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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN DIEGO

LUIS ALBERTO BONILLA and JORGE RODRIGUEZ, an individual on behalf of himself and all others similarly situated, Plaintiffs, vs. ARCOS MANAGEMENT INC., a California corporation; and DOES 1 through 50, inclusive, Defendants.	Case No.: 37-2024-00024322-CU-OE-CTL CLASS ACTION Assigned for All Purposes To: Hon. Matthew C. Braner Dept.: C-60 **DECLARATION OF ENOCH J. KIM IN SUPPORT OF PLAINTIFF'S MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION AND PAGA SETTLEMENT AGREEMENT** Date: March 26, 2027 Time: 9:00 a.m. Location: Department C-60

DECLARATION OF ENOCH J. KIM

I, Enoch J. Kim, declare as follows:

1. I am an attorney licensed and admitted to practice before all courts of the State of California and the United States District Court for the Central, Southern, Eastern, and Northern Districts of California. I am Senior Counsel at D.Law, Inc. and counsel for Plaintiff Luis Albert Bonilla ("Plaintiff"), on behalf of himself and other similarly situated employees of Defendant Arcos Management, Inc. ("Defendant") (collectively, "the Parties").

2. All of the matters set forth herein are within my personal knowledge. I submit this Declaration in support of Plaintiff's Motion for Preliminary Approval of the Parties' Class and PAGA Action Settlement Agreement ("Motion"). A true and correct copy of the Parties' Class and PAGA Action Settlement Agreement ("Settlement Agreement") is attached hereto as **Exhibit 1**.

Procedural History

3. On May 24, 2024, Plaintiff Bonilla filed a class action complaint alleging causes of action against Defendant for (1) Failure to Pay Minimum Wages; (2) Failure to Pay Wages and Overtime Under Labor Code § 510; (3) Meal Period Violations Under Labor Code § 226.7; (4) Rest Period Violations Under Code § 226.7; (5) Violation of Labor Code § 226; (6) Violation Labor Code § 204; (7) Violation of Labor Code § 203; (8) Failure to Maintain Records Required Under Labor Code §§ 1174, 1174.5; (9) Violation of Labor Code § 246; (10) Failure to Reimburse Necessary Business Expenses Under Labor Code § 2802; and (11) Violation of California Business and Professions Code § 17200 *et seq*. (the "Action")§2698.

4. On February 27, 2025, Plaintiff Rodriguez filed a class action complaint alleging causes of action against Defendant for (1) Failure to Pay All Wages Owed; (2) Failure to Pay All Overtime Wages; (3) Meal Period Violations; (4) Rest Period Violations; (5) Violation of Labor Code § 226; (6) Violation of Labor Code § 203; (8) Failure to Provide Records; (9) Violation of Labor Code § 246; (10) Failure to Reimburse Necessary Business Expenses Under Labor Code § 2802;; and (11) Violation of California Business and Professions Code § 17200 *et seq*. (the "Action"). Contemporaneously, on February 28, 2025, and pursuant to Labor Code §2699.3,

subd.(a), Plaintiffs gave timely notice to the LWDA and Defendant that Plaintiffs intended to proceed with a representative action under PAGA (LWDA-CM-1081469-25).

5. On April 27, 2025, Plaintiffs filed their First Amended Complaint ("Operative Complaint"), which added claims for penalties under PAGA, Labor Code §2698.

Plaintiff's Claims And Defendant's Denials

6. Plaintiff's claims are based on Defendant's alleged failure to provide meal and rest periods, failure to pay wages and overtime due to allegedly common off-the-clock work and time rounding policies, failure to reimburse business expenses, failure to pay final wages when required, and failure to provide accurate wage statements.

7. Specifically, Plaintiffs allege that Defendant had a uniform policy of requiring Plaintiffs and Class Members to arrive prior to their scheduled shift start times to prepare for the start of their shifts without compensation for that time. Moreover, Plaintiff alleges that Class Members were required to work after clocking out for the day in order to finish their tasks for the day.

8. Defendant contends that it did not require off the clock work, paid for all reported hours worked, paid wages at the proper rates, that Class Members were instructed to record all hours worked, and that any off-the-clock work was performed without Defendant's knowledge and de minimis and therefore not compensable. Defendant also argues that given its written policies and practices, any unrecorded hours are likely subject to individualized inquiry and unlikely to be certified. Given the difficulty in certifying this claim, Class Counsel applied a significant discount to damages based on this theory.

9. Plaintiffs also allege that Defendant failed to provide proper meal breaks to Plaintiff and Class Members. For example, due to work demands, Plaintiffs allege that Plaintiff and Class Members were often unable to take a duty-free 30-minute meal break during their shifts, had to take their meal breaks late, or had their meal breaks interrupted.

10. Defendant contends that Class Members were given a reasonable opportunity to take their meal periods, and informed that they should report any missed meal periods to Defendant so that they could be properly compensated. Defendant also contends that the meal break claim requires

individualized inquiries which would preclude class certification. If Defendant's contentions are proven true and prevail in trial, the likely outcome would be no recovery for the Class Members on the meal break claim.

11. Plaintiffs also contend that Defendant did not provide Class Members with paid 10-minute rest breaks for every four hours or major fraction thereof. Plaintiffs contend that Class Members were required to work through their rest breaks during their shifts due to heavy work demands from Defendant

12. Similar to meal breaks, Defendant contends that Class Members were (1) advised of their right to rest periods, (2) given a reasonable opportunity to take their rest periods during their shifts, and (3) informed that they should report any missed rest periods to Defendant so that they could be properly compensated. Considering that unlike meal periods, rest breaks need not be recorded, these violations would likely be difficult to prove at trial and potentially depress the damages ultimately awarded. Therefore, Class Counsel applied significant and appropriate discounts to the rest break claim.

13. Additionally, Plaintiffs alleges that Defendant required Plaintiff and Class Members to use their personal cellular phones for work-related business, for which they were not reimbursed. Defendant maintained that Plaintiff and Class Members were not required to use their personal cell phones to perform their job duties and that such expenses were not required to be reimbursed under the law in any event. Defendant further contends that individualized issues relating to this claim would preclude class certification.

14. As for the wage statement and waiting time penalties claims, Defendant contends that these claims are merely derivative of the underlying claims and that Plaintifsf and Class Members would be unable to first establish liability for the underlying claims for the reasons described above. Defendant further contends that even if they could first establish liability for the underlying claims, Plaintiffs and Class Members would be unable to establish that Defendant's conduct was willful and knowing as required by the relevant statutes since Defendant acted in good faith to provide accurate wage statements and pay all wages due to Plaintiffs and Class Members. Thus, Defendant contends that the wage statement and waiting time penalties claims to have little to no value.

15. Similarly, Defendant contends that the PAGA claim is also derivative of the underlying claims in the Action and ultimately fails because the underlying claims have no merit. Defendant also contends that even if Plaintiffs and Class Members could establish Labor Code violations, the Court has the discretion to award less than the maximum civil penalty amount and would award substantially less civil penalties here because Defendant acted in good faith to comply with the relevant wage and hour laws and any violations were minor and technical in nature. Defendant also contend that trial of the PAGA claim would be unmanageable.

16. Defendant generally denies all claims alleged in the Action and further deny class and/or representative treatment is appropriate for any purpose other than this Settlement and that it complied with all applicable laws. However, after careful consideration, Defendant has concluded that further litigation would be protracted and expensive and that it is desirable that the Action be fully and finally settled in the manner and upon the terms and conditions herein.

Investigation

17. Before filing the lawsuit, Class Counsel conducted a thorough investigation and researched the facts and circumstances underlying the pertinent issues and applicable law. This required thorough discussions and interviews between Class Counsel and Plaintiff, in addition to the above-described research into the various legal issues involved in the case. After filing the lawsuit, Class Counsel conducted a thorough investigation of the facts and claims giving rise to the action, including (1) conducting informal discovery and meeting and conferring with defense counsel about same; (2) reviewing and analyzing records and data, as well as employment-related policies; (3) reviewing Plaintiff's personnel file and other documentation; (4) interviewing Plaintiff regarding potential Class Members; (5) researching the applicable law and potential defenses; (6) constructing damage models based on interpretations of California law and the facts and numbers provided by Defendant; and (7) reviewing information provided by Defendant in response to informal discovery and in advance of the mediation. The Parties conducted their own evaluations of the potential recoveries based on the claims alleged in the Action, including consulting experts.

18. Defendant, for its part, vigorously contested liability, the amount of claimed damages, and the propriety of class certification. After analyzing the relevant documents and other

gathered data, Class Counsel believed that this case was appropriate for resolution via mediation. Given the high level of risk present for both sides, the Parties elected to mediate Plaintiff's claims and explore the possibility of settlement.

Settlement Efforts

19. On December 5, 2025, the Parties participated in an all-day mediation with Brandon McKelvey, Esq., a respected and experienced mediator in wage and hour class actions. During mediation, counsel for Plaintiff and Defendant discussed all aspects of the case, including the risks of litigation and the risks to both parties of proceeding with a class certification motion, as well as the law unpaid wages, meal periods, rest periods, wage statements, final pay, and reimbursement. Following a full day of mediation, the Parties agreed to general settlement terms to resolve the lawsuit through a mediator's proposal. The Parties continued to work together to finalize a long-form settlement agreement, which resulted in the Settlement Agreement now before the Court for approval.

Summary of the Settlement

20. Under the terms of the proposed Settlement Agreement, Defendants have agreed to pay $699,990.00 ("Gross Settlement Amount" or "GSA") on a non-reversionary basis. (Exhibit 1, Settlement Agreement, ¶ 53.) In addition to and separate from the Gross Settlement Amount, Defendant will pay the employers' portion of any payroll taxes on the wage allocation portion of the individual settlement payments to Class Members. The Settlement Agreement defines the "Class" as all persons employed by Defendant in California and classified as a non-exempt, hourly employee who worked for Defendant during the Class Period, which is the period from May 24, 2020 to February 3, 2026 and did not also sign arbitration agreements. (Exhibit 1, Settlement Agreement, ¶ 1.22, 3.1) The "Net Settlement Amount" means the Gross Settlement Amount, less following payments in the amounts approved by the Court:

- Class Counsel Fees Payment: Up to one-third of the Gross Settlement Amount, that is up to $233,330.00 for attorneys' fees, plus reasonable litigation costs not to exceed $45,000.00 (Kim Decl., Settlement Agreement, ¶ 3.2.2);
- Class Representative Enhancement Award: Up to $7,500.00 to each Plaintiff as an award for

service as the class representative (Kim Decl., Settlement Agreement, ¶ 3.2.1);

- Settlement Administration Costs: Up to $15,000.00 to the Settlement Administrator for its fees and costs to administer the Settlement (Kim Decl., Settlement Agreement, ¶ 3.2.3);
- PAGA Payment: $200,000.00 for settlement of claims for civil penalties under PAGA, with 35% ($70,000.00) to be paid on a pro rata basis to the Aggrieved Employees based on the number of pay periods each Aggrieved Employee worked during the PAGA Period ("Individual PAGA Payment") and 65% ($130,000.00) to be paid to the LWDA ("LWDA Payment") (Kim Decl., Settlement Agreement, ¶ 3.2.5.)

21. If the Court approves the above allocations from the Gross Settlement Amount, the Net Settlement Amount is estimated to be **$191,660.00**. Each Participating Class Member's share of the Net Settlement Amount ("Individual Settlement Payments") will be calculated based on the number of workweeks the Class Member worked in a non-exempt, hourly position during the Settlement Class Period. (Exhibit 1, Settlement Agreement, ¶ 57.4.) For the 783 Participating Class Members estimated as of the date of the Parties' settlement, the average gross Individual Class Payment share, using a straight average, is $244.78. If the Court approves a lesser amount for any of the above-requested allocations from the Net Settlement Amount, the remainder will be added to the Net Settlement Amount to be distributed to Participating Class Members. (Exhibit 1, Settlement Agreement, ¶¶ 57.1-57.3.)

22. The Settlement Administrator will mail the Class Notice, attached to the Settlement Agreement as Exhibit A, to all Class Members in no event later than fourteen (14) calendar days after receiving the Class Data via first-class United States Postal Service ("USPS") mail. (Exhibit 1, Settlement Agreement, ¶ 77.2.) The Class Notice provides each Class Member's starting and ending dates of employment in a class position during the Class Settlement Period, the number of Workweeks, and the Settlement Administrator's calculation of each Class Member's estimated Individual Class Payment and Individual PAGA Payment. (Exhibit 1, Settlement Agreement, ¶ 77.2.) The Class Notice includes a summary of the case and settlement terms and provides Class Members with detailed instructions on how to exclude themselves, object to the settlement, and dispute the number of Workweeks and/or pay periods attributed to each Class Member per

Defendant's records. (Exhibit 1, Settlement Agreement, Exhibit A, Class Notice.) Class Members will have 60 days from the mailing of the Class Notice to opt out of or object to the Settlement or to dispute the number of Workweeks and/or pay periods. (Exhibit 1, Settlement Agreement, ¶ , 7.4.4.) Class Members who received a re-mailed Class Notice shall have their Response Deadline extended fourteen calendar (14) days from the original Response Deadline. (Exhibit 1, Settlement Agreement, ¶ 7.4.4.)

23. Defendant will fund the Gross Settlement Amount by making installment payments to the Qualified Settlement Fund established by the Settlement Administrator over a period of 12 months. (Exhibit 1, Settlement Agreement, ¶ 54.) The first payment of 25% of the Gross Settlement Amount will be funded by December 5, 2026. The second payment of 25% of the Gross Settlement Amount will be funded by May 5, 2027 and the final 50% of the Gross Settlement Amount, including all employer-side payroll taxes will be funded by December 5, 2027. Plaintiffs agreed to this payment installment plan to maximize the Gross Settlement Amount while also considering Defendant's financial circumstances and ability to fund the settlement.

Certification for Settlement Purposes Only is Appropriate

24. Plaintiffs allege that the proposed Class satisfies the criteria for certification of a settlement class, as embodied in California Code of Civil Procedure § 382. Defendant has agreed to the conditional certification of the class for settlement purposes only. In general, courts may take a proposed settlement into account in evaluating the propriety of class certification. *See Dunk v. Ford Motor Co.* (1996) 48 Cal.App.4th 1794, 1807 fn. 19. Indeed, a "lesser standard" of scrutiny applies in certifying classes for settlement purposes. *Id*. Therefore, the Court should take into consideration the fact that the Parties have settled their claims and stipulated to certification for settlement purposes when assessing whether the Settlement is fair and reasonable.

25. Numerosity and Ascertainability. The putative Class is so numerous that joinder of all members is impractical. Class Members are all non-exempt, hourly individuals that worked for Defendants in California during the Class Period and did not sign arbitration agreements. Defendant has identified 783 Class Members based on a review of its payroll and personnel records as of the date of the Parties' mediation. Thus, there is numerosity and ascertainability.

26. Well-Defined Community of Interest. Plaintiffs contend, and Defendant does not dispute for settlement purposes only, that common issues of fact and law predominate as to each of the claims alleged by Plaintiffs, and the Class is united in its proof. This action involves, *inter alia*, a determination about Defendant's alleged failure to provide meal and rest periods, failure to pay wages and overtime due to allegedly common off-the-clock work and time rounding policies, failure to reimburse business expenses, failure to pay final wages when required, and failure to provide accurate wage statements. Plaintiffs contend Defendant's practices affected Class Members in the same way and presents questions that are suitable for common adjudication because all Class Members were subject to the same employment policies and practices. The outcome of litigation in this matter depends upon questions that are common to Class Members.

27. Typicality. The class representative's claims are typical when they arise from the same event, practice, or course of conduct that gives rise to the claims of other putative Class Members and if their claims rest on the same legal theories. Here, Plaintiffs allege that their claims are typical of Class Members' claims because they arose from the same factual basis and are based on the same legal theories. Plaintiffs and Class Members were employed by Defendant during the Class Period and were subject to the allegedly unlawful meal and rest policies and pay practices at issue in this litigation. Thus, the typicality requirement is satisfied.

28. Adequacy. Plaintiffs' interests are aligned with those of the Class Members, as they have suffered the same injuries as the Class Members and have no conflicts of interest. Plaintiffs have not shrunk from this responsibility. Indeed, Plaintiffs have devoted a substantial amount of time and energy to litigating this action and effectuating a settlement. Furthermore, as set forth below, Class Counsel are experienced in wage-and-hour litigation, especially class actions, and have zealously represented the interests of the class in litigating this case and have no conflicts of interest. Accordingly, the adequacy requirement is satisfied.

29. Predominance and Superiority. Plaintiffs contend that individualized issues do not predominate over the issues of law and fact that are common to the Class as a whole. As explained, *supra*, Plaintiffs allege there are common issues of law and fact given that Plaintiffs and all Class Members were subjected to the same policies and pay practices during the relevant time period.

Plaintiffs and Class Members seek meal and rest premiums, unpaid wages and overtime, and penalties for work performed as non-exempt employees for Defendant. Plaintiffs allege that these issues are suitable for common adjudication because all Class Members were allegedly subject to the same employment policies, and Plaintiffs contend the practices applied uniformly to all Class Members.

30. Plaintiffs contend that class resolution is superior to other available methods for the fair and efficient adjudication of the controversy as there is little interest or incentive for Class Members to individually control the prosecution of separate actions. Although the alleged injury resulting from Defendant's policies and practices is allegedly real and significant, the cost of individually litigating each such case against Defendant would easily exceed the value of any relief that could be obtained by any one Class Member individually. If Class Members are forced to litigate their claims individually, this would result in over 783 individual actions against Defendant. Here, the alternative methods of resolution are individual suits for relatively small amounts. Hence, an individual suit would prove uneconomical for potential plaintiffs because litigation costs would dwarf a potential recovery.

The Settlement is Fair, Adequate, and Reasonable

31. In deciding whether to approve a proposed class action settlement, the Court must find that a proposed settlement is "fair, adequate, and reasonable" and falls within the "range of approval." *Dunk*, 48 Cal.App.4th at 1801-02. The trial court considers all relevant factors, such as "the strength of plaintiffs' case, the risk, expense, complexity and likely duration of further litigation, the risk of maintaining class action status through trial, the amount offered in settlement, the extent of discovery completed and the stage of the proceedings, the experience and views of counsel, the presence of a governmental participant, and the reaction of the Class Members to the proposed settlement." *Id.* The Settlement satisfies all of these requirements.

A. The Settlement is the Result of Serious, Informed, Non-Collusive Negotiations.

32. The proposed settlement was reached as a result of arm's length negotiations after the completion of pertinent discovery and the exchange of necessary class data. The negotiations have been, at all times, adversarial and non-collusive in nature. *See*, 4 Newberg on Class Actions §

13:45 (5th ed.) (due to the preference of settlement over litigation, "a court will presume that a proposed class action settlement is fair when certain factors are present, particularly evidence that the settlement is the product of arms-length negotiation, untainted by collusion."). Although Plaintiffs steadfastly maintain that their claims are meritorious, Plaintiffs acknowledge that there were substantial risks and uncertainty in proceeding with litigation. As described above, Defendant presented multiple defenses to Plaintiffs' claims, both on the merits and with respect to class certification. Thus, while Plaintiffs were prepared to litigate these claims through class certification, and ultimately trial, success was far from certain. Assistance from a well-respected mediator ensured that negotiations were non-collusive and well-informed.

B. Extent of Discovery and Stage of Proceedings.

33. As stated above, the Parties engaged in substantial informal discovery before the Settlement was reached to allow them to fully evaluate the class claims and Defendant's defenses. This litigation has reached the stage where the Parties have a clear view of their respective strengths and weaknesses.

C. Strength of Plaintiff's Case and the Risk, Expense, Complexity, and Likely Duration of Any Litigation.

34. As stated above, while Plaintiffs and Class Counsel contend the claims asserted in the Action have merit, they also acknowledge the expense and delay of continued litigation. Although the Parties engaged in significant informal discovery in advance of mediation, the Parties still had significant discovery to complete had the matter not settled. This would have required the expenditure of substantial time and resources by both Parties that would have very likely spanned several years, which would have further weakened Defendant's financial condition and significantly restricted its ability to pay any judgment. Even if Plaintiffs were to certify the class, the Parties would incur considerably more attorney fees and costs through a possible decertification motion, trial, and possible appeal. This Settlement avoids those risks.

D. The Risk of Maintaining Class Action Status Through Trial.

35. Plaintiffs have not yet filed their motion for class certification, and as such, the extent to which Plaintiffs' proposed class was certifiable is somewhat speculative. Absent a settlement,

there was a risk that there would not be a certified class at the time of trial, or if there were, it could consist of a significantly smaller group of employees than the proposed Class, resulting in less overall recovery.

36. Finally, in class actions, decertification is always a possibility, and there is always a risk that a trial of this magnitude can become unmanageable. Cases like *Duran v. U.S. Bank Nat. Assn.* (2014) 59 Cal. 4th 1, 34 address the complexity of using statistical samples in class actions and demonstrate that decertification is a real risk that Class Counsel must consider. A class trial would have also required expert witnesses, the accrual of extensive litigation costs, and the commitment of extensive further time and financial resources. Finally, given the complexity and unsettled nature of the issues, it is likely that any outcome at trial would have resulted in a lengthy and costly appeal. An appeal would result in further delay for the Class Members who have already waited years for resolution in this matter. Risk and legal uncertainty must be dealt with in any litigation, and this Settlement was the product of compromise accounting for those risks and that uncertainty.

E. The Presence of a Governmental Participant.

37. On November 5, 2026, Plaintiffs submitted the Settlement Agreement and this Motion and supporting documents to the LWDA. A true and correct copy of the confirmatory email from the LWDA is attached hereto as **Exhibit 2.**

F. The Amount Offered in Settlement is Fair Given the Potential Value of the Claims.

38. Because the class consists of numerous employees, it was unlikely that the potential monetary claims of individual Class Members would have proved viable without the class-action mechanism. The Settlement Agreement should be approved in light of two California appellate decisions: *Clark v. American Residential Services LLC* (2009) 175 Cal.App.4th 785 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116.

39. The strength of the Plaintiff's case in light of the settlement amount is deemed by courts to be the "most important." *Clark v. American Residential Services, LLC* (2009) 175 Cal.App.4th 785, 799 (citing *Kullar*). Here, Plaintiffs allege that Defendant failed to pay wages (including overtime), failed to provide meal and rest breaks, failed to provide accurate wage

statements, failed to provide waiting time penalties, and failed to pay final wages when required in violation of California law.

40. Based on an analysis of Plaintiffs' time and pay records and a sampling of time and pay records for the Class, Plaintiffs estimated the potential realistic exposure for the main claims as follows: **$140,180.00** for unpaid wages claims, including minimum and overtime wages, due to off the clock work; **$65,990.40** for meal period violations; **$19,711.60** for rest period violations; **$151,725.00** for wage statement penalties; **$176,977.50** in waiting time penalties; **$7,830.00** for reimbursement; and **$108,430.00** for PAGA penalties. As such, the total estimated realistic exposure Defendant could face is **$670,844.50**. Summary calculations for estimated liability for each of these claims follow.

Failure to Pay Minimum and Overtime Wages:

41. Plaintiffs allege that Defendant failed to pay Plaintiff and Class Members at least minimum wages for all hours worked and proper overtime wages for hours worked in excess of eight hours in a day and 40 hours in a week.

42. Plaintiffs' expert estimated Defendant's maximum exposure on the unpaid wages claims to be approximately $700,900.00 (assuming 10 minutes of off the clock work per shift and 30% attributable to overtime). However, given Defendant's defenses and the potential hurdles facing certification of off-the-clock claims, Class Counsel applied an 80% discount making for an adjusted realistic exposure of **$140,180.00** for Defendant.

Meal Periods and Rest Breaks:

43. For each meal period missed, of less than 30 minutes, or taken late for which the employee was not provided a reasonable opportunity to take a complete and timely meal period, an employer must pay the employee an additional one hour of compensation. Labor Code § 226.7. This additional hour of compensation is referred to as "premium pay." To comply with these laws, every employer must keep, for each employee, accurate time records showing when the employee begins and ends each work period and takes his or her meal periods. See Wage Order 4-2001(7)(A)(3). Plaintiffs allege that Defendant failed to pay the legally required premium at their regular rate of pay whenever meal periods were missed, interrupted, or late.

44. Plaintiffs' expert estimated Defendant's maximum exposure on the meal period claim at approximately $329,952.00 for unique meal break violations offset by meal period premiums paid. However, given Defendant's defenses and the potential hurdles facing certification of the meal break claim, Class Counsel applied an 80% discount making for an adjusted realistic exposure of **$65,990.40** for Defendant.

45. Rest Breaks: Plaintiffs contend that Defendant did not provide Class Members with timely paid 10-minute rest breaks for every four hours or major fraction thereof.

46. Plaintiffs' expert estimated Defendant's maximum liability exposure on the rest break period claim at approximately $98,558.00 for unique rest break violations. However, given Defendant's contentions and the difficulties facing certification of rest break claims, Class Counsel applied an 80% discount making for an adjusted realistic exposure of **$19,711.60** for Defendant. Owing to the arguments above and the fact that the recording of rest periods is not required, this claim was substantially discounted and not a primary driver of exposure.

Inaccurate Wage Statement Violations:

47. Under Labor Code § 226(a), Plaintiffs and the Class are entitled to recover $50 for initial violations for inaccurate wage statements and $100 for subsequent violations, up to a maximum of $4,000 per employee.

48. Plaintiffs' expert estimated Defendant's maximum total exposure on the section 226 claim at approximately $1,517,250 (assuming $50/$100 for initial and subsequent violations and 407 employees during the relevant period and a maximum of $4,000.00 per employee). After considering Defendant's contentions and the potential class certification issues, Class Counsel discounted this amount by 90% to get an adjusted realistic exposure of **$151,725.00.**

Failure to Pay Final Wages at Termination or Separation:

49. In allegedly failing to pay Class Members their minimum wages, overtime wages, and premium pay for deficiently provided meal periods and rest breaks, all discussed above, Plaintiffs alleged that Defendant willfully failed to pay Class Members all wages due and certain at the time of termination or within seventy-two (72) hours of resignation, as required under Labor Code § 203.

50. Section 203 further provides that if an employer willfully fails to pay an employee all wages due at termination or within 72 hours of resignation, then that employee's wages will continue as a penalty until paid for a period of up to 30 days from the date they were due.

51. Plaintiffs' expert estimated Defendant's maximum total exposure on the section 203 claim at approximately $1,769,775.00 (474 terminated employees during the relevant period x 30 days x average hourly rate per year x 7.8 hours per work day). Given the foregoing arguments, Class Counsel discounted this amount by 90% to get an adjusted realistic exposure of **$176,977.50**.

Failure to Reimburse for Necessary Business Expenditures:

52. Under Labor Code § 22802(a) Defendant must indemnify Plaintiff and Class Members for all necessary expenditures or losses incurred in direct consequence of the discharge of their duties.

53. Plaintiffs estimated Defendant's total exposure on the unreimbursed business expenses claim at approximately $39,150.00 ($50 x 783 Class Members). However, given Defendant's reimbursement policy and the potential for the need for individualized inquiries making class certification of this claim difficult, Class Counsel applied an 80% discount to get an adjusted realistic exposure of **$7,830.00**.

PAGA Penalties:

54. The Labor Code Private Attorneys General Act, Labor Code § 2698 *et seq*., allows Plaintiff to obtain civil penalties on behalf of himself and other aggrieved employees for Defendant's violation of any provision of the Labor Code enumerated under Labor Code § 2699.5. Where civil penalties are provided in the statute, those civil penalties are recoverable; where no civil penalties are recoverable, Labor Code § 2699(f) establishes civil penalties of one ($100) for each aggrieved employee per pay period for the initial violation and two hundred dollars ($200) for each aggrieved employee per pay period for each subsequent violation. Pursuant to Labor Code § 2699(i), seventy-five percent (75%) of the penalties recovered must be allocated to the Labor and Workforce Development Agency (LWDA), with the remaining twenty-five percent (25%) allocated to the affected employees. The limitations period for all penalties is one year prior to the filing of the complaint.

55. Defendant staunchly contested Plaintiffs' claim for PAGA penalties. The provisions of the Labor Code potentially triggering PAGA penalties in this case include but are not limited to Labor Code §§ 203, 226, 510, and 1194. PAGA penalties are not mandatory but permissive. Labor Code § 2699(e)(2) states that "a court may award a lesser amount than the maximum civil penalty amount specified by this part if, based on the facts and circumstances of the particular case, to do otherwise would result in an award that is unjust, arbitrary and oppressive, or confiscatory." (See *Thurman v. Bayshore* (2012) 203 Cal. App. 4th 1112 (substantially reducing PAGA penalties by 30% under this provision) (emphasis added); see also *Carrington v. Starbucks Corp.*, 30 Cal. App. 5th 504, 529 (2018) (affirming penalty reduction of 90% for practice that resulted in meal periods occasionally starting minutes after the fifth hour of work); *Sanchez v. McDonald's Corp.* (2017), LASC Case No. No. BC 499888 (98% reduction from $41 million to $775,000); *Ghrdilyan v. RJ Financial* (2012), LASC Case No. BC430633 (94% reduction from $5.4 million to $325,000); *Fleming v. Covidien*, Inc. (2011), USDC Case No. ED CV 10-01487-RGK (OPx) (87% reduction from $2.8 million to $375,000).).

56. PAGA penalties are also derivative of each and every other claim, and Defendant argued the PAGA claims would be subject to the same defenses as the underlying claims, and as well as additional equitable defenses, including substantial compliance. Finally, under *Amaral v. Cintas Corp.* (2008) 163 Cal.App.4th 1157, Defendant asserted that penalties under PAGA could, at best, be awarded only at the rates obtainable for initial violations under the applicable statutes, because Defendant had never been notified of the alleged violations. *Id.* at 1208-1209.

57. Class Counsel estimated Defendant's total exposure on the PAGA claim at approximately $1,084,300.00 (10,843 PAGA Pay Periods x $100). However, Class Counsel also estimated any PAGA recovery would be substantially reduced and applied discounts in light of the countervailing arguments with regard to the other causes of action and the Court's power to award "a lesser amount than the maximum civil liability." Class Counsel applied a discount of 90% to get an adjusted realistic exposure of $108,430.00.

58. The Gross Settlement Amount of $699,990.00 represents a recovery for the Class that exceeds the total realistic exposure Class Counsel estimated that Defendant could face on the

primary claims in this case. Plaintiff and Class Counsel submit that this is an excellent result in the face of uncertainty and the prospects of protracted and contested litigation through class certification, summary judgment, and trial, and particularly in light of Defendant's ability to pay.

Summary

59. The foregoing discussion establishes the adequacy of the Settlement amount in light of the merits of Plaintiffs' case and establishes the fairness of the class-action settlement in the instant case, including by analyzing it in light of the *Clark* and *Kullar* decisions. It does so by explaining the legal basis for each of Plaintiffs' causes of action, summarizing the evidence that Class Counsel gathered in support of those causes of action, and relating to Defendant's legal and factual arguments that worked to detract from the strength of Plaintiff's case.

60. Class Counsel applied reasonable and justified discounts, considering the facts and legal contexts outlined above. These substantial discounts were necessary, especially considering Defendant's financial condition and ability to pay, which was a critical factor in the decision-making process for the Settlement and payment plan. In addition, Defendant argued that given Defendant's written policies, practices, and unrecorded hours are likely subject to individualized inquiry, making the certification of all Class Members less than a certainty. This Settlement, like most others, was the product of compromise.

Class Representative Service Award is Fair and Reasonable

61. Plaintiff spent significant time better apprising himself of his rights, deciding whether remedial action should be taken and how it should be taken, searching for attorneys, and contacting Class Counsel, who spent many hours with Plaintiff discussing the case and the law. Both before and after filing this lawsuit, Plaintiff conferred with Class Counsel to discuss every aspect of this case. Plaintiff has provided Class Counsel with information about Defendants, reviewed documents, consulted Class Counsel throughout the litigation, participated in the mediation process, and reviewed and signed the settlement agreement. Plaintiff has diligently, adequately, and fairly represented the Class Members, and has not placed his interests above any member of the putative Class. This sort of payment to a Class representative has been a common feature of settlements negotiated by Class Counsel and routinely approved by courts. In light of the foregoing, Class

Counsel believes that the $7,500.00 incentive award to each Class Representative is fair and reasonable.

Proposed Class Notice Provides Adequate Notice

62. The notification procedure set out in the Settlement Agreement provides the greatest likelihood that each and every Class Member will receive the Class Notice, attached to the Settlement as Exhibit 1. Under the Settlement, Defendant will deliver the Class Data to the Settlement Administrator not later than fourteen (14) calendar days after the Court grants Preliminary Approval of the stipulated Settlement. (Exhibit 1, Settlement Agreement, ¶ 4.2.) The Settlement Administrator will mail the Class Notice, attached to the Settlement Agreement as Exhibit A, to all Class Members no event later than 14 (fourteen) days after receiving the Class Data via USPS mail. (Exhibit 1, Settlement Agreement, ¶ 7.4.2.)

63. Any Class Notices returned to the Settlement Administrator as non-delivered on or before the Response Deadline must be re-mailed to the forwarding address affixed thereto. (Exhibit 1, Settlement Agreement, ¶ 7.4.3.) If no forwarding address is provided, the Settlement Administrator will promptly attempt to determine a correct address by lawful use of skip-tracing, or other search using the identifying information provided by Defendant of the Class Member involved. The Class Notice will be mailed to each Class Member whose Class Notice is returned to the Settlement Administrator. (*Id.*) This procedure for providing notice is the best and most practicable way to ensure the greatest possible number of Class Members will receive the Class Notice. (*Id.*)

64. The Class Notice itself fully apprises Class Members of the nature of the lawsuit, the claims involved, the terms of the settlement, and their options thereunder. (Exhibit 1, Settlement Agreement, Exhibit 1, Class Notice.) The Class Notice provides each Class Member's period of employment in a class position during the Class Period, the number of Workweeks calculated by the Settlement Administrator, and the Settlement Administrator's calculation of each Class Member's estimated Individual Class Payment and Individual PAGA Payment. (*Id*.) It provides further for a specific procedure to seek exclusion from the Class Members, disputing payments and Class Data, challenging the number of Workweeks and pay period data, and lodging objections to the settlement. (Exhibit 1, Settlement Agreement, Exhibit A, Class Notice.) In the Class Notice,

Class Members will also receive Class Counsel's contact information so they can speak to attorneys conversant with the legal and factual issues involved in this case, as well as the contact information for the Settlement Administrator. The efforts taken to ensure that Class Members receive the Class Notice and are well informed about the settlement are reasonable and provide the best notice practicable under the facts.

Qualifications and Adequacy of Class Counsel

65. D.Law (formerly known as Davtyan Law Firm) prosecutes wage and hour cases, including class actions and PAGA actions on behalf of employees and others who have had their rights violated. D.Law, either on its own or with co-counsel, is currently serving as plaintiffs' counsel of record in numerous wage and hour and employment class action and PAGA action cases pending in both state and federal court.

66. D.Law is well-qualified and has ample experience, knowledge, and resources to act as counsel and represent Plaintiff and the putative Class and PAGA Employees in this action. Our practice is exclusively focused on employment matters and representing plaintiffs in wage and hour actions with the same or similar causes of actions brought forth in the matter pending before this Court.

67. D.Law has litigated and successfully resolved many wage and hour class action cases involving failure to pay wages and derivative Labor Code claims and penalties. See e.g. De La Rosa v. The Coca Cola Company et al. (Superior Court of California in Napa, 17CV000787), Harvey v. Bed Bath & Beyond of California Limited Liability Company (Superior Court of California in Alameda, RG17885153), Paredes v. Bottling Group LLC et. al. (Superior Court of California in Kern), Ramirez v. Harris Ranch Beef Company (Superior Court of California in Fresno, 16CECG04103), Gates v. Gate Gourmet, Inc. et. al. (Southern District of California, 16-cv-01084-L-AGS), Hargrave v. Antelope Valley Hospital (Superior Court of California in Los Angeles, BC663252), Ramirez v. Milton Roy et. al. (Superior Court of California in Los Angeles, BC 632 276), Hawkins v. AvalonBay Communities (Superior Court of California in Santa Clara, 17CV316492), Jones Tharpe et al. v. Sprint Corporation et al. (Superior Court of California in Los Angeles, BC644645), Ortega et al. v. Nestle Waters North America, Inc. et al. (Superior Court of

California in Los Angeles, BC623610), Schultz v. Jimbo's Natural Family, Inc. (Superior Court of California in San Diego, 37-2017-00022348-CUE-OE-CTL), Ambrose v. Victor Valley Global et al. (Superior Court of California in San Bernardino, CIVDS1709289), Puerta-Gildardo v. Real Time Staffing Services LLC et. al. (Superior Court of California in Los Angeles, BC565445), Vargo v. Pregis Innovative Packaging LLC (Superior Court of California in Tulare, 270836), Conlin v. Aegis Senior Communities LLC (Northern District of California, 17-cv-05534-LHK), Galarza v. Kloeckner Metals Corporation (Central District of California, 2:17-cv-04910-FMO), Estes v. L3 Technologies, Inc. et al. (Southern District of California, 3:17-cv-02356-H-JMA), Rowser v. Trunk Club, Inc. (Central District of California, 2:17-cv-05064-DSF-RAO), Leach v. The Claremont Colleges, Inc. (Superior Court of California in Los Angeles, BC686451), Vaesau v. PCT Enterprises, Inc. dba Precision Cabinets (Superior Court of California, County of Contra Costa MSC18-02404), Terry v. TF Louderback, Inc. dba Bay Area Beverage Company (Superior Court of the State of California, County of Contra Costa, MSC18-00859), Roach v. Westcare California, Inc. (Superior Court of California in Kern County, BCV-17-102367-SDS), Patton v. Church & Dwight Co., Inc. (Central District of California, EDCV 18-903-MWF (KKx)), Juarez v. ISL Employees, Inc. (Superior Court of California in Madera, MCV074787), Ferraro v. USC Verdugo Hill s Hospital, et al. (Superior Court of California in Los Angeles, 18STCV09463), Ford v. Account Control Technology, Inc., et al. (Superior Court of California in Los Angeles, 19STCV09369), Ornelas v. iStorage, et al. (Superior Court of California in San Francisco, CGC-18-571421), Martinez v. Ronpak, Inc. (Superior Court of California in Riverside, RIC1901307), Barrera et al. v. Exclusive Wireless, Inc. (Superior Court of California in Stanislaus, 9000687), Barajas v. Mancha Development Company LLC (Superior Court of California in Orange County, 30-2018-00974707-CU-OE-CXC), Prado v. IMAX Corporation dba IMAC Worldwide Home (Superior Court of California in San Bernardino, CIVDS1820265), Rodriguez v. ND Industries, Inc. (Superior Court of California in Los Angeles, 19STCV38096), Singletary v. Motel 6 Operating LP, et al. (Southern District of California, 3:20-cv-0270-LAB-AHG), Quizon v. CF Watsonville East, LLC, et al. (Superior Court of California in Santa Cruz, 20CV01868), Stephenson v. Bakersfield Dodge, Inc. (Superior Court of California in Kern, BCV-20-102693), Bacerra v. Hugo Boss Retail, Inc.

(Superior Court of California in San Diego, 37-2021-00002933-CU-OE-CTL), Walker v. Ariat International, Inc. (Superior Court of California in Alameda, HG19026439), Orr v. Petvet Care Centers (California) Inc. (Superior Court of California in Santa Clara, 19CV354063), Jimenez v. OEC Distribution Services, Inc. (Superior Court of California in San Bernardino, CIVDS1915743), Virdi v. Absolute Security International (Superior Court of California in San Bernardino, CIVDS 1909589), Raj v. First Transit, Inc (Superior Court of California in Sacramento, 34-2021-00295895-CU-OE-GDS), Marchbanks v. Torrid Administration, Inc. (Superior Court of California in San Diego, 37-2020-00008179-CU-OE-NC), among others.

68. I am Senior Counsel at D.Law where I manage the class action and PAGA settlement department. I was admitted to the California Bar in December 2008. I received my J.D. from Pepperdine University School of Law and B.S. from the University of Southern California. Since graduating from law school, I have dedicated virtually my entire career on the practice of employment law. I have practiced employment law from the plaintiff's side, from the defense side, and from an in-house position. I have significant experience specifically working on wage and hour class actions from the plaintiff's side as well as the defense side, with the majority of my experience coming from the plaintiff's side.

69. Senior Counsel Natalie Haritoonian received her Bachelor of Arts in political science from the University of California, Los Angeles, in 2014. She then earned her Juris Doctorate from the University of Southern California, Gould School of Law in May of 2018. Upon graduating from law school, she has exclusively focused my practice on representing employees including in wage-and-hour class actions. She is experienced and qualified to evaluate the class and representative claims, having obtained six and seven figure settlements against a range of defendants, having been appointed as class counsel for dozens of other putative wage-and-hour class-action lawsuits pending in various state and federal jurisdictions throughout California. She is experienced and qualified to evaluate settlement versus trial on a fully informed basis, and to evaluate the viability of the defenses.

70. Associate Attorney Jonas Agle graduated from the University of California, Santa Barbara, in 2018, and from the University of California, Irvine School of Law in 2023. Since

graduating law school, he has devoted his practice to representing employees in all aspects of California state and federal labor and employment litigation, including complex class actions, and representative actions in wage and hour claims.

71. Associate Attorney Matthew Carraher earned his bachelor's degree from Loyola Marymount University and his Juris Doctorate from Loyola Law School. He was admitted to the California Bar in December 2022 and has devoted the majority of his legal career to the practice of employment law. He has been appointed as class counsel for many class and representative action settlements in California state court involving the gamut of wage-and-hour claims, including claims for failure to pay minimum wages, unpaid wages and overtime, inaccurate pay statements, failure to pay timely wages, and failure to reimburse necessary business expenses - similar to claims at issue in the present matter.

72. The collective experience of the D.Law attorneys in litigating employment wage and hour matters has been integral in identifying legal issues, evaluating the strengths and weaknesses of a case, and generally negotiating fair and reasonable class and representative action settlements. Practice in the narrow field of wage and hour litigation requires skill and knowledge concerning the constantly evolving substantive law (state and federal), as well as the procedural law of class and representative action litigation. In this action, the attorneys at D.Law are fully equipped to use the skills and knowledge developed over decades of prosecuting and defending wage and hour class actions to fairly and adequately represent the interests of the Class Members and Aggrieved Employees. Therefore, based on our resources, experience, and knowledge, the attorneys at D.Law are well-qualified to act as class counsel and represent the Plaintiff and the putative Class Members and Aggrieved Employees in this action.

73. We understand the responsibilities owed as counsel to the class members and aggrieved employees we represent. The attorneys at D.Law thoroughly investigated the claims asserted in this action and have remained committed to dedicating the resources necessary to represent the Class Members and vigorously pursue their claims. Class Counsel has incurred substantial hours in prosecuting this action on a contingency basis and will not receive any compensation for their efforts until recovery is obtained for the Class. In addition, Class Counsel's efforts in reaching the

Settlement on behalf of the Class will confer a significant benefit to the Class. Based upon my experience and understanding of the claims and defenses in this action, I believe the Settlement is fair, adequate, and reasonable for the Participating Class Members and Aggrieved Employees and all involved, and that the Settlement is well within the range of reasonableness that would permit it to be finally approved. I am not aware of any conflict of interest with Plaintiff or any other Class Member that would interfere with the duties as Class Counsel.

The PAGA Settlement is Fair, Reasonable, and Adequate and Should Be Approved

74. The PAGA settlement satisfies that standard. The Settlement allocates $200,000.00 of the Gross Settlement Amount to the settlement of claims for civil penalties under PAGA, of which 65% ($130,000.00) will be paid to the LWDA and 35% ($70,000.00) will be distributed on a pro rata basis to the Aggrieved Employees based on the number of pay periods each Aggrieved Employee worked during the PAGA Period. (Settlement Agreement, ¶ 3.2.5.) That allocation is the product of serious, informed, arm's-length negotiation of a vigorously disputed penalty claim that Defendant contends is derivative of the underlying claims and subject to the Court's discretion to award less than the maximum civil penalty, and it advances PAGA's enforcement purposes by securing a substantial, non-reversionary payment for the State and the Aggrieved Employees. Plaintiffs have submitted the proposed Settlement to the LWDA concurrently with the filing of this Motion. Accordingly, Plaintiffs respectfully request that the Court approve the PAGA settlement as fair, reasonable, and adequate, and consistent with the purposes of PAGA.

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

Executed this 5th day of November 2026, in Pasadena, California

Enoch J. Kim

EXHIBIT 1

CLASS ACTION AND PAGA SETTLEMENT AGREEMENT AND CLASS NOTICE

This Class Action and PAGA Settlement Agreement ("Agreement") is made by and between plaintiffs Luis Bonilla and Jorge Rodriguez ("Plaintiffs") and defendant Arcos Management, Inc. ("Defendant"). The Agreement refers to Plaintiffs and Defendant collectively as "Parties," or individually as "Party."

1. **DEFINITIONS.**

1.1 "Action" means the Plaintiff Bonilla's lawsuit alleging wage and hour violations against Defendant captioned *Bonilla v. Arcos Management, Inc.*, initiated on May 24, 2024, and pending in Superior Court of the State of California, County of San Diego, Case No. 37-2024-00024322-CU-OE-CTL.

1.2 "Administrator" means CPT Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.

1.3 "Administration Expenses Payment" means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator's "not to exceed" bid submitted to the Court in connection with Preliminary Approval of the Settlement.

1.4 "Aggrieved Employee" means a person employed by Defendant in California and classified as a non-exempt, hourly employee who worked for Defendant during the PAGA Period.

1.5 "Class" means all persons employed by Defendant in California and classified as a non-exempt, hourly employee who worked for Defendant during the Class Period and did not sign arbitration agreements.

1.6 "Class Counsel" means Natalie Haritoonian, Jonas Agle, and Matthew Carraher of D.Law, Inc., and Nicholas Ferraro of Ferraro Vega.

1.7 "Class Counsel Fees Payment" and "Class Counsel Litigation Expenses Payment" mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys' fees and expenses, respectively, incurred to prosecute the Action.

1.8 "Class Data" means Class Member identifying information in Defendant's possession including the Class Member's name, last-known mailing address, Social Security number, and number of Class Period Workweeks and PAGA Pay Periods.

1.9 "Class Member" or "Settlement Class Member" means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non-Participating Class Member who qualifies as an Aggrieved Employee).

1.10 "Class Member Address Search" means the Administrator's investigation and search for current Class Member mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Class Members.

1.11 "Class Notice" means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class Members in English with a Spanish translation, if applicable in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.

1.12 "Class Period" means the period from May 24, 2020, to February 3, 2026.

1.13 "Class Representatives" means the named Plaintiffs in the operative complaint in the Action seeking Court approval to serve as a Class Representative.

1.14 "Class Representative Service Payment" means the payments to the Class Representatives for initiating the Action and providing services in support of the Action.

1.15 "Court" means the Superior Court of California, County of San Diego.

1.16 "Defendant" means named Defendant Arcos Management, Inc.

1.17 "Defense Counsel" means Higgs Fletcher & Mack LLP.

1.18 "Effective Date" means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (b) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

1.19 "Final Approval" means the Court's order granting final approval of the Settlement.

1.20 "Final Approval Hearing" means the Court's hearing on the Motion for Final Approval of the Settlement.

1.21 "Final Judgment" means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.

1.22 "Gross Settlement Amount" means $699,990.00 which is the total amount Defendant agrees to pay under the Settlement except as provided in Paragraph 3 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual

PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees, Class Counsel Expenses, Class Representative Service Payment and the Administrator's Expenses.

1.23 "Individual Class Payment" means the Participating Class Member's pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.

1.24 "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 35% of the PAGA Penalties calculated according to the number of Workweeks worked during the PAGA Period.

1.25 "Judgment" means the judgment entered by the Court based upon the Final Approval.

1.26 "LWDA" means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).

1.27 "LWDA PAGA Payment" means the 65% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).

1.28 "Net Settlement Amount" means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.

1.29 "Non-Participating Class Member" means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.

1.30 "PAGA Pay Period" means any Pay Period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.

1.31 "PAGA Period" means the period from February 21, 2024, to February 3, 2026.

1.32 "PAGA" means the Private Attorneys General Act (Labor Code §§ 2698. et seq.).

1.33 "PAGA Notice" means Plaintiff Rodriguez's February 21, 2025, letter to Defendant and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a).

1.34 "PAGA Penalties" means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 35% to the Aggrieved Employees ($70,000.00) and the 65% to LWDA ($130,000.00) in settlement of PAGA claims.

1.35 "Participating Class Member" means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.

1.36 "Plaintiffs" means Luis Bonilla and Jorge Rodriguez, the named plaintiffs in the Action.

1.37 "Preliminary Approval" means the Court's Order Granting Preliminary Approval of the Settlement.

1.38 "Preliminary Approval Order" means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.

1.39 "Released Class Claims" means the claims being released as described in Paragraph 5.2 below.

1.40 "Released PAGA Claims" means the claims being released as described in Paragraph 5.3 below.

1.41 "Released Parties" means: Defendant and each of its former and present directors, officers, shareholders, owners, members, attorneys, insurers, predecessors, successors, assigns, subsidiaries, and affiliates.

1.42 "Request for Exclusion" means a Class Member's submission of a written request to be excluded from the Class Settlement signed by the Class Member.

1.43 "Response Deadline" means 60 days after the Administrator mails Notice to Class Members and Aggrieved Employees, and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her Objection to the Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional 14 calendar days beyond the Response Deadline has expired.

1.44 "Settlement" means the disposition of the Action effected by this Agreement and the Judgment.

1.45 "Workweek" means any week during which a Class Member worked for Defendant for at least one day, during the Class Period.

2. **RECITALS.**

2.1 On May 24, 2024, Plaintiff Bonilla commenced this Action by filing a Complaint alleging causes of action against Defendant for (1) Failure to Pay Minimum Wages; (2) Failure to Pay Wages and Overtime under Labor Code § 510; (3) Failure to Pay Reporting Time Pay; (4) Meal Period Liability under Labor Code § 226.7; (5) Rest Break Liability under Labor Code § 226.7; (6) Violation of Labor Code § 203; (7) Violation of Labor Code § 204; (8) Failure to Keep Required Payroll Records under Labor Code §§ 1174 and 1174.5; (9) Violation of Labor Code § 246; (10) Failure to Reimburse Necessary Business Expenses under Labor Code § 2802; and (11) Violation of Business & Professions Code § 17200 *et seq*.

2.2 On February 27, 2025, Plaintiff Rodriguez filed a Complaint alleging causes of action against Defendant for (1) Failure to Pay All Wages Owed; (2) Failure to Pay All Overtime Wages; (3) Meal Period Violations; (4) Rest Period Violations; (5) Untimely Payment of Wages; (6) Wage Statement Violations; (7) Waiting Time Penalties; (8) Failure to Reimburse Business Expenses; (9) Failure to Provide Records; and (10) Unfair Competition (the "Rodriguez lawsuit"). On April 28, 2025, Plaintiff Rodriguez filed a First Amended Complaint adding a cause of action for civil penalties under the PAGA. Pursuant to Labor Code section 2699.3, subd.(a), Plaintiff Rodriguez gave timely written notice to Defendant and the LWDA by sending the PAGA Notice.

2.3 The Parties will seek leave for Plaintiff Bonilla to file an amended complaint in this Action to add Plaintiff Rodriguez as a plaintiff and to add the PAGA cause of action as a claim in the Action, and the amended Bonilla complaint shall serve as the operative complaint (the "Operative Complaint"). Defendant and Plaintiff Rodriguez will seek court approval of dismissal of the class and representative claims in the Rodriguez lawsuit under California Rules of Court Rule 3.770(a).

2.4 Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in in the Operative Complaint and denies any and all liability for the causes of action alleged.

2.5 On December 5, 2025, the Parties participated in an all-day mediation presided over by Brandon McKelvey, Esq., which led to this Agreement to settle the Action.

2.6 Prior to mediation, Plaintiffs obtained, through informal discovery, a sampling of Defendant's time and pay records as well as relevant policy documents. Plaintiffs' investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc*. (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc*. (2008) 168 Cal.App.4th 116, 129-130 ("Dunk/Kullar").

2.7 The Court has not granted class certification.

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

3. **MONETARY TERMS.**

3.1 Gross Settlement Amount. Except as otherwise provided by Paragraph 9 below, Defendant promises to pay $699,990.00 and no more as the Gross Settlement Amount and to separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. Defendant has no obligation to pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any

claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendant.

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

3.2.1 To Plaintiffs: Class Representative Service Payment to each of the Class Representatives of not more than $7,500.00 (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representative is entitled to receive as a Participating Class Member). Defendant will not oppose Plaintiffs' request for a Class Representative Service Payment that does not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiffs will seek Court approval for any Class Representative Service Payments no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payment less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiffs assume full responsibility and liability for employee taxes owed on the Class Representative Service Payment.

3.2.2 To Class Counsel: A Class Counsel Fees Payment of not more than one-third, which is currently estimated to be $233,330.00 and a Class Counsel Litigation Expenses Payment of not more than $45,000.00. Defendant will not oppose requests for these payments provided they do not exceed these amounts. Plaintiffs and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiffs' Counsel arising from any claim to any portion of any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds Defendant harmless, and indemnifies Defendant, from any dispute or controversy regarding any division or sharing of any of these Payments.

3.2.3 To the Administrator: An Administrator Expenses Payment not to exceed $15,000.00 except for a showing of good cause and as approved by the Court.

3.2.4 To Each Participating Class Member: An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked

by all Participating Class Members during the Class Period and (b) multiplying the result by each Participating Class Member's Workweeks.

3.2.4.1 Tax Allocation of Individual Class Payments. 10% of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. 90% of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for interest and penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.

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

3.2.5 To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of $200,000.00 to be paid from the Gross Settlement Amount, with 65% ($130,000.00) allocated to the LWDA PAGA Payment and 35% ($70,000.00) allocated to the Individual PAGA Payments.

3.2.5.1 The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 35% share of PAGA Penalties $70,000.00 by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

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

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1 Class Workweeks and Aggrieved Employee Pay Periods. Based on a review of its records to date, Defendant estimates Class Members collectively worked a total of 61,714 Workweeks, and Aggrieved Employees worked a total 23,115 of PAGA Pay Periods.

4.2 Class Data. Not later than 15 days after the Court grants Preliminary Approval of the Settlement, Defendant will simultaneously deliver the Class Data to the Administrator, in

the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Defendant must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

4.3 Funding of Gross Settlement Amount. Defendant shall fully fund the Gross Settlement Amount and also fund the amounts necessary to fully pay Defendant's share of payroll taxes by transmitting the funds to the Administrator according to the following schedule:

4.3.1 25% of the Gross Settlement Amount by December 5, 2026

4.3.2 25% of the Gross Settlement Amount by May 5, 2027

4.3.3 50% of the Gross Settlement Amount by December 5, 2027

4.4 Payments from the Gross Settlement Amount. Within 14 days after Defendant funds the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. The Administrator may any full or partial discharge payment obligations as funds are received, with the remaining balance held in trust and disbursed on or before the final payment date to fully discharge all payment obligations under this Agreement.

4.4.1 The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Settlement Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining the Individual Class Payment and the Individual PAGA Payment. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.4.2 The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are retuned undelivered without USPS forwarding address.

Within 7 days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the void date.

4.4.3 For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure Section 384, subd. (b).

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

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

5.1 Plaintiffs' Release. Plaintiffs and their respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences that occurred during the Class Period, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Operative Complaint, Plaintiff Bonilla's PAGA Notice, or ascertained during the Action and released under 6.2, below. ("Plaintiffs' Release.") Plaintiffs' Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period. Plaintiffs acknowledge that Plaintiffs may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believe to be true but agree, nonetheless, that Plaintiffs' Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs' discovery of them. However, the individual wrongful termination claims of Plaintiff Bonilla shall not be covered by this release of claims and shall be governed exclusively by separate agreement.

5.1.1 Plaintiffs' Waiver of Rights Under California Civil Code Section 1542. For purposes of Plaintiffs' Release, Plaintiffs expressly waive and relinquish the

provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, which reads:

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

However, the individual wrongful termination claims of Plaintiff Bonilla shall not be covered by this release of claims and shall be governed exclusively by separate agreement.

5.2 Release by Participating Class Members: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint (as well as Class Period facts ascertained in the course of the Action) including, but not limited to, any and all claims involving any (a) failure to pay minimum wages; (b) failure to pay overtime wages; (c) failure to pay reporting time pay; (d) failure to provide meal periods or timely meal periods; (e) failure to provide rest periods or timely rest periods; (f) failure to provide accurate itemized wage statements; (g) failure to timely pay wages including wages due upon termination; (h) failure to maintain accurate records; (i) failure to pay reimbursable expenses; (j) failure to pay sick pay; (k) violation of Business & Professions Code § 17200, *et. seq*. Except as set forth in Section 5.3 of this Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

5.3 Release by Aggrieved Employees: All Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint, and the PAGA Notice and ascertained in the course of the Action including, but not limited to any and all claims involved any (a) failure to pay minimum wages; (b) failure to pay overtime wages; (c) failure to pay reporting time pay; (d) failure to provide meal periods or timely meal periods; (e) failure to provide rest periods or timely rest periods; (f) failure to provide accurate itemized wage statements; (g) failure to timely pay wages including wages due upon termination; (h) failure to maintain accurate records; (i) failure to pay reimbursable expenses; (j) failure to pay sick pay; (k) violation of Business & Professions Code § 17200, *et. seq*. and (l) violation of Labor Code § 2698, *et. seq*.

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

6.1 Plaintiffs' Responsibilities. Plaintiffs will prepare and deliver to Defense Counsel all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under Dunk/Kullar and a request for approval of the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Class Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Class Members; and the nature and extent of any financial relationship with Plaintiffs, Class Counsel or Defense Counsel; (v) a signed declaration from Plaintiffs confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members and/or the Administrator; (v) a signed declaration from each Class Counsel firm attesting to its competency to represent the Class Members; its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2)); (vi) a redlined version of the parties' Agreement showing all modifications made to the Model Agreement ready for filing with the Court; and (vii) all facts relevant to any actual or potential conflict of interest with Class Members and/or the Administrator. In their Declarations, Plaintiffs and Class Counsel Declaration shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.

6.2 Responsibilities of Counsel. Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval no later than 30 days after the full execution of this Agreement; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

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

7. **SETTLEMENT ADMINISTRATION.**

7.1 Selection of Administrator. The Parties have jointly selected CPT Group, Inc., to serve as the Administrator and verified that, as a condition of appointment, CPT Group, Inc., agrees

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

7.2 Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports state and federal tax authorities.

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

7.4 Notice to Class Members.

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

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

7.4.3 Not later than 3 business days after the Administrator's receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.

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

7.4.5 If the Administrator, Defendant or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received Class Notice, the Parties will expeditiously meet and confer in person or by telephone, and in good faith. in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than 14 days after receipt of Class Notice, or the deadline dates in the Class Notice, which ever are later.

7.5 Requests for Exclusion (Opt-Outs).

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

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

7.5.3 Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Releases under Paragraphs 5.2 and 6.3 of this Agreement, regardless whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

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

release the claims identified in Paragraph 5.3 of this Agreement and are eligible for an Individual PAGA Payment.

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

7.7 Objections to Settlement.

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

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

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

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

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

Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Class Member calls, faxes and emails.

7.8.2 Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their validity. Not later than 5 days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion ("Exclusion List"); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

7.8.3 Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks and/or Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments ("Weekly Report"). The Weekly Reports must include provide the Administrator's assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.

7.8.4 Workweek and/or Pay Period Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class Member challenges over the calculation of Workweeks and/or Pay Periods. The Administrator's decision shall be final and not appealable or otherwise susceptible to challenge.

7.8.5 Administrator's Declaration. Not later than 14 days before the date by which Plaintiffs are required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator's declaration(s) in Court.

7.8.6 Final Report by Settlement Administrator. Within 10 days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least 15 days before any deadline set by the Court, the Administrator

will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court.

8. **CLASS SIZE ESTIMATES and ESCALATOR CLAUSE.** Based on its records, Defendant estimates that, as of the date of this Settlement Agreement, (1) the Class Members had 61,714 Total Workweeks during the Class Period and (2) the Aggrieved Employees had 23,115 Pay Periods during the PAGA Period. If the Total Workweeks/Pay Periods increases by more than 10%, Defendant shall have the option of: (a) increasing the Gross Settlement Amount by the percentage increase in the number of pay periods worked by the Class Members or pay periods the Aggrieved Employees had above 10% (e.g. if the number of workweeks increases by 11%, the Gross Settlement Amount will increase by 1%); or (b) rolling back the Class Period to the date in which 67,885 Workweeks is met or the PAGA Period in which 25,426 Pay Periods is met.

9. **DEFENDANT'S RIGHT TO WITHDRAW.** If the number of valid Requests for Exclusion identified in the Exclusion List exceeds 10% of the total of all Class Members, Defendant may, but is not obligated, elect to withdraw from the Settlement. The Parties agree that, if Defendant withdraws, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Defendant will remain responsible for paying all Settlement Administration Expenses incurred to that point. Defendant must notify Class Counsel and the Court of its election to withdraw not later than seven days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect.

10. **MOTION FOR FINAL APPROVAL.** Not later than 16 court days before the calendared Final Approval Hearing, Plaintiffs will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subd. (l), a Proposed Final Approval Order and a proposed Judgment (collectively "Motion for Final Approval"). Plaintiffs shall provide drafts of these documents to Defense Counsel not later than seven days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

    10.1 Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than five court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

    10.2 Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court's concerns by revising the Agreement as necessary to obtain Final Approval. The Court's decision to award less than the amounts requested for the

Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

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

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

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

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

12. **ADDITIONAL PROVISIONS.**

12.1 No Admission of Liability, Class Certification or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the Operative Complaint have merit or that Defendant has any liability for any claims asserted; nor should it be intended or

construed as an admission by Plaintiffs that Defendant's defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does grant Preliminary Approval, Final Approval or enter Judgment, Defendant reserves the right to contest certification of any class for any reasons, and Defendant reserves all available defenses to the claims in the Action, and Plaintiffs reserve the right to move for class certification on any grounds available and to contest Defendant's defenses. The Settlement, this Agreement and Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

12.2 Confidentiality Prior to Preliminary Approval. Plaintiffs, Class Counsel, Defendant and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiffs, Class Counsel, Defendant and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, any with third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

12.3 No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

12.4 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.

12.5 Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiffs and Defendant, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

12.6 Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

12.7 No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.

12.8 No Tax Advice. Neither Plaintiffs, Class Counsel, Defendant nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

12.9 Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.

12.10 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.

12.11 Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.

12.12 Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

12.13 Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.

12.14 Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendant in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the date when the Court

discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiffs shall destroy, all paper and electronic versions of Class Data received from Defendant unless, prior to the Court's discharge of the Administrator's obligation, Defendant makes a written request to Class Counsel for the return, rather than the destructions, of Class Data.

12.15 Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.

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

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

To Plaintiffs:
D.Law, Inc.
Natalie Haritoonian
n.haritoonian@d.law
Jonas Agle
j.agle@d.law
Matthew Carraher
m.carraher@d.law
250 N. Madison Ave.
Pasadena, CA 91101
Telephone: (818) 962-6465

To Defendant:
Ed Boniske
boniske@higgslaw.com
Higgs Fletcher & Mack LLP
401 W. A Street, Suite 2600
San Diego, CA 92101
(619) 236-1551

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

Docusign Envelope ID: 943DE409-1335-8B45-8150-7ADDB06AF22A

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

Dated: 6/23/2026 **PLAINTIFF AND CLASS REPRESENTATIVE**,

DocuSigned by:
Luis Bonilla
5FD025CA45D1445...

Luis Bonilla

Dated: _____ **PLAINTIFF AND CLASS REPRESENTATIVE**,

_____

Jorge Rodriguez

Dated: _____ **DEFENDANT ARCOS MANAGEMENT, INC.**

_____

By: _____

Title: _____

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

Dated: _____ **PLAINTIFF AND CLASS REPRESENTATIVE,**

_____

Luis Bonilla

Dated: May 1, 2026 **PLAINTIFF AND CLASS REPRESENTATIVE,**

Jorge Rodriguez

_____

Jorge Rodriguez

Dated: _____ **DEFENDANT ARCOS MANAGEMENT, INC.**

_____

By: _____

Title: _____

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Dated: _____ **PLAINTIFF AND CLASS REPRESENTATIVE**,

_____

Luis Bonilla

Dated: _____ **PLAINTIFF AND CLASS REPRESENTATIVE**,

_____

Jorge Rodriguez

Dated: 5/8/2026 **DEFENDANT ARCOS MANAGEMENT, INC.**

DocuSigned by:
Christian Sandoval
DB1F65FF601D484...

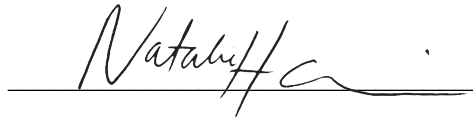
By: Christian Sandoval

Title: President

APPROVED AS TO FORM:

Dated: June 25, 2026

CLASS COUNSEL
D. Law, Inc.



Natalie Haritoonian
Jonas Agle
Matthew Carraher
Attorneys for Plaintiff Bonilla

Dated: May 1, 2026

CLASS COUNSEL
Ferraro Vega



Nicholas Ferraro
Attorney for Plaintiff Rodriguez

Dated: _____

DEFENSE COUNSEL:
Higgs Fletcher & Mack LLP

_____

Sarah Brite Evans
Edwin M. Boniske
Attorneys for Defendants

Docusign Envelope ID: F5D18679-F86B-8FC2-82B4-8CFD132E1AB2

APPROVED AS TO FORM:

Dated: _____

CLASS COUNSEL
D. Law, Inc.

_____

Natalie Haritoonian
Jonas Agle
Matthew Carraher
Attorneys for Plaintiff Bonilla

Dated: _____

CLASS COUNSEL
Ferraro Vega

_____

Nicholas Ferraro
Attorney for Plaintiff Rodriguez

Dated: 5/8/26

DEFENSE COUNSEL:
Higgs Fletcher & Mack LLP

_____

Sarah Brite Evans
Edwin M. Boniske
Attorneys for Defendants

COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL

Bonilla v. Arcos Management, Inc.,
San Diego Superior Court, Case No. 37-2024-00024322-CU-OE-CTL.

The Superior Court for the State of California authorized this Notice. Read it carefully! It's not junk mail, spam, an advertisement, or solicitation by a lawyer. You are not being sued.

You may be eligible to receive money from an employee class action lawsuit ("Action") against Arcos Management, Inc. ("Defendant") for alleged wage and hour violations. Defendant operates McDonald's Restaurants at Lake Murray (#1529), Clairemont (#2032), Del Mar (#4108), Palm (#4912), Rancho Peñasquitos (#5416), Dairy Mart (#7382), Otay (#11251), and Balboa (#13410). The Action was filed by former employees, Luis Bonilla and Jorge Rodriguez ("Plaintiffs"), and seeks payment of (1) back wages and other relief for a class of hourly employees ("Class Members") who worked for Defendant during the Class Period (May 24, 2020 to February 3, 2026); and (2) penalties under the California Private Attorney General Act ("PAGA") for all hourly employees who worked for Defendant during the PAGA Period (February 21, 2024 to February 3, 2026) ("Aggrieved Employees").

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

Based on Defendant's records, and the Parties' current assumptions, **your Individual Class Payment is estimated to be $_____ (less withholding) and your Individual PAGA Payment is estimated to be $_____**. The actual amount you may receive likely will be different and will depend on a number of factors. (If no amount is stated for your Individual PAGA Payment, then according to Defendant's records you are not eligible for an Individual PAGA Payment under the Settlement because you didn't work during the PAGA Period.)

The above estimates are based on Defendant's records showing that **you worked _____ workweeks** during the Class Period and **you worked _____ pay periods** during the PAGA Period. If you believe that you worked more workweeks or pay periods during either period, you can submit a challenge by the deadline date. See Section 4 of this Notice.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or not act. Read this Notice carefully. You will be deemed to have carefully read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiffs and Plaintiffs' attorneys ("Class Counsel"). The Court will also decide whether to enter a judgment that requires Defendant to make payments under the Settlement and requires Class Members and Aggrieved Employees to give up their rights to assert certain claims against Defendant.

If you worked for Defendant during the Class Period and/or the PAGA Period, you have two basic options under the Settlement:

(1) **Do Nothing**. You don't have to do anything to participate in the proposed Settlement and be eligible for an Individual Class Payment and/or an Individual PAGA Payment. As a Participating Class Member, though, you will give up your right to assert Class Period wage claims and PAGA Period penalty claims against Defendant.

(2) **Opt-Out of the Class Settlement**. You can exclude yourself from the Class Settlement (opt-out) by submitting the written Request for Exclusion or otherwise notifying the Administrator in writing. If you opt-out of the Settlement, you will not receive an Individual Class Payment. You will, however, preserve your right to personally pursue Class Period wage claims against Defendant, and, if you are an Aggrieved Employee, remain eligible for an Individual PAGA Payment. You cannot opt-out of the PAGA portion of the proposed Settlement.

Defendant will not retaliate against you for any actions you take with respect to the proposed Settlement.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don't Have to Do Anything to Participate in the Settlement	If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against Defendant that are covered by this Settlement (Released Claims).
You Can Opt-out of the Class Settlement but not the PAGA Settlement **The Opt-out Deadline is _____**	If you don't want to fully participate in the proposed Settlement, you can opt-out of the Class Settlement by sending the Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section 6 of this Notice. You cannot opt-out of the PAGA portion of the proposed Settlement. Defendant must pay Individual PAGA Payments to all Aggrieved Employees and the Aggrieved Employees must give up their rights to pursue Released Claims (defined below).
Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement	All Class Members who do not opt-out ("Participating Class Members") can object to any aspect of the proposed Settlement. The Court's decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Plaintiffs who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiffs, but every dollar paid to Class Counsel and Plaintiffs

Written Objections Must be Submitted by _____	reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiffs if you think they are unreasonable. See Section 7 of this Notice.
You Can Participate in the _____ Final Approval Hearing	The Court's Final Approval Hearing is scheduled to take place on _____. You don't have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court's virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.
You Can Challenge the Calculation of Your Workweeks/Pay Periods Written Challenges Must be Submitted by _____	The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many workweeks you worked at least one day during the Class Period and how many Pay Periods you worked at least one day during the PAGA Period, respectively. The number Class Period Workweeks and number of PAGA Period Pay Periods you worked according to Defendant's records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by _____. See Section 4 of this Notice.

1. WHAT IS THE ACTION ABOUT?

Plaintiff Bonilla is a former Defendant employee, and Plaintiff Rodriguez is a current Defendant employee. The Action accuses Defendant of violating California labor laws by failing to pay overtime wages, minimum wages, wages due upon termination and reimbursable expenses and failing to provide meal periods, rest breaks and accurate itemized wage statements. Based on the same claims, Plaintiff Rodriguez has also asserted a claim for civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698, et seq.) ("PAGA"). Plaintiffs are represented by attorneys in the Action: Natalie Haritoonian, Jonas Agle, and Matthew Carraher of D.Law, Inc. ("Class Counsel.")

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

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

So far, the Court has made no determination whether Defendant or Plaintiffs are correct on the merits.

In the meantime, Plaintiffs and Defendant hired an experienced, neutral mediator in an effort to resolve the Action by negotiating an to end the case by agreement (settle the case) rather than continuing the expensive and time-consuming process of litigation. The negotiations were successful. By signing a lengthy written settlement agreement ("Agreement") and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement, Plaintiffs and Defendant have negotiated a proposed Settlement that is subject to the Court's Final Approval. Both sides agree the proposed Settlement is a compromise of disputed claims. By agreeing to settle, Defendant does not admit any violations or concede the merit of any claims. Plaintiffs and Class

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

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

1. Defendant Will Pay $699,990.00 as the Gross Settlement Amount (Gross Settlement). Defendant has agreed to deposit the Gross Settlement into an account controlled by the Administrator of the Settlement. The Administrator will use the Gross Settlement to pay the Individual Class Payments, Individual PAGA Payments, Class Representative Service Payment, Class Counsel's attorney's fees and expenses, the Administrator's expenses, and penalties to be paid to the California Labor and Workforce Development Agency ("LWDA"). Assuming the Court grants Final Approval, Defendant will fund the Gross Settlement not more than 14 days after the Judgment entered by the Court become final. The Judgment will be final on the date the Court enters Judgment, or a later date if Participating Class Members object to the proposed Settlement or the Judgment is appealed.

2. Court Approved Deductions from Gross Settlement. At the Final Approval Hearing, Plaintiffs and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement, the amounts of which will be decided by the Court at the Final Approval Hearing:

    a. Up to $233,330.00 (one-third of the Gross Settlement) to Class Counsel for attorneys' fees and up to $45,000.00 for their litigation expenses. To date, Class Counsel have worked and incurred expenses on the Action without payment.

    b. Up to $7,500.00 as a Class Representative Service Payment to each Plaintiff for filing the Action, working with Class Counsel and representing the Class. A Class Representative Service Payment will be the only monies Plaintiffs will receive other than Plaintiffs' Individual Class Payment and any Individual PAGA Payment.

    c. Up to $15,000. to the Administrator for services administering the Settlement.

    d. Up to $200,000.00 for PAGA Penalties, allocated 65% to the LWDA PAGA Payment and 35% in Individual PAGA Payments to the Aggrieved Employees based on their PAGA Period Pay Periods.

    Participating Class Members have the right to object to any of these deductions. The Court will consider all objections.

3. Net Settlement Distributed to Class Members. After making the above deductions in amounts approved by the Court, the Administrator will distribute the rest of the Gross Settlement (the "Net Settlement") by making Individual Class Payments to Participating Class Members based on their Class Period Workweeks.

4. Taxes Owed on Payments to Class Members. Plaintiffs and Defendant are asking the Court to approve an allocation of 20% of each Individual Class Payment to taxable wages ("Wage Portion") and 80% to interest and penalties ("Non-Wage Portion.). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. Defendant will separately pay employer payroll taxes it owes on the Wage Portion. The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments and the Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms.

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

5. Need to Promptly Cash Payment Checks. The front of every check issued for Individual Class Payments and Individual PAGA Payments will show the date when the check expires (the void date). If you don't cash it by the void date, your check will be automatically cancelled, and the monies will be deposited with the California Controller's Unclaimed Property Fund in your name.

   If the monies represented by your check is sent to the Controller's Unclaimed Property, you should consult the rules of the Fund for instructions on how to retrieve your money.

6. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you notify the Administrator in writing, not later than _____, that you wish to opt-out. The easiest way to notify the Administrator is to send a written and signed Request for Exclusion by the _____ Response Deadline. The Request for Exclusion should be a letter from a Class Member or his/her representative setting forth a Class Member's name, present address, telephone number, and a simple statement electing to be excluded from the Settlement. Excluded Class Members (i.e., Non-Participating Class Members) will not receive Individual Class Payments, but will preserve their rights to personally pursue wage and hour claims against Defendant.

   You cannot opt-out of the PAGA portion of the Settlement. Class Members who exclude themselves from the Class Settlement (Non-Participating Class Members) remain eligible for Individual PAGA Payments and are required to give up their right to assert PAGA claims against Defendant based on the PAGA Period facts alleged in the Action.

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

8. Administrator. The Court has appointed a neutral company, CPT Group, Inc., (the "Administrator") to send this Notice, calculate and make payments, and process Class Members' Requests for Exclusion. The Administrator will also decide Class Member Challenges over Workweeks, mail and remail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Administrator's contact information is contained in Section 9 of this Notice.

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

   The Participating Class Members will be bound by the following release:

   > All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint (as well as Class Period facts ascertained in the course of the Action) including, but not limited to, any and all claims involving any (a) failure to pay minimum wages; (b) failure to pay overtime wages; (c) failure to pay reporting time pay; (d) failure to provide meal periods or timely meal periods; (e) failure to provide rest periods or timely rest periods; (f) failure to provide accurate itemized wage statements; (g) failure to timely pay wages including wages due upon termination; (h) failure to maintain accurate records; (i) failure to pay reimbursable expenses; (j) failure to pay sick pay; (k) violation of Business & Professions Code § 17200, *et. seq*.

10. Aggrieved Employees' PAGA Release. After the Court's judgment is final, and Defendant has paid the Gross Settlement (and separately paid the employer-side payroll taxes), all Aggrieved Employees will be barred from asserting PAGA claims against Defendant, whether or not they exclude themselves from the Settlement. This means that all Aggrieved Employees, including those who are Participating Class Members and those who opt-out of the Class Settlement, cannot sue, continue to sue, or

participate in any other PAGA claim against Defendant or its related entities based on the PAGA Period facts alleged in the Action and resolved by this Settlement.

The Aggrieved Employees' Releases for Participating and Non-Participating Class Members are as follows:

> All Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint, and the PAGA Notice and ascertained in the course of the Action including, but not limited to any and all claims involved any (a) failure to pay minimum wages; (b) failure to pay overtime wages; (c) failure to pay reporting time pay; (d) failure to provide meal periods or timely meal periods; (e) failure to provide rest periods or timely rest periods; (f) failure to provide accurate itemized wage statements; (g) failure to timely pay wages including wages due upon termination; (h) failure to maintain accurate records; (i) failure to pay reimbursable expenses; (j) failure to pay sick pay; (k) violation of Business & Professions Code § 17200, *et. seq*. and (l) violation of Labor Code § 2698, *et. seq*.

4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

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

2. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing $70,000.00 by the total number of PAGA Pay Periods worked by all Aggrieved Employees and (b) multiplying the result by the number of PAGA Period Pay Periods worked by each individual Aggrieved Employee.

3. Workweek/Pay Period Challenges. The number of Class Workweeks you worked during the Class Period and the number of PAGA Pay Periods you worked during the PAGA Period, as recorded in Defendant's records, are stated in the first page of this Notice. You have until _____ to challenge the number of Workweeks and/or Pay Periods credited to you. You can submit your challenge by signing and sending a letter to the Administrator via mail, email or fax. Section 9 of this Notice has the Administrator's contact information.

You need to support your challenge by sending copies of pay stubs or other records. The Administrator will accept Defendant's calculation of Workweeks and/or Pay Periods based on Defendant's records as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because

the documents will not be returned to you. The Administrator will resolve Workweek and/or Pay Period challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and Defendant's Counsel. The Administrator's decision is final. You can't appeal or otherwise challenge its final decision.

5. HOW WILL I GET PAID?

1. Participating Class Members. The Administrator will send, by U.S. mail, a single check to every Participating Class Member (i.e., every Class Member who doesn't opt-out) including those who also qualify as Aggrieved Employees. The single check will combine the Individual Class Payment and the Individual PAGA Payment.

2. Non-Participating Class Members. The Administrator will send, by U.S. mail, a single Individual PAGA Payment check to every Aggrieved Employee who opts out of the Class Settlement (i.e., every Non-Participating Class Member).

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

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

Submit a written and signed letter with your name, present address, telephone number, and a simple statement that you do not want to participate in the Settlement. The Administrator will exclude you based on any writing communicating your request be excluded. Be sure to personally sign your request, identify the Action as *Bonilla v. Arcos Management, Inc.*, and include your identifying information (full name, address, telephone number, approximate dates of employment, and social security number for verification purposes). You must make the request yourself. If someone else makes the request for you, it will not be valid. **The Administrator must be sent your request to be excluded by _____, or it will be invalid**. Section 9 of the Notice has the Administrator's contact information.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement. Before deciding whether to object, you may wish to see what Plaintiffs and Defendant are asking the Court to approve. At least 16 court days before the _____ Final Approval Hearing, Class Counsel and/or Plaintiffs will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair, and (2) a Motion for Fees, Litigation Expenses and Service Payment stating (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; and (ii) the amount Plaintiffs are requesting as a Class Representative Service Payment. Upon reasonable request, Class Counsel (whose contact information is in Section 9 of this Notice) will send you copies of these documents at no cost to you. You can also view them on the Administrator's Website _____ or the Court's website _____.

A Participating Class Member who disagrees with any aspect of the Agreement, the Motion for Final Approval and/or Motion for Fees, Litigation Expenses and Service Payment may wish to object, for example, that the proposed Settlement is unfair, or that the amounts requested by Class Counsel or Plaintiffs are too high or too low. **The deadline for sending written objections to the Administrator is _____**. Be sure to tell the Administrator what you object to, why you object, and any facts that support your objection. Make sure you identify the Action *Bonilla v. Arcos Management, Inc.* and include your name, current address, telephone number, and approximate dates of employment for Defendant and sign the objection. Section 9 of this Notice has the Administrator's contact information.

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

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing on _____ at _____ in Department C-60 of the San Diego Superior Court, located at 330 W Broadway, San Diego, CA 92101. At the Hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement will be paid to Class Counsel, Plaintiffs, and the Administrator. The Court will invite comment from objectors, Class Counsel and Defense Counsel before making a decision. You can attend (or hire a lawyer to attend) either personally or virtually. Check the Court's website for the most current information.

It's possible the Court will reschedule the Final Approval Hearing. You should check the Administrator's website _____ beforehand or contact Class Counsel to verify the date and time of the Final Approval Hearing.

9. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything Defendant and Plaintiffs have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Judgment or any other Settlement documents is to go to _____'s website at _____. You can also telephone or send an email to Class Counsel or the Administrator using the contact information listed below, or consult the Superior Court website by going to (https://www.sdcourt.ca.gov/sdcourt/generalinformation/accesscourtrecords) and entering the Case Number for the Action, Case No. 37-2024-00024322-CU-OE-CTL. You can also make an appointment to personally review court documents in the Clerk's Office at the Courthouse by calling (619) 844-2700.

DO NOT TELEPHONE THE SUPERIOR COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT.

Class Counsel:
D.Law, Inc.
Natalie Haritoonian
n.haritoonian@d.law
Jonas Agle
j.agle@d.law
Matthew Carraher
m.carraher@d.law
250 N. Madison Ave.
Pasadena, CA 91101
Telephone: (818) 962-6465

Settlement Administrator:
Name of Company:
Email Address:
Mailing Address:
Telephone:
Fax Number:

10. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check. If your check is already void you should consult the California State Controller's Office - Unclaimed Property Division at (800) 992-4647; mail at P.O. Box 942850, Sacramento, CA 94250; in-person 10600 White Rock Road, Suite 141, Rancho Cordova, CA 95670 for instructions on how to retrieve the funds.

11. WHAT IF I CHANGE MY ADDRESS?

To receive your check, you should immediately notify the Administrator if you move or otherwise change your mailing address.

EXHIBIT 2