Notice;
23 f. Directing the mailing of the Class Notice in accordance with this Agreement;
24 g. Preliminarily approving the Settlement subject only to the objections of Settlement
25 Class Members and final review by the Court; and
26 h. Enjoining Plaintiffs and any Putative Class Member from filing or prosecuting any
27 claims, suits or administrative proceedings regarding the Released Claims unless
28 and until such Putative Class Members have filed valid and timely Requests for

1 Exclusion with the Settlement Administrator.

2 80. Duties of the Parties Following Final Approval. Following final approval by the Court of
3 the Settlement provided for in this Stipulation of Settlement, Class Counsel will submit a proposed Final
4 Approval Order and Judgment as follows:

- 5 a. Approving the Settlement, adjudging the terms thereof to be fair, reasonable and
6 adequate, and directing consummation of its terms and provisions;
7 b. Certifying the Settlement Class for settlement purposes only;
8 c. Approving Class Counsel's application for an award of Attorneys' Fees and Costs;
9 d. Approving the Class Representative Enhancement Payments;
10 e. At the option of the Court, setting a date when the Parties are to report to the Court
11 the total amount that was actually paid to the Settlement Class Members; and
12 f. Entering judgment in this Action consistent with this Agreement and California
13 Rules of Court, Rule 3.769.

14 81. Revocation of Stipulation of Settlement by Defendant. If five percent (5%) or more of the
15 Putative Class Members opt out of the Settlement, Defendant may, at its election, rescind the Settlement
16 and all actions taken in furtherance of it will thereby be null and void. Defendant must exercise this right
17 of rescission, in writing, by certified mail or electronic mail to Class Counsel addressed to: Edwin
18 Aiwarzian, Esq., Lawyers for Justice, PC, 410 West Arden Avenue, Suite 203, Glendale, California 91203,
19 edwin@lfjpc.com, within thirty (30) calendar days of the Response Deadline. If the option to rescind is
20 exercised, then Defendant shall be solely responsible for all Settlement Administration Costs accrued to
21 that point.

22 82. Nullification of Stipulation of Settlement. In the event that: (a) the Court does not finally
23 approve the Settlement as provided herein; or (b) the Settlement does not become final for any other
24 reason, then this Stipulation of Settlement, and any documents generated to bring it into effect, will be
25 null and void. Any order or judgment entered by the Court in furtherance of this Stipulation of Settlement
26 will likewise be treated as void from the beginning. If the Settlement is nullified due to Defendant's
27 exercise of its option to terminate the Settlement as provided herein, then Defendant shall be responsible
28 for payment of all Settlement Administration Costs accrued to that point, and if the Settlement is

1 terminated in any other event, the Parties shall be jointly responsible for all Settlement Administration
2 Costs accrued to that point.

3 83. Preliminary Approval Hearing. Plaintiffs will obtain a hearing before the Court for their
4 Motion for Preliminary Approval of this Stipulation of Settlement, and Plaintiffs shall seek the entry of a
5 Preliminary Approval Order for: (a) conditional certification of the Putative Class for settlement purposes
6 only, (b) Preliminary Approval of the proposed Stipulation of Settlement, and (c) setting a date and time for
7 the Final Approval Hearing. The Preliminary Approval Order will provide for the Class Notice to be sent
8 to all Putative Class Members as specified herein. In conjunction with the Motion for Preliminary Approval
9 of Class Action Settlement, Plaintiffs will submit this Stipulation of Settlement, which sets forth the terms
10 of this Settlement, and will include the proposed Notice of Class Action Settlement document, attached as
11 Exhibit A. Class Counsel will be responsible for drafting all documents necessary to obtain Preliminary
12 Approval, but will provide drafts of all documents to Defendant's counsel at least two (2) business days
13 prior to filing with the Court. Defendant agrees not to oppose the Motion for Preliminary Approval so long
14 as it is consistent with the terms of this Stipulation of Settlement.

15 84. Final Approval Hearing and Entry of Judgment. Upon expiration of the Response Deadline,
16 and with the Court's permission, a Final Approval Hearing will be conducted to determine whether Final
17 Approval should be granted of this Stipulation of Settlement along with the amounts properly payable for (a)
18 Individual Settlement Payments to Settlement Class Members; (b) the PAGA Settlement Amount; (c) the
19 Attorneys' Fees and Costs to Class Counsel; (d) the Class Representative Enhancement Payments; and (e) all
20 Settlement Administration Costs. The Final Approval Hearing will not be held earlier than thirty (30)
21 calendar days after the Response Deadline. Class Counsel will be responsible for drafting all documents
22 necessary to obtain final approval of the Settlement, but will provide drafts of all documents to Defendant's
23 counsel at least two (2) business days prior to filing with the Court. Class Counsel will also be responsible
24 for drafting the application for attorneys' fees and costs to be heard at the Final Approval Hearing.

25 85. Termination of Settlement. Termination of the Settlement, under the terms otherwise set
26 forth herein, shall have the following effects:

- 27 a. The Stipulation of Settlement shall be terminated and shall have no force or effect,
28 and no Party shall be bound by any of its terms;

- 1 b. In the event the Settlement is terminated, Defendant shall have no obligation to
2 make any payments to any party, Putative Class Member or attorney, except that
3 the terminating Party shall pay the Settlement Administrator for services rendered
4 up to the date the Settlement Administrator is notified that the Settlement has been
5 terminated;
- 6 c. The Preliminary Approval Order and any order of class certification, shall be
7 vacated;
- 8 d. The Stipulation of Settlement and all negotiations, privileged statements and
9 proceedings relating thereto shall be without prejudice to the rights of any of the
10 Parties, all of whom shall be restored to their respective positions in the Action
11 prior to this Stipulation of Settlement
- 12 e. Neither this Stipulation of Settlement, nor any ancillary documents, actions,
13 statements or filings in furtherance of this Stipulation of Settlement (including all
14 matters associated with the mediation) shall be offered into evidence in the Action
15 or any other action for any purpose whatsoever.

16 86. Recitals, Definitions, and Exhibits Incorporated by Reference. The terms of this Agreement
17 include the terms set forth in the Recitals, Definitions, any attached Exhibits, which are incorporated by this
18 reference as though fully set forth herein, and which are integral parts of this Stipulation of Settlement.

19 87. Confidentiality. The Parties and their counsel agree that they will not issue any press releases,
20 initiate any contact with the press, respond to any press inquiry, or have any communication with the press
21 about the fact, amount, or terms of the Settlement unless so ordered by the Court. In addition, the Parties and
22 their counsel agree that they will not engage in any advertising or distribute any marketing materials relating
23 to the Settlement of this case prior to the Settlement unless so ordered by the Court, including but not limited
24 to any postings on any websites maintained by Class Counsel. Any communication about the Settlement to
25 Putative Class Members prior to the Settlement being preliminarily approved by the Court will be limited to
26 a statement that a settlement has been reached and the details will be communicated in a forthcoming Court-
27 approved notice. Nothing set forth herein, however, shall prohibit the Parties from providing this Agreement
28 to the Court and undertaking submission to the Labor and Workforce Development Agency in compliance

1 with the PAGA statute, in connection with the Parties' efforts to seek the Court's approval of this Settlement.
2 Neither Plaintiffs nor Class Counsel shall publicize this Settlement, including but not limited to
3 communications through any social media, by holding a press conference, or by otherwise seeking to
4 affirmatively contact the media about the Settlement, unless so ordered by the Court. If contacted by the
5 media regarding the Settlement, Class Counsel will state "a settlement has been reached and the details will
6 be communicated in a forthcoming Court-approved notice to the Putative Class." Additionally, neither
7 Plaintiffs nor Class Counsel will disparage the Settlement.

8 88. Entire Agreement. This Stipulation of Settlement and any attached Exhibits constitute the
9 entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral agreements
10 may be deemed binding on the Parties. The Parties expressly recognize California Civil Code section
11 1625 and California Code of Civil Procedure section 1856(a), which provide that a written agreement is
12 to be construed according to its terms and may not be varied or contradicted by extrinsic evidence, and
13 the Parties agree that no such extrinsic oral or written representations or terms will modify, vary or
14 contradict the terms of this Agreement.

15 89. Amendment or Modification. This Stipulation of Settlement may be amended or modified
16 only by a written instrument signed by counsel for all Parties or their successors-in-interest, and subject
17 to approval by the Court.

18 90. Authorization to Enter Into Stipulation of Settlement. Counsel for all Parties warrant and
19 represent they are expressly authorized by the Parties whom they represent to negotiate this Stipulation of
20 Settlement and to take all appropriate action required or permitted to be taken by such Parties pursuant to
21 this Stipulation of Settlement to effectuate its terms and to execute any other documents required to
22 effectuate the terms of this Stipulation of Settlement. The Parties and their counsel will cooperate with
23 each other and use their best efforts to implement the Settlement. If the Parties are unable to reach
24 agreement on the form or content of any document needed to implement the Settlement, or on any
25 supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties
26 may seek the assistance of the Court to resolve such disagreement.

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1 91. Signatories. It is agreed that because the members of the Settlement Class are so numerous,
2 it is impossible or impractical to have each member of the Settlement Class execute this Stipulation of
3 Settlement. The Notice of Class Action and PAGA Settlement, attached hereto as Exhibit A, will advise
4 all Putative Class Members of the binding nature of the release, upon final approval of the Settlement and
5 as of the Effective Date, with respect to those Putative Class Member who do not affirmatively opt out of
6 this Settlement by submitting a timely and valid Request for Exclusion, and the release of Released Claims
7 against the Released Parties will have the same force and effect as if this Stipulation of Settlement were
8 executed by each member of the Settlement Class.

9 92. Binding on Successors and Assigns. This Stipulation of Settlement will be binding upon,
10 and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

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

13 94. Execution and Counterparts. This Stipulation of Settlement is subject only to the execution
14 of all Parties. However, the Agreement may be executed in one or more counterparts. All executed
15 counterparts and each of them, including facsimile and scanned copies of the signature page, will be
16 deemed to be one and the same instrument.

17 95. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe this
18 Stipulation of Settlement is a fair, adequate, and reasonable settlement of the Action and have arrived at this
19 Settlement after arm's-length negotiations and in the context of adversarial litigation, taking into account all
20 relevant factors, present and potential. The Parties further acknowledge that they are each represented by
21 competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness
22 and reasonableness of this Agreement. In addition, the Mediator may execute a declaration supporting the
23 Settlement and the reasonableness of the Settlement and the Court may, in its discretion, contact the Mediator
24 to discuss the Settlement and whether or not the Settlement is objectively fair and reasonable.

25 96. Invalidity of Any Provision. Before declaring any provision of this Stipulation of
26 Settlement invalid, the Court will first attempt to construe the provision as valid to the fullest extent
27 possible consistent with applicable precedents so as to define all provisions of this Stipulation of
28 Settlement valid and enforceable.

1 97. Plaintiffs' Waiver of Right to Be Excluded. Plaintiffs agree to this Stipulation of Settlement
2 and, by signing this Stipulation of Settlement, are hereby bound by the terms herein. For good and valuable
3 consideration, Plaintiffs further agree that they will not request to be excluded from this Stipulation of
4 Settlement. Any such request for exclusion by Plaintiffs will be void and of no force or effect.

5 98. Non-Admission of Liability. The Parties enter into this Agreement to resolve the dispute that
6 has arisen between them and to avoid the burden, expense and risk of continued litigation. In entering into
7 this Agreement, Defendant does not admit, and specifically denies, it has violated any federal, state, or local
8 law; violated any regulations or guidelines promulgated pursuant to any statute or any other applicable laws,
9 regulations or legal requirements; breached any contract; violated or breached any duty; engaged in any
10 misrepresentation or deception; or engaged in any other unlawful conduct with respect to its employees.
11 Neither this Agreement, nor any of its terms or provisions, nor any of the negotiations connected with it, shall
12 be construed as an admission or concession by Defendant of any such violations or failures to comply with
13 any applicable law. Except as necessary in a proceeding to enforce the terms of this Agreement, this
14 Agreement and its terms and provisions shall not be offered or received as evidence in any action or
15 proceeding to establish any liability or admission on the part of Defendant or to establish the existence of any
16 condition constituting a violation of, or a non-compliance with, federal, state, local or other applicable law.

17 99. Captions. The captions and section numbers in this Agreement are inserted for the reader's
18 convenience, and in no way define, limit, construe or describe the scope or intent of the provisions of this
19 Agreement.

20 100. Waiver. No waiver of any condition or covenant contained in this Agreement or failure to
21 exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a further
22 waiver by such party of the same or any other condition, covenant, right or remedy.

23 101. Continuing Jurisdiction and Enforcement Actions. Notwithstanding the entry of
24 judgment, pursuant to California Rules of Court, Rule 3.769(h) and California Code of Civil Procedure
25 section 664.6, the Court shall retain exclusive jurisdiction for purposes of interpreting, implementing,
26 and enforcing the terms of this Agreement and all orders and judgment entered in connection therewith.
27 In the event that one or more of the Parties institutes any legal action or other proceeding against any other
28 Party or Parties to enforce the provisions of this Settlement or to declare rights and/or obligations under

1 this Settlement, the successful Party or Parties will be entitled to recover from the unsuccessful Party or
2 Parties reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any
3 enforcement actions.

4 102. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms and
5 conditions of this Agreement. Accordingly, this Agreement will not be construed more strictly against
6 one party than another merely by virtue of the fact that it may have been prepared by counsel for one of
7 the Parties, it being recognized that, because of the arms-length negotiations between the Parties, all
8 Parties have contributed to the preparation of this Agreement.

9 103. Representation By Counsel. The Parties acknowledge that they have been represented by
10 counsel throughout all negotiations that preceded the execution of this Agreement, and that this Agreement
11 has been executed with the consent and advice of counsel, and reviewed in full. Further, Plaintiffs and Class
12 Counsel warrant and represent that there are no liens on this Stipulation of Settlement.

13 104. All Terms Subject to Final Court Approval. All amounts and procedures described in this
14 Stipulation of Settlement herein will be subject to final Court approval.

15 105. Notices. Unless otherwise specifically provided herein, all notices, demands or other
16 communications given hereunder shall be in writing and shall be deemed to have been duly given as of
17 the third business day after mailing by United States registered or certified mail, return receipt requested,
18 addressed as follows:

19 To Counsel for Plaintiffs and the Putative
20 Class:

21 Edwin Aiwarzian, Esq.
22 LAWYERS for JUSTICE, PC
410 West Arden Avenue, Suite 203
Glendale, California 91203

23 V. Andre Sherman, Esq.
24 GIRARDI | KEESE
1126 Wilshire Boulevard
25 Los Angeles, California 90017

To Counsel for Defendant DFT Inc. dba Cannon
Management:

Frank M. Liberatore, Esq.
JACKSON LEWIS PC
725 S. Figueroa, Suite 2500
Los Angeles, California 90017

26 106. Cooperation and Execution of Necessary Documents. All Parties will cooperate in good
27 faith and execute all documents to the extent reasonably necessary to effectuate the terms of this
28 Stipulation of Settlement.

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

108. Binding Agreement. The Parties warrant that they understand and have full authority to enter into this Agreement, and further intend that this Agreement will be fully enforceable and binding on all parties, and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under federal or state law.

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Stipulation of Settlement and Release between Plaintiff, on the one hand, and Defendant, on the other hand, as of the date(s) set forth below:

READ CAREFULLY BEFORE SIGNING

DATED: May 30, 2018


Eric Betances (May 30, 2018)
ERIC BETANCES
Named Plaintiff, Proposed Class Representative

DATED: May __, 2018

ROXANA VALDEZ
Named Plaintiff, Proposed Class Representative

DEFENDANT DFT, INC. dba CANNON
MANAGEMENT

DATED: May __, 2018

By:
Title:

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

108. Binding Agreement. The Parties warrant that they understand and have full authority to enter into this Agreement, and further intend that this Agreement will be fully enforceable and binding on all parties, and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under federal or state law.

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Stipulation of Settlement and Release between Plaintiff, on the one hand, and Defendant, on the other hand, as of the date(s) set forth below:

READ CAREFULLY BEFORE SIGNING

DATED: May __, 2018

ERIC BETANCES
Named Plaintiff, Proposed Class Representative

DATED: May 31, 2018

Roxana Valdez
Roxana Valdez (Jun 1, 2018)

ROXANA VALDEZ
Named Plaintiff, Proposed Class Representative

DEFENDANT DFT, INC. dba CANNON
MANAGEMENT

DATED: May __, 2018

By:
Title:

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

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IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Stipulation of Settlement and Release between Plaintiff, on the one hand, and Defendant, on the other hand, as of the date(s) set forth below:

READ CAREFULLY BEFORE SIGNING

DATED: May __, 2018

ERIC BETANCES
Named Plaintiff, Proposed Class Representative

DATED: May __, 2018

ROXANA VALDEZ
Named Plaintiff, Proposed Class Representative

DEFENDANT DFT, INC. dba CANNON
MANAGEMENT

DATED: May 25, 2018

By: PETER DENSMORE
Title: President

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1 APPROVED AS TO FORM

2 **LAWYERS for JUSTICE, PC**

3
4 DATED: May 25, 2018

5 By: 
6 EDWIN AIWAZIAN
7 Attorneys for Plaintiffs Eric Betances and Roxana Valdez

8 **JACKSON LEWIS P.C.**

9 DATED: May 25, 2018

10 By: 
11 FRANK M. LIBERATORE
12 ERIC J. GITIG
13 Attorneys for Defendant DFT, Inc. dba Cannon
14 Management

15 4823-2080-8544, v. 2
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EXHIBIT A

NOTICE OF CLASS ACTION AND PAGA SETTLEMENT

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

DFT, INC. WAGE AND HOUR CASES

Coordinated actions:

BETANCES vs. DFT, INC. D/B/A CANNON
MANAGEMENT

VALDEZ VS. DFT, INC. D/B/A CANNON
MANAGEMENT

**JUDICIAL COUNCIL COORDINATION
PROCEEDING NO: 4882**

SUPERIOR COURT OF CALIFORNIA COUNTY
OF LOS ANGELES
NO.: BC559751

SUPERIOR COURT OF CALIFORNIA COUNTY
OF SAN BERNARDINO
NO.: CIVDS1605358

To: All hourly-paid or non-exempt individuals employed by DFT, Inc. dba Cannon Management within the State of California between October 6, 2010 to [the date of Preliminary Approval].

**PLEASE READ THIS NOTICE CAREFULLY
IT MAY AFFECT YOUR LEGAL RIGHTS**

INTRODUCTION

You have received this Notice of Class Action and PAGA Settlement ("Settlement Notice") because the records of DFT, Inc. dba Cannon Management ("Cannon") indicate that you were employed as an hourly-paid or non-exempt employee by Cannon within the State of California at any time between October 6, 2010 and [date of Preliminary Approval] ("Class Period"). All individuals who fall within that description are considered "Class Members" under the terms of this Settlement Notice.

We are providing you with this Settlement Notice to make you aware that a proposed class action settlement (the "Settlement") of the above-entitled coordinated lawsuits (collectively referred to as the "Action"), pending in the Superior Court of the State of California for the County of Los Angeles, has been reached by the parties and has been granted preliminary approval by the Court supervising the Action. A Final Approval Hearing will be held on [date and time of Final Approval Hearing] to determine whether the Settlement should be granted final approval.

Cannon's records indicate that you are a Class Member and therefore you are entitled to payment under the Settlement. The Settlement affects your legal rights unless you "opt out" of the Settlement. The purpose of this Settlement Notice is to: (1) describe the Action; (2) inform you of the terms of the Settlement; and (3) inform you of your rights and options in connection with the Settlement. Cannon will not fire, punish, retaliate, or otherwise discriminate against any employee because he or she chooses to or not to participate in the Settlement or objects to the Settlement.

SUMMARY OF THE ACTION

Plaintiffs Eric Betances and Roxana Valdez (collectively, "Plaintiffs") are former employees of Cannon. Plaintiff Eric Betances ("Betances") filed a putative class and representative action complaint against Cannon in Los Angeles Superior Court on October 6, 2014 (Los Angeles Superior Court, Case No. BC559751); Plaintiff Roxana Valdez ("Valdez") filed a putative representative action complaint in San Bernardino Superior Court on April 12, 2016 (San Bernardino Superior Court, Case No. CIVDS1605358) (collectively, the "Lawsuits"). The Lawsuits collectively allege that Cannon violated the

Questions? Contact the Settlement Administrator toll free at 1-***-***-****

Settlement Administration and Other Payments. The Court has tentatively approved certain payments to be made from the Maximum Settlement Amount as follows, which will be subject to final approval by the Court:

- Class Representative Enhancement Payments. Enhancement Payments of up to \$7,500 to Plaintiff Betances and up to \$5,000 to Plaintiff Valdez for their efforts and services they have provided on behalf of the Class in prosecuting the Action. These Class Representatives Enhancement Payments will be in addition to whatever payment Plaintiffs are otherwise entitled to as Class Members.
- PAGA Settlement Amount. Payment of \$30,000 as alleged civil penalties under the California Private Attorneys General Act of 2004 ("PAGA"), of which \$22,500 (75%) will be paid to the California Labor & Workforce Development Agency ("LWDA"), and \$7,500.00 (25%) shall be paid on a *pro rata* basis to Class Members who do not submit timely and valid Requests for Exclusion ("Settlement Class Members") and who were employed by Cannon during the period of October 6, 2013 through [date of Preliminary Approval] ("PAGA Class Members").
- Settlement Administration Costs. Payment to the Settlement Administrator, estimated at this time not to exceed \$17,000, for the expense of notifying the Class of the Settlement, processing Requests for Exclusion, Notices of Objection, and Workweek Disputes, and distributing payments under the Settlement.
- Attorneys' Fees and Costs. Payment to Class Counsel of attorneys' fees in the amount not to exceed thirty-five percent (35%) of the Maximum Settlement Amount (i.e., \$192,500) as reasonable compensation for the work Class Counsel has performed in this Action, and will continue to perform through settlement finalization, together with reimbursement of the costs and expenses associated with Class Counsel's litigation and settlement of the Action, in an amount not to exceed \$30,000.

Calculation of Each Class Member's Settlement Share. Each Class Member who does not validly opt out of the Settlement (i.e., Settlement Class Member) will be issued a share of the Net Settlement Amount ("Settlement Share") if the Settlement is granted final approval by the Court. Each Class Member's Settlement Share will be calculated as follows:

1. "Workweeks" means the number of weeks of employment that each Class Member worked as an hourly-paid or non-exempt employee for Cannon within the State of California during the Class Period.
2. Each Class Member's number of Workweeks will be calculated based on each Class Member's individual payroll and/or time records, as maintained by Cannon. The Settlement Administrator will determine the total number of Workweeks worked by all Class Members resulting in the "Class Workweeks."
3. To determine each Class Member's estimated Settlement Share, the Settlement Administrator will use the following formula: $\text{estimated Settlement Share} = (\text{Net Settlement Amount} \div \text{Class Workweeks}) \times \text{Workweeks}$.
4. If any Class Members validly opts out of the Settlement, the Settlement Administrator will proportionately increase the Settlement Share of each Class Member to ensure that the entire Net Settlement Amount is distributed to Class Members.
5. Each Class Member's Settlement Share will be reduced by any required deductions for each Class Member, including the employer's and employee's share of payroll taxes or withholdings with respect to the wage portion of the Settlement Share, resulting in the Class Member's Individual Settlement Payment.

Cannon's records indicate that you worked a total of [number] Workweeks. Based on your Workweeks and the above calculations, if the Settlement is approved and you elect not to opt out of the Settlement, your estimated gross Individual Settlement Payment is \$[Individual Settlement Payment].

Calculation of Individual PAGA Payments. In addition to the Settlement Share described above, each Class Member who does not validly opt out of the Settlement and who worked as an hourly-paid or non-exempt employee for Cannon within the State of California during the period of October 6, 2013 through [date of Preliminary Approval] (the "PAGA Period") (i.e., PAGA Class Members) will be issued a share of the PAGA Settlement Amount ("Individual PAGA Payment") if the

Settlement is granted final approval by the Court. Each PAGA Class Member's Individual PAGA Payment will be calculated as follows:

1. "PAGA Workweeks" means the number of weeks of employment that each PAGA Class Member worked as an hourly-paid or non-exempt employee for Cannon within the State of California during the PAGA Period.
2. The Settlement Administrator will calculate the total number of PAGA Workweeks of each individual PAGA Class Member ("Individual PAGA Workweeks") and the total number of PAGA Workweeks worked by all PAGA Class Members ("Total PAGA Workweeks").
3. To determine each PAGA Class Member's Individual PAGA Payment, the Settlement Administrator will use the following formula: Individual PAGA Payment = $(\$7,500.00 \div \text{Total PAGA Workweeks}) \times \text{Individual PAGA Workweeks}$.
4. The remaining portion of the PAGA Settlement Amount (\$22,500) will be paid by the Settlement Administrator to the LWDA.

Cannon's records indicate that you worked a total of [number] PAGA Workweeks. Based on your Individual PAGA Workweeks and the above calculations, if the Settlement is approved and you elect not to opt out of the Settlement, your estimated Individual PAGA Payment is \$[Individual PAGA Payment].

Tax Withholding. IRS Forms W-2 and 1099 will be distributed to the Class Members and the appropriate taxing authorities, reflecting the payments that are issued to the Class Members under the Settlement. Class Members should consult with their tax advisors concerning the tax consequences of the payments they receive under the Settlement.

- Individual Settlement Payments: One-third (1/3) of each Settlement Share will be allocated as alleged unpaid wages, one-third (1/3) will be allocated as alleged unpaid interest, and one-third (1/3) will be allocated as alleged unpaid penalties. The portion allocated as wages will be subject to the employee's and employer's share of federal and state withholdings and taxes. Each Settlement Share minus employees' and employers' share of taxes is an Individual Settlement Payment.
- Individual PAGA Payments: All Individual PAGA Payments will be allocated as alleged unpaid penalties and will be reported on an IRS Form-1099 by the Settlement Administrator (and will not be reduced for any taxes or withholdings)

Release of Claims. Upon final approval of the Settlement, each Class Member (other than those who submit a timely and valid Request for Exclusion) shall be deemed to have fully, finally, and forever released Cannon and any of its current and former parents, subsidiaries, affiliates, divisions, successors, assigns, and officers, directors, employees, and shareholders thereof, if any (the "Released Parties"), from any and all Released Claims, which include all allegations, claims, rights, demands, liabilities and causes of action of any nature and description, against Cannon and any of its current and former parents, subsidiaries, affiliates, divisions, successors, assigns, and officers, directors, employees, and shareholders thereof, if any ("Released Parties, under state, federal, or local law, whether statutory, constitutional, contractual, common law, and administrative law claims, made or which could have been made in the Action, based on the allegations in the Lawsuits and amendments thereto, from October 6, 2010 through [date of Preliminary Approval], including the following claims and any corresponding or related claims under the Fair Labor Standards Act: failure to pay for all hours worked, including but not limited to minimum wage and overtime hours; failure to provide meal periods and failure to pay associated premium payments; failure to provide rest breaks and failure to pay associated premium payments; failure to timely pay wages during employment; failure to reimburse business expenses; failure to keep accurate payroll records; failure to provide compliant wage statements; failure to timely pay all wages due at time of separation and associated waiting time penalties; failure to comply with the California Labor Code and associated PAGA civil penalties; and alleged violation of the California Business and Professions Code section 17200, *et seq.*, including, but not limited to, injunctive relief, punitive damages, liquidated damages, penalties of any nature, interest, fees, and costs.

All Class Members who do not submit a timely and valid Request for Exclusion from the Settlement (i.e., Settlement Class Members) shall be bound by this release.

Conditions of Settlement. This Settlement is conditioned upon the Court entering an Order finally approving the Settlement.

YOUR OPTIONS UNDER THE SETTLEMENT

Option 1— *Do Nothing*

You do not need to do anything if you want to receive payment from and participate in the Settlement. If you chose this **Option 1** (i.e., do nothing in response to this Settlement Notice) and the Court grants final approval of the Settlement, you will be mailed a check for your Individual Settlement Payment and, if applicable, Individual PAGA Payment. In addition, you will be deemed to have released and waived the Released Claims against the Released Parties. Class Members will be bound by the Release of Claims unless they submit a valid Request for Exclusion pursuant to Option 2 below.

Stated above in this Settlement Notice is the number of Workweeks, and if applicable, PAGA Workweeks credited to you, and your estimated Individual Settlement Share and, if applicable, Individual PAGA Payment. If you believe that the number of Workweeks or PAGA Workweeks shown above are incorrect, you can dispute that information by faxing or mailing a Workweek Dispute to the Settlement Administrator on or before **[Response Deadline]** at the following address:

DFT, Inc. Wage and Hour Cases Settlement Administration
c/o Claims Administrator Name
Address
Facsimile Number

To be valid, a Workweek Dispute must be in writing and contain: (i) your full name, signature, address, telephone number, and the last four digits of your Social Security number; (ii) the case name and number of the Action (DFT, Inc. Wage and Hour Cases, JCCP 4882); and (c) the number of Workweeks and/or PAGA Workweeks you contend is correct and any evidence supporting your contention.

Option 2 — *Opt Out of the Settlement*

If you do not wish to participate in the Settlement, you may exclude yourself or “opt out” from the Settlement. If you opt out, you will receive no compensation from the Settlement, and you will not be bound by its terms. To validly opt out, you must submit a valid Request for Exclusion to the Settlement Administrator postmarked or fax stamped no later than **[Response Deadline – 45 days from mailing of Notice]**, and sent to the Settlement Administrator at the address listed above in Option 1.

The Request for Exclusion must be in writing and must include (i) your full name, signature, address, telephone number, and the last four digits of your Social Security number; (ii) the case name and number of the Action (DFT, Inc. Wage and Hour Cases, JCCP 4882); and (iii) a clear statement that you do not wish to be included in the Settlement.

If you choose this **Option 2**, you will no longer be a Class Member. You will not be deemed to have released the Released Claims, you will not receive any payment from the Settlement, and you will lack standing to file any objection to the Settlement.

Option 3 — *File an Objection with the Court*

If you wish to object to the Settlement because you find it unfair or unreasonable, you must file a Notice of Objection with the Court and mail or fax a copy to the Settlement Administrator. A valid Notice of Objection must be in writing and include: (i) your full name, signature, address, telephone number, and the last four digits of your Social Security number; (ii) the case name and number of the Action (DFT, Inc. Wage and Hour Cases, JCCP 4882); (iii) a written statement of all grounds for the objection accompanied by any legal support for such objection, (iv) a statement of whether you intend to appear at

the Final Approval Hearing and whether you are represented by counsel, and (v) copies of any papers, briefs, or other documents upon which the objection is based.

If you submit a Notice of Objection as outlined above, you may, but are not required to, appear at the Final Approval Hearing set for [Date and Time of Fairness Hearing] in Department 9 of the Los Angeles County Superior Court – Spring Street Courthouse, located at 312 North Spring Street, Los Angeles, California 90012, and discuss your objection with the Court and counsel for the parties. You may also retain an attorney to represent you at the hearing. If you wish to appear at the Final Approval Hearing and/or retain an attorney to represent you at the hearing, you must do so at your own expense.

All Notices of Objection must be filed with the Court (at 111 North Hill Street, Los Angeles, California 90012) and faxed or mailed to the Settlement Administrator (at the address or fax number listed above under Option 1) no later than **[Response Deadline – 45 days from mailing of Notice]**, and late objections will not be considered. By filing a Notice of Objection, you are not excluding yourself from the Settlement. Please note that you cannot both object to the Settlement and exclude yourself. You must choose one option only.

If you choose this **Option 3**, you may still receive payment under the Settlement if the Settlement is granted final approval by the Court. In addition, you will be subject to the Release of Claims referenced above.

Additional Information

This Settlement Notice is only a summary of the case and the settlement. **Class Members should contact the Settlement Administrator at 1-***-***-**** with any concerns or questions regarding the Settlement.** You may also refer to the pleadings, the Joint Stipulation of Class Action and PAGA Settlement and Release (which is attached as Exhibit __ to the Declaration of Edwin Aiwasian in Support of Preliminary Approval of Class Action Settlement), and other papers filed in the Action, which may be inspected at the Office of the Clerk for the Superior Court of California for the County of Los Angeles, Stanley Mosk Courthouse, 111 North Hill Street, Los Angeles, California 90012.

All inquiries by Class Members regarding this Settlement Notice and/or the settlement should be directed to the Settlement Administrator or Counsel for the Parties, at the addresses set forth below.

Class Counsel

Edwin Aiwasian, Esq.
LAWYERS FOR JUSTICE, PC
410 West Arden Avenue, Suite 203
Glendale, California 91203
Tel: (818) 265-1020

V. Andre Sherman, Esq.
GIRARDI | KEESE
1126 Wilshire Boulevard
Los Angeles, California 90017
Tel: (213) 977-0211

Counsel for DFT, Inc. dba Cannon Management

Frank M. Liberatore, Esq.
Eric J. Gitig, Esq.
JACKSON LEWIS P.C.
725 S. Figueroa, Suite 2500
Los Angeles, CA 90017
Tel.: (213) 689-0404

PLEASE DO NOT CONTACT THE CLERK OF THE COURT OR THE JUDGE WITH QUESTIONS.

4817-9646-7813, v. 1

Questions? Contact the Settlement Administrator toll free at 1-***-***-****