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15

16 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
17 **COUNTY OF SAN JOAQUIN**

18
19 OSCAR VALLADAREZ, individually and on
behalf of others similarly situated,

20 Plaintiff,
21

22 vs.

23 AZCO SUPPLY, INC., a California
corporation; and DOES 1 through 50,
24 inclusive,

25 Defendants.
26
27
28

Case No. STK-CV-2024-0002212

*Assigned for all purposes to: Hon. Barbara
Kronlund, Dept. 10D*

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

Filed date: February 22, 2024
Trial date: None

JOINT STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT

This Joint Stipulation of Class Action and PAGA Settlement is entered into by and between Plaintiff Oscar Valladarez individually and on behalf of the Class, and Defendant AZCO Supply, Inc.

DEFINITIONS

1. "Agreement" or "Settlement Agreement" means this Joint Stipulation of Class Action and PAGA Settlement.

2. "Action" means the court action, entitled "*Valladarez v. AZCO Supply, Inc.*," Case No. STK-CV-2024-0002212, pending before the San Joaquin County Superior Court.

3. "Class Counsel" means Protection Law Group, LLP.

4. "Class Counsel's Fees and Costs" means attorneys' fees for Class Counsel's litigation and resolution of this Action and their expenses and costs incurred in connection with the Action, which shall be paid from the Gross Settlement Amount. Class Counsel will request attorneys' fees not to exceed Thirty-Five Percent (35%) of the Gross Settlement Amount, i.e. Two Hundred Sixty-Two Thousand Five Hundred Dollars (\$262,500) and the reimbursement costs and expenses associated with the litigation and settlement of the Action, not to exceed Twenty-Five Thousand Dollars (\$25,000.00), subject to the Court's approval. Defendant has agreed not to oppose Class Counsel's request for fees and reimbursement of costs and expenses in the amount set forth above.

5. "Class List" means a complete list of all Class Members that Defendant will diligently and in good faith compile from their records and provide to the Settlement Administrator within fourteen (14) calendar days after Preliminary Approval of this Settlement. The Class List will be formatted in a readable Microsoft Office Excel spreadsheet and will include Class Member's: (1) full name; (2) last known home address; (3) last known telephone number; (4) social security number; (5) start and end dates of active employment of each Class Member; (6) total Workweeks worked by each Class Member during the Class Period; (7) total Workweeks

1 during the Class Period; (8) total Pay Periods worked by each PAGA Member during the PAGA
2 Period; and (8) any other information required by the Settlement Administrator in order to
3 effectuate the terms of the Settlement.

4 6. "Class" or "Class Members" means all current and former hourly-paid, non-exempt
5 employees of Defendant who worked for Defendant in the State of California at any time during
6 the Class Period.

7 7. "Class Period" means the period from February 22, 2020, until the date of
8 preliminary approval of the settlement by the Court, or, May 7, 2025, whichever date occurs
9 earlier.

10 8. "Class Representative" means Plaintiff Oscar Valladarez in his capacity as
11 representative of the Participating Class Members.

12 9. "Plaintiff's Incentive Payment" means the amount that the Court authorizes to be
13 paid to Plaintiff Oscar Valladarez, in addition to whatever monetary settlement Plaintiff is entitled
14 to recover from the Net Settlement Amount as a Class Member, in recognition of the efforts and
15 risks he has taken in assisting with the prosecution of the Action and in exchange for the General
16 Release of his claims as provided herein. Defendant agrees not to oppose Plaintiff's request for an
17 Incentive Payment of Ten Thousand Dollars (\$10,000). Any amount of the Incentive Payment not
18 approved by the Court shall become part of the Net Settlement amount.

19 10. "Court" means the Superior Court of the State of California for the County of San
20 Joaquin.

21 11. "Defendant" means AZCO Supply, Inc.

22 12. "Effective Date" means: the later of: (a) if no timely objections are submitted or if
23 all objections are withdrawn, the date upon which the Court enters Final Approval and a Judgment
24 is entered to that effect; (b) if an objection is submitted and not withdrawn, the date for filing an
25 appeal and no such appeal being filed; (c) if any timely appeals are filed, the date of the resolution
26 (or withdrawal) of any such appeal in a way that does not alter the terms of the settlement
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1 13. “Final Approval” means the Court entering an order granting final approval of the
2 Settlement Agreement.

3 14. “Gross Settlement Amount” means the sum of Seven Hundred Fifty Thousand
4 Dollars (\$750,000). The Gross Settlement Amount is non-reversionary; no portion of the Gross
5 Settlement Amount will return to Defendant, and includes all: (1) payments to the Class; (2) Class
6 Counsel’s fees; (3) Class Counsel’s costs; (4) Settlement Administration Costs; (5) Incentive
7 Payment to Plaintiff; (6) Payment of PAGA penalties to be paid to the LWDA and PAGA
8 Members; and (7) employee share of any applicable payroll taxes. The Gross Settlement Amount
9 is exclusive of employer share of any applicable payroll taxes, and any such employer-side payroll
10 taxes shall be paid by Defendant separately and in addition to the Gross Settlement Amount, to the
11 extent required by law. The Gross Settlement Amount is based on Defendant’s representation that
12 the Class Members worked a total of 9,067 workweeks between February 22, 2020 and January
13 10, 2025. This is a material representation for Plaintiff to enter into this agreement. The Gross
14 Settlement Amount plus any applicable employer-side payroll taxes shall be the maximum amount
15 Defendant is required to pay under the settlement.
16

17 15. “Individual Settlement Payment” means the amount payable from the Net
18 Settlement Amount to each Participating Class Member and any payment a PAGA Member is
19 eligible to receive from the employee portion of the PAGA Payment. Individual Settlement
20 Payments shall be paid by a Settlement Check made payable to Participating Class Members
21 and/or PAGA Members. The amounts paid as wages shall be subject to all tax withholdings
22 customarily made from the employee’s wages and all other authorized and required withholdings.
23 The amounts paid as penalties and interest shall be subject to all authorized and required
24 withholdings other than the tax withholdings customarily made from employees’ wages. The
25 Settlement Administrator will be responsible for issuing to Participating Class Members a form
26 W-2 for amounts deemed “wages” and an IRS Form 1099 for the amounts deemed penalties and
27 interest.
28

1 16. “Net Settlement Amount” means the funds available for payments to the Class,
2 which shall be amount remaining after the following amounts are deducted from the Gross
3 Settlement Amount: (1) Class Counsel’s fees, (2) Class Counsel’s costs, (3) Settlement
4 Administration Costs, (4) Incentive Payment to Plaintiff; and (5) the PAGA Penalties to be paid
5 to the LWDA and PAGA Members.

6 17. “Notice” means the Notice of Class Action Settlement in a form substantially
7 similar to the form attached hereto as Exhibit A, in English and Spanish, providing a summary of
8 the provisions of the Settlement, that will be mailed to Class Members’ last known addresses. The
9 Class Notice shall list the number of Workweeks worked by the Class Member during the Class
10 Period and the estimated individual payment each Class Member will receive if they participate in
11 the Settlement. The Class Notice will also include instructions on how to opt-out of and object to
12 the Settlement. The Settlement Administrator shall mail the Class Notice to Class Members via
13 First Class U.S. Mail no later than seven (7) calendar days after receiving the Class List from
14 Defendant.
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16 18. “PAGA” means the California Labor Code Private Attorneys General Act of 2004
17 (Cal. Lab. Code §§ 2698, *et seq.*, “PAGA”).

18 19. “PAGA Penalties” means the amount that the Parties have agreed to allocate in
19 order to settle claims arising under the Private Attorneys General Act of 2004 (Cal. Lab. Code §§
20 2698, *et seq.*) (“PAGA”). The Parties have agreed that Seventy-Five Thousand Dollars
21 (\$75,000.00) of the Gross Settlement Amount will be allocated to the resolution of Plaintiff’s
22 PAGA Claims. Sixty-Five Percent (65%) of this amount (\$48,750.00) will be paid to the California
23 Labor and Workforce Development Agency in accordance with Labor Code §§ 2698 *et seq.* Thirty-
24 Five Percent (35%) of this amount (\$26,250.00), will be distributed to PAGA Members on a *pro*
25 *rata* basis. PAGA Members will receive payment from the employee portion of the PAGA
26 Payment regardless of their decision to participate in the class action if the PAGA Payment is
27 approved by the Court.
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1 20. "PAGA Period" means the period from February 12, 2024, until the date of
2 preliminary approval of the settlement by the Court, or, May 7, 2025, whichever date occurs
3 earlier.

4 21. "PAGA Members" means all current and former non-exempt employees of
5 Defendant who worked for Defendant in the state of California at any time during the PAGA
6 Period.

7 22. "Parties" means Plaintiff and Defendant, collectively, and "Party" shall mean either
8 Plaintiff or Defendant, individually.

9 23. "Participating Class Members" means all Class Members who do not submit valid
10 and timely Requests for Exclusion.

11 24. "Plaintiff" means Oscar Valladarez.

12 25. "Preliminary Approval" means the Court order granting preliminary approval of
13 the Settlement Agreement.

14 26. "Objection" means a Participating Class Member's valid and timely written
15 objection to the Settlement Agreement. For an Objection to be valid, it must include: (a) the
16 objector's full name, address, telephone number, last four digits of the employee's social security
17 number or employee ID number and (b) the name of the case and case number; and (c) a written
18 statement of all grounds for the objection accompanied by legal support, if any, for such objection.
19 Class Members will be provided 60 days within which to submit objections. Class Members who
20 wish to object will need to mail those objections to the Settlement Administrator only. Class
21 Members will not be barred from appearing at the final approval hearing if they have not complied
22 with the objection procedures for mailing objections to the Settlement Administrator. The
23 Settlement Administrator shall provide counsel for the Parties with complete copies of all
24 objections received, including the postmark dates or fax timestamps for each objection, within five
25 (5) calendar days of receipt. Plaintiff's Counsel will provide copies of any objections and
26 supporting documents to the Court at least ten (10) days before the Final Approval Hearing.
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27. "Released Class Claims" means claims, rights, demands, liabilities and causes of actions that are alleged, or that reasonably could have been alleged, based on the facts asserted in the operative complaint in the Action including the following claims: (i) failure to pay all regular wages, minimum wages and overtime wages due; (ii) failure to provide meal periods or compensation in lieu thereof; (iii) failure to provide rest periods or compensation in lieu thereof; (iv) failure to provide complete, itemized, and accurate wage statements; (v) failure to pay wages timely at time of separation of employment, termination or resignation; (vi) failure to provide timely pay wages during employment; and (vii) unfair business practices that could have been premised on the facts pled in the operative complaint.

28. "Released PAGA Claims" means all claims for civil penalties under the California Labor Code Private Attorneys General Act of 2004 that could have been premised on the facts alleged both in the PAGA Notice provided to the LWDA and in the operative complaint. This release shall apply to claims arising during the PAGA Period.

29. "Released Parties" means Defendant AZCO Supply, Inc., and its past, present and/or future, direct and/or indirect, officers, directors, members, managers, agents, representatives, attorneys, insurers, partners, investors, shareholders, administrators, parent companies, subsidiaries, affiliates, divisions, predecessors, successors, assigns, and joint venturers.

30. "Request for Exclusion" means a valid and timely written statement submitted by a Class Member requesting to be excluded from the settlement of the Released Class Claims. To be effective, the Request for Exclusion must contain (a) the Class Member's name, address, telephone number, and the last four digits of the Class Member's Social Security number and/or the Employee ID number and (b) a clear statement requesting to be excluded from the settlement of the class claims. The Request for Exclusion shall not be effective as to the release of claims arising under PAGA

31. "Response Deadline" means the date sixty (60) days after the Settlement Administrator mails Notice to Class Members and the last date on which Class Members may submit Requests for Exclusion, written objections to the Settlement, or Workweek Disputes. In the event the 60th day falls on a Sunday or Federal holiday, the Response Deadline will be extended to the next day on which the U.S. Postal Service is open. The Response Deadline for Requests for Exclusion, written objections, or workweek disputes, will be extended fifteen (15) calendar days for any Class Member who is re-mailed a Notice by the Settlement Administrator, unless the 15th day falls on a Sunday or Federal holiday, in which case the Response Deadline will be extended to the next day on which the U.S. Postal Service is open. The Response Deadline may also be extended by express agreement between Class Counsel and Defendant. Under no circumstances, however, will the Settlement Administrator have the authority to unilaterally extend the Response Deadline.

32. "Settlement" means the disposition of the Action pursuant to this Agreement.

33. "Settlement Administrator" means Apex Class Action. The Parties each represent that they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest.

34. "Settlement Administration Costs" mean the costs payable from the Gross Settlement Amount to the Settlement Administrator, subject to court approval, for administering this Settlement, including, but not limited to, printing, distributing, and tracking documents for this Settlement, calculating/confirming the class member Workweeks from the information contained in the Class List, calculating each Participating Class Member's Individual Settlement Payment, calculating the PAGA Portion of the PAGA Members individual settlement payment, tax reporting, distributing the Gross Settlement Amount, providing necessary reports and declarations, and other duties and responsibilities set forth herein to process this Settlement, and as requested by the Parties. Settlement Administration Costs shall not exceed Four Thousand Eight Hundred Ninety Dollars (\$4,890). To the extent that Settlement Administration costs are ultimately

less than the amount of the quote provided by the selected Settlement Administrator, the remainder shall become part of the Net Settlement Amount.

35. "Workweek" shall mean any calendar week (i.e. a week beginning on Sunday and ending on Saturday) in which a Class Member or PAGA Member worked at least 1 day.

TERMS OF AGREEMENT

36. Filing of Amended Complaint: Plaintiff will submit a PAGA Letter to the LWDA based on the same factual allegations alleged in the complaint and following expiration of the statutory notice period, the Parties shall file a stipulation and order to permit the filing of a First Amended Complaint that shall include the following causes of action: (1) Unpaid Overtime; (2) Unpaid Meal Period Premiums; (3) Unpaid Rest Period Premiums; (4) Unpaid Minimum Wages; (5) Final Wages Not Timely Paid; (6) Wages Not Timely Paid During Employment; (7) Failure to Provide Accurate Wage Statements; (8) Unfair Business Practices; and (9) PAGA.

37. Settlement Consideration: Defendant shall fund the Gross Settlement Amount and all applicable employer-side payroll taxes following Final Approval by the Court and the occurrence of the Effective Date. The following will be paid out of the Gross Settlement Amount: the sum of the Individual Settlement Payments, the Class Representative Incentive Payment, Class Counsel's Fees and Costs, the PAGA Penalties Payment, and the Settlement Administration Costs, as specified in this Agreement. Except for any employer-side taxes due on the Individual Settlement Payments, or as a result of an increase in the number of workweeks as set forth below, Defendant shall not be required to pay more than the Gross Settlement Amount. The Gross Settlement Amount is non-reversionary; no portion of the Gross Settlement Amount will revert to Defendant.

38. Potential Increase to the Gross Settlement Amount: Defendant has represented there are approximately 9,067 Workweeks within the Class Period. Should the actual number of Workweeks increase by more than ten percent (10%) (i.e. by more than 907 Workweeks) Defendant shall have the option to: (i) increase the Gross Settlement Amount on a *pro-rata* basis

1 equal to the percentage increase in the number of Workweeks worked by the Class Members above
2 10%, or (ii) roll back the Class Period end date to the date in which 9,974 workweeks is met. For
3 example, if the number of Workweeks increases by 11%, the Gross Settlement Amount will
4 increase by 1%.

5 39. Funding of the Gross Settlement Amount: Within fourteen (14) calendar days of
6 the Effective Date of the Settlement, Defendant will deposit the Gross Settlement Amount and all
7 applicable employer-side payroll taxes into a Qualified Settlement Fund ("QSF") to be established
8 by the Settlement Administrator. Defendant shall provide all information necessary for the
9 Settlement Administrator to calculate necessary payroll taxes including its official name, 8-digit
10 state unemployment insurance tax ID number, and other information requested by the Settlement
11 Administrator, no later than seven (7) calendar days of the Effective Date.

12 40. Distribution of the Gross Settlement Amount: Within fourteen (14) calendar days
13 of the funding of the Settlement, the Settlement Administrator will issue payments for: (a)
14 Individual Settlement Payments; (b) the PAGA Payment to the Labor and Workforce Development
15 Agency; (c) the Plaintiff's Incentive Payment; (d) Class Counsel's Fees and Costs and (e)
16 Settlement Administration Costs.

17 41. Attorneys' Fees and Costs: Defendant agrees not to oppose any application or
18 motion by Class Counsel for attorneys' fees of not more than Two Hundred Sixty-Two Thousand
19 Five Hundred Dollars (\$262,500.00) plus the reimbursement of costs and expenses associated with
20 the litigation and settlement of the Action, in an amount not to exceed Twenty-Five Thousand
21 Dollars (\$25,000.00), both of which will be paid from the Gross Settlement Amount. Any portion
22 of the requested fees or costs that is not awarded to the Class Counsel shall be reallocated to the
23 Net Settlement Amount and distributed to Participating Class Members as provided in this
24 Agreement.

25 42. Plaintiff's Incentive Payment: Defendant agrees not to oppose or object to any
26 application or motion by Plaintiff for Class Representative Incentive Payment of Ten Thousand
27 Dollars (\$10,000.00).

Dollars (\$10,000). Plaintiff's Incentive Payment is in exchange for the General Release of the Plaintiff's individual claims and for their time, effort and risk in bringing and prosecuting the Action. Any portion of the requested Plaintiff's Incentive Payment that is not awarded to the Class Representative shall be reallocated to the Net Settlement Amount and distributed to Participating Class Members as provided in this Agreement.

43. Settlement Administration Costs: The Settlement Administrator will be paid for the reasonable costs of administration of the Settlement and distribution of payments from the Gross Settlement Amount as further set forth in this Agreement. Settlement Administration Costs shall not exceed Four Thousand Eight Hundred Ninety Dollars (\$4,890.00).

44. PAGA Payment: Ninety Thousand Dollars (\$75,000.00) shall be allocated from the Gross Settlement Amount for settlement of claims for civil penalties under the PAGA. The Settlement Administrator shall pay Sixty-Five percent (65%) of the PAGA Payment, or Sixty-Seven Thousand Five Hundred Dollars (\$48,750.00), to the California Labor and Workforce Development Agency ("LWDA"). Thirty-Five percent (35%), or Twenty-Six Thousand Two Hundred Fifty Dollars (\$26,250.00), will be distributed to PAGA Members on a *pro rata* basis based on the total number of Workweeks worked by each PAGA Member during the PAGA Period. PAGA Members shall receive their portion of the PAGA Payment regardless of their decision to opt-out of the class settlement.

45. Net Settlement Amount for Payment of Class Claims: The Net Settlement Amount will be used to satisfy the class portion of Participating Class Members Individual Settlement Payments in accordance with the terms of this Agreement. The estimated Net Settlement Amount is as follows:

Gross Settlement Amount	\$	750,000.00
Plaintiff's Incentive Payment:	\$	10,000.00
Class Counsel's Fees:	\$	262,500.00
Class Counsel's Costs:	\$	25,000.00

PAGA Payment	\$	75,000.00
Settlement Administration Costs:	\$	4,890.00
Estimated Net Settlement Amount	\$	372,610.00

46. Individual Settlement Payment Calculations: Individual Settlement Payments will be paid from the Net Settlement Amount and the 35% portion of the PAGA Payment allocated for PAGA Members and shall be paid pursuant to the formula set forth herein:

a) Calculation of Class Portion of Individual Settlement Payments: The Settlement Administrator will calculate the total Workweeks for all Participating Class Members by adding the number of Workweeks worked by each Participating Class Member during the Class Period. The respective Workweeks for each Participating Class Member will be divided by the total Workweeks for all Participating Class Members, resulting in the Payment Ratio for each Participating Class Member. Each Participating Class Member's Payment Ratio will then be multiplied by the Net Settlement Amount to calculate each Participating Class Member's estimated share of the Net Settlement Amount. The Individual Settlement Payments estimate indicated on the Notice are subject to change, depending on factors including how many Class Members become Excluded Class Members (resulting in their Individual Workweeks being removed from the final Class Workweeks, thereby increasing the final weekly settlement amount).

b) Calculation of PAGA Portion of Individual Settlement Payments: The Settlement Administrator will calculate the total Workweeks for all PAGA Members by adding the number of Workweeks worked by each PAGA Member during the PAGA Period. The respective Workweeks for each PAGA Member will be divided by the total Workweeks for all PAGA Members, resulting in the Payment Ratio for each PAGA Member. Each PAGA Member's Payment Ratio will then be multiplied by the employee portion of the PAGA Payment to calculate each PAGA Member's estimated share of the PAGA Payment. PAGA Members shall receive this

1 portion of their Individual Settlement Payment regardless of whether they opt out of the
2 participation regarding the class claims.

3 c) Allocation of Individual Settlement Payments: The Class Portion of
4 each Individual Settlement Payments will be allocated as follows: twenty percent (20%) of each
5 Individual Settlement Payment will be allocated as wages, forty percent (40%) shall be allocated as
6 interest, and forty percent (40%) shall be allocated as penalties. The PAGA Portion of each
7 Individual Settlement Payment will be allocated 100% as Penalties. The portion of the Individual
8 Settlement Payment allocated to wages will be reported by the Settlement Administrator on an IRS
9 Form W-2. The remaining non-wage payments will be reported on an IRS Form-1099 by the
10 Settlement Administrator.

11 47. No Credit Toward Benefit Plans: The Individual Settlement Payments made to
12 Participating Class Members under this Settlement, as well as any other payments made pursuant
13 to this Settlement, will not be utilized to calculate any additional benefits under any benefit plans
14 to which any Class Members may be eligible, including, but not limited to profit-sharing plans,
15 bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and
16 any other benefit plan. Rather, it is the Parties' intention that this Settlement Agreement will not
17 affect any rights, contributions, or amounts to which any Class Members may be entitled under
18 any benefit plans.

19 48. Settlement Administration Process: The Parties agree to cooperate in the
20 administration of the Settlement and to make all reasonable efforts to control and minimize the
21 costs and expenses incurred in administration of the Settlement. The Settlement Administrator will
22 provide the following services:

- 23
- 24 a) Establish and maintain a Qualified Settlement Fund.
 - 25 b) Calculate the Individual Settlement Payment each Participating Class
 - 26 Member is eligible to receive and the portion of the PAGA Payment each
 - 27 PAGA Member shall receive.
 - 28

- c) Translate the Notice from English to Spanish and print and mail the Notice.
- d) Assist Class Members who have questions regarding the Notice.
- e) Conduct additional address searches for mailed Notices that are returned as undeliverable.
- f) Calculate Participating Class Members' Individual Settlement Payments, process any Requests for Exclusion, and field inquiries from Class Members.
- g) Calculate and make all payments on behalf of Defendant required pursuant to the Settlement Agreement, including but not limited to, FICA, FUTA, and SDI contributions and the employer's portion of all payroll taxes, which shall be made from the Class Settlement Amount
- h) Print and issue and issue Settlement Payment Checks, prepare IRS W2 and 1099 Tax Forms and any other filings required by any governmental taxing authority. Basic accounting for and payment of employee tax withholdings and forwarding all payroll taxes and penalties to the appropriate government authorities will also be included as part of this service.
- i) Provide declarations and/or other information to this Court as requested by the Parties and/or the Court regarding the Settlement Administration Process.
- j) Provide weekly status reports to counsel for the Parties.
- k) Post a notice of final judgment online at Settlement Administrator's website.

49. Delivery of the Class List: Within fourteen (14) calendar days of Preliminary Approval, Defendant will provide the Class List to the Settlement Administrator. This is a material term of the Agreement, and if Defendant fails to comply, Plaintiff shall have the right to void the Agreement.

1 50. Notice by First-Class U.S. Mail: Within seven (7) calendar days after receiving the
2 Class List from Defendant, the Settlement Administrator will mail the Notice to all Class Members
3 via regular First-Class U.S. Mail, using the most current, known mailing addresses identified in
4 the Class List.

5 51. Confirmation of Contact Information in the Class List: Prior to mailing, the
6 Settlement Administrator will perform a search based on the National Change of Address Database
7 for information to update and correct for any known or identifiable address changes. Any Notice
8 returned to the Settlement Administrator as non-deliverable on or before the Response Deadline
9 will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto
10 and the Settlement Administrator will indicate the date of such re-mailing on the Notice. If no
11 forwarding address is provided, the Settlement Administrator will promptly attempt to determine
12 the correct address using a skip-trace, or other search using the name, address and/or Social
13 Security number of the Class Member involved, and will then perform a single re-mailing. If any
14 notice sent to a Class Member by the Settlement Administrator is returned as undeliverable to a
15 current employee, then Defendant shall make all reasonable efforts to obtain the current address
16 from the Class Member and provide the same within seven (7) calendar days of notice from the
17 Settlement Administrator. Those Class Members who receive a re-mailed Notice, whether by skip-
18 trace or by request, will have between the later of (a) an additional fifteen (15) calendar days or
19 (b) the Response Deadline to postmark a Request for Exclusion, written objection, or workweek
20 dispute.
21

22 52. Notice: All Class Members will be mailed a Notice in both English and Spanish
23 containing the Form attached as Exhibit A as approved by the Court. Each Notice will provide: (a)
24 a summary of the provisions of the Settlement; (b) the total number of Workweeks each respective
25 Class Member worked for Defendat during the Class Period; (c) each Class Member's estimated
26 Individual Settlement Payment and the formula for calculating Individual Settlement Payments;
27 (d) the dates which comprise the Class Period; (e) instructions on how to opt-out of and object to
28

the Class Portion of the Settlement; (f) the deadlines by which the Class Member must postmark Requests for Exclusion, Objections to the Settlement, or Workweek Disputes; (g) the claims to be released, as set forth herein; and (h) the date for the final approval hearing.

53. Disputed Information on Notice: Class Members will have an opportunity to dispute the information provided in their Notice. To the extent Class Members dispute the number of Workweeks with which they have been credited or the amount of their Individual Settlement Payment, Class Members may produce evidence to the Settlement Administrator showing that such information is inaccurate. Absent evidence rebutting Defendant's records, Defendant's records will be presumed determinative. However, if a Class Member produces evidence to the contrary by the Response Deadline, the Parties will evaluate the evidence submitted by the Class Member and the Parties will make the final decision as to the number of eligible Workweeks that should be applied and/or the Individual Settlement Payment to which the Class Member may be entitled. If the Parties do not agree, the dispute will be submitted to the Court.

54. Defective Submissions: If a Class Member's Request for Exclusion is defective as to the requirements listed herein, that Class Member will be given an opportunity to cure the defect(s). The Settlement Administrator will mail the Class Member a cure letter within three (3) business days of receiving the defective submission to advise the Class Member that his or her submission is defective and that the defect must be cured to render the Request for Exclusion valid. The Class Member will have until the later of (a) the Response Deadline or (b) fifteen (15) calendar days from the date of the cure letter, whichever date is later, to postmark a revised Request for Exclusion. If a Class Member responds to a cure letter by filing a defective claim, then the Settlement Administrator will have no further obligation to give notice of a need to cure. If the revised Request for Exclusion is not postmarked within that period, it will be deemed untimely.

55. Request for Exclusion Procedures: Class members will be provided 60 days within which to submit requests for exclusion. Any Class Member wishing to opt-out from the release of the Released Class Claims must sign and postmark a written Request for Exclusion to the

Settlement Administrator by the Response Deadline. The Request for Exclusion must include (a) the Class Member's name, address, telephone number, and the last four digits of the Class Member's Social Security number and/or the Employee ID number and (b) a clear statement requesting to be excluded from the settlement of the class claims. The date of the postmark on the return mailing envelope receipt confirmation will be the exclusive means to determine whether a Request for Exclusion has been timely submitted. All Requests for Exclusion will be submitted to the Settlement Administrator, who will certify jointly to Class Counsel and Defendant's Counsel the Requests for Exclusion that were timely submitted. All Class Members who do not request exclusion from the Action will be bound by all terms of the Settlement Agreement if the Settlement is granted final approval by the Court. The Request for Exclusion shall not be effective as to the release of claims arising under the PAGA.

56. Defendant's Right to Rescind: If ten percent (10%) or more of the Class Members (rounded to the next whole number) elect not to participate in the Settlement, Defendant may, at its election, rescind the Settlement Agreement and all actions taken in furtherance of it will be thereby null and void. Defendant must meet and confer with Class Counsel prior to exercising this right and must make clear their intent to rescind the Agreement within fourteen (14) calendar days of the Settlement Administrator notifying the Parties of these opt-outs. If Defendant exercises its right to rescind the Agreement, Defendant shall be responsible for all Settlement Administration Costs incurred to the date of rescission.

57. Settlement Terms Bind All Class Members Who Do Not Opt-Out: Upon the complete funding of the Gross Settlement Amount, any Class Member who does not affirmatively opt-out of the Settlement by submitting a timely and valid Request for Exclusion will be bound by all of its terms, including those pertaining to the Released Class Claims, as well as any Judgment that may be entered by the Court if it grants final approval to the Settlement. Class Members who opt out of the Settlement shall not be bound by such Judgment or the Class Release. However, the opt-out shall not be effective as to the release of claims arising under the Private Attorneys General

1 Act. The names of Class Members who have opted out of the settlement shall be disclosed to the
2 Counsel for both Plaintiff and Defendant and noted in the proposed Judgment submitted to the
3 Court.

4 58. Objection Procedures: To object to the Class portion of the Settlement, a
5 Participating Class Member must postmark a valid Objection to the Settlement Administrator on
6 or before the Response Deadline. The Objection must be signed by the Participating Class Member
7 and contain all information required by this Settlement Agreement including the employees full
8 name, address, telephone number, the last four digits of their social security number and/or
9 Employee ID number, the name of the case and case number, and the specific reason including
10 any legal grounds for the Participating Class Members objection. The postmark date will be
11 deemed the exclusive means for determining that the Notice of Objection is timely. Participating
12 Class Members who fail to object in the manner specified above will be foreclosed from making
13 a written objection but shall still have a right to appear at the Final Approval Hearing in order to
14 have their objections heard by the Court. At no time will any of the Parties or their counsel seek
15 to solicit or otherwise encourage Participating Class Members to submit written objections to the
16 Settlement or appeal from the Order and Judgment. Class Counsel will not represent any Class
17 Members with respect to any objections to this Settlement.

18 59. Certification Reports Regarding Individual Settlement Payment Calculations: The
19 Settlement Administrator will provide Defendant's Counsel and Class Counsel a weekly report
20 which certifies: (a) the number of Class Members who have submitted valid Requests for
21 Exclusion; (b) the number of Notices returned and re-mailed and (c) whether any Class Member
22 has submitted a challenge to any information contained in the Notice. Additionally, the Settlement
23 Administrator will provide to counsel for both Parties any updated reports regarding the
24 administration of the Settlement Agreement as needed or requested.

25 60. Uncashed Settlement Checks: Any checks issued by the Settlement Administrator
26 to Participating Class Members and PAGA Members will be negotiable for at least one hundred
27
28

eighty (180) calendar days. If a Participating Class Member or PAGA Member does not cash his or her Settlement Check or PAGA payment check within 180 days, the uncashed funds, subject to Court approval, shall be distributed to the Controller of the State of California to be held pursuant to the Unclaimed Property Law, California Civil Code §1500, *et. seq.* for the benefit of those Participating Class Members and PAGA Members who did not cash their checks until such time that they claim their property. The Parties agree that this disposition results in no “unpaid residue” under California Civil Procedure Code § 384, as the entire Net Settlement Amount will be paid out to Participating Class Members and the entire 25% portion of the PAGA Payment will be paid out to the PAGA Members, whether or not they all cash their Settlement Checks or PAGA payment checks. Therefore, Defendant will not be required to pay any interest on such amounts. The Individual Settlement Payments provided to Participating Class Members and to PAGA Members shall prominently state the expiration date or a statement that the Settlement Check will expire in one hundred eighty (180) days, or alternatively, such a statement may be made in a letter accompanying the Individual Settlement Payment. Expired Individual Settlement Payments will not be reissued, except for good cause and as mutually agreed by the Parties in writing. The parties agree no unclaimed funds will result from the settlement.

61. Administration of Taxes by the Settlement Administrator: The Settlement Administrator will be responsible for issuing to Plaintiff, Participating Class Members, PAGA Members, and Class Counsel any W-2, 1099, or other tax forms as may be required by law for all amounts paid pursuant to this Settlement. The Settlement Administrator will also be responsible for forwarding all payroll taxes and penalties to the appropriate government authorities.

62. Tax Liability: Defendant makes no representation as to the tax treatment or legal effect of the payments called for hereunder, and Plaintiff and Participating Class Members are not relying on any statement, representation, or calculation by Defendant or by the Settlement Administrator in this regard. Plaintiff and Participating Class Members understand and agree that they will be solely responsible for the payment of any taxes and penalties assessed on the payments

described herein. Defendant's share of any employer payroll taxes and other required employer withholdings due on the Individual Settlement Payments, including, but not limited to, Defendant's FICA and FUTA contributions, shall be paid separate and apart from the Gross Settlement Amount.

63. Circular 230 Disclaimer: Each Party to this Agreement (for purposes of this section, the "acknowledging party" and each Party to this Agreement other than the acknowledging party, an "other party") acknowledges and agrees that: (1) no provision of this Agreement, and no written communication or disclosure between or among the Parties or their attorneys and other advisers, is or was intended to be, nor shall any such communication or disclosure constitute or be construed or be relied upon as, tax advice within the meaning of United States Treasury Department circular 230 (31 CFR part 10, as amended); (2) the acknowledging party (a) has relied exclusively upon his, her or its own, independent legal and tax counsel for advice (including tax advice) in connection with this Agreement, (b) has not entered into this Agreement based upon the recommendation of any other Party or any attorney or advisor to any other Party, and (c) is not entitled to rely upon any communication or disclosure by any attorney or advisor to any other party to avoid any tax penalty that may be imposed on the acknowledging party, and (3) no attorney or adviser to any other Party has imposed any limitation that protects the confidentiality of any such attorney's or adviser's tax strategies (regardless of whether such limitation is legally binding) upon disclosure by the acknowledging party of the tax treatment or tax structure of any transaction, including any transaction contemplated by this Agreement.

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

65. Release by Participating Class Members: Upon the complete funding of the Gross Settlement Amount and all applicable employer-side payroll taxes by Defendant, Participating

Class Members shall fully release and discharge the Released Parties from the Released Class Claims that arose during the Class Period. This release shall be binding on all Participating Class Members.

66. Release by the State of California and LWDA: Upon the complete funding of the Gross Settlement Amount and all applicable employer-side payroll taxes by Defendant the LWDA and the State of California, through Plaintiff as its agent and/or proxy, shall release and discharge the Released Parties from the Released PAGA Claims that arose during the PAGA Period. The Parties intend for this PAGA settlement to have claim preclusion, issue preclusion, or otherwise bar a representative action if an aggrieved employee were to bring a subsequent claim on behalf of the LWDA based on the same factual predicate as this action and covering the same time period.

67. Release of Additional Claims & Rights by Plaintiff: Upon the funding of the Gross Settlement Amount, Plaintiff agrees—on behalf of himself only—to the additional following General Release: In consideration of Defendant’s promises and agreements as set forth herein, Plaintiff hereby fully releases the Released Parties from any and all Released Class Claims and Released PAGA Claims and also generally release and discharge the Released Parties from any and all claims, demands, obligations, causes of action, rights, or liabilities of any kind which have been or could have been asserted against the Released Parties arising out of or relating to their employment by Defendant or termination thereof, including but not limited to claims for wages, restitution, penalties, retaliation, defamation, discrimination, harassment or wrongful termination of employment. This release specifically includes any and all claims, demands, obligations and/or causes of action for damages, restitution, penalties, interest, and attorneys’ fees and costs (except provided by the Settlement Agreement) relating to or in any way connected with the matters referred to herein, whether or not known or suspected to exist, and whether or not specifically or particularly described herein. Specifically, Plaintiff waives all rights and benefits afforded by California Civil Code Section 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE

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

This release specifically excludes claims for unemployment insurance, disability, social security, and workers compensation (with the exception of claims arising pursuant to California Labor Code Sections 132(a) and 4553).

Plaintiff represents that he does not currently have pending any complaint or action—other than this Action, *Valladarez v. AZCO Supply, Inc.* (San Joaquin County Superior Court Case No.: STK-CV-UOE-2024-0002212)—against any of the Released Parties, or with any state, federal or local agency, court or arbitrator / arbitration service based on any matters arising out of his employment with Defendant or the separation thereof and will not do so at any time. To the extent that any other such complaints or actions have been filed, other than this action identified above, Plaintiff will dismiss them immediately with prejudice.

68. Neutral Employment Reference: Defendant agrees that it will adopt a neutral reporting policy regarding any future employment references related to Plaintiff. In the event that any potential or future employers of Plaintiff request a reference regarding Defendant's employment of Plaintiff, Defendant shall only provide the requested Plaintiff's dates of employment, job titles during employment, and final rate of pay. Defendant shall not refer to the Action or this Settlement

69. Nullification of Settlement Agreement: In the event that: (a) the Court does not finally approve the Settlement as provided herein; (b) the Court strikes or does not approve any material term of this Settlement Agreement; or (c) the Settlement does not become final as written and agreed to by the Parties for any other reason, then this Settlement Agreement, and any documents generated to bring it into effect, will be null and void, all amounts deposited into the

QSF will be returned to Defendant, and the Parties shall be returned to their original respective positions. Any order or judgment entered by the Court in furtherance of this Settlement Agreement will likewise be treated as void from the beginning. Should the Court fail to approve this settlement for any reason, the Parties agree that they will return to and attend mediation with a mutually agreed Mediator in an effort to reach a settlement that may be approved by the Court.

70. Preliminary Approval Hearing: Plaintiff will obtain a hearing before the Court to request Preliminary Approval of the Settlement Agreement, and the entry of a Preliminary Approval Order for: (a) conditional certification of the Class for settlement purposes only, (b) Preliminary Approval of the proposed Settlement Agreement, and (c) setting a date for a Final Approval/Settlement Fairness Hearing. The Preliminary Approval Order will provide for the Notice to be sent to all Class Members as specified herein. In conjunction with the Preliminary Approval hearing, Plaintiff will submit this Agreement, which sets forth the terms of the Settlement, and will include the proposed Notice attached as Exhibit A. Defendant agrees that it will not oppose Plaintiff's motion for Preliminary Approval. Any failure by the Court to fully and completely approve the Agreement as to the Action will result in this Settlement Agreement and the Memorandum of Understanding entered into by the Parties, and all obligations under this Settlement Agreement and the Memorandum of Understanding being nullified and voided.

71. Final Settlement Approval Hearing and Entry of Judgment: Upon expiration of the deadlines to postmark Requests for Exclusion or objections to the Settlement Agreement, and with the Court's permission, a Final Approval/Settlement Fairness Hearing will be conducted to determine the Final Approval of the Settlement Agreement along with the amounts properly payable for: (a) Individual Settlement Payments; (b) the Attorneys' Fees and Costs; (c) the Plaintiff's Incentive Payment; and (d) the Settlement Administration Costs. Class Counsel will be responsible for drafting all documents necessary to obtain Final Approval. Any failure by the Court to fully and completely approve the Settlement Agreement as to all of the Action, or the entry of any Order by another Court with regard to any of the Action which has the effect of modifying

material terms of this Agreement or preventing the full and complete approval of the Settlement Agreement as written and agreed to by the Parties, will result in this Agreement and all obligations under this Agreement being null and void. Defendant agrees it shall not oppose the granting of the Motion for Final Approval, provided Defendant has not exercised its right to rescind pursuant to the terms of this Agreement.

72. Judgment and Continued Jurisdiction: Upon Final Approval of the Settlement by the Court or after the Final Approval/Settlement Fairness Hearing, the Parties will present the Judgment to the Court for its approval. After entry of the Judgment, the Court will have continuing jurisdiction solely for purposes of addressing: (a) the interpretation and enforcement of the terms of the Settlement, (b) Settlement administration matters, and (c) such post-Judgment matters as may be appropriate under court rules or as set forth in this Settlement.

73. Exhibits Incorporated by Reference: The terms of this Settlement include the terms set forth in any attached Exhibits, which are incorporated by this reference as though fully set forth herein. Any Exhibits to this Settlement are an integral part of the Settlement.

74. Entire Agreement: This Settlement Agreement and any attached Exhibits constitute the entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral agreements may be deemed binding on the Parties.

75. Amendment or Modification: This Settlement Agreement may be amended or modified only by a written instrument signed by counsel for all Parties or their successors-in-interest and approved by the Court.

76. Authorization to Enter Into Settlement Agreement: Counsel for all Parties warrant and represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Settlement Agreement to effectuate its terms and to execute any other documents required to effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to affect the implementation of

1 the Settlement. If the Parties are unable to reach agreement on the form or content of any document
2 needed to implement the Settlement, or on any supplemental provisions that may become
3 necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of the Court
4 to resolve such disagreement.

5 77. Binding on Successors and Assigns: This Settlement Agreement will be binding
6 upon, and inure to the benefit of, the successors or assigns of the Parties hereto, as previously
7 defined.

8 78. California Law Governs: All terms of this Settlement Agreement and Exhibits
9 hereto will be governed by and interpreted according to the laws of the State of California.

10 79. Execution and Counterparts: This Settlement Agreement is subject only to the
11 execution of all Parties. However, the Settlement Agreement may be executed in one or more
12 counterparts. All executed counterparts and each of them, including facsimile and scanned copies
13 of the signature page, will be deemed to be one and the same instrument provided that counsel for
14 the Parties will exchange among themselves original signed counterparts.

15 80. Acknowledgement that the Settlement is Fair and Reasonable: The Parties believe
16 this Settlement Agreement is a fair, adequate, and reasonable settlement of the Action and have
17 arrived at this Settlement after arm's-length negotiations and in the context of adversarial
18 litigation, taking into account all relevant factors, present and potential. The Parties further
19 acknowledge that they are each represented by competent counsel and that they have had an
20 opportunity to consult with their counsel regarding the fairness and reasonableness of this
21 Settlement.

22 81. Invalidity of Any Provision: Before declaring any provision of this Agreement
23 invalid, the Court will first attempt to construe the provision as valid to the fullest extent possible
24 consistent with applicable precedents so as to define all provisions of this Agreement valid and
25 enforceable.

26 82. Waiver of Certain Appeals: The Parties agree to waive appeals and to stipulate to
27
28

class certification for purposes of this Settlement only; except, however, that either party may appeal any court order that materially alters the Settlement Agreement's terms.

83. Class Action Certification for Settlement Purposes Only: The Parties agree to stipulate to class action certification only for purposes of the Settlement. If, for any reason, the Settlement is not approved, the stipulation to certification will be void. The Parties further agree that certification for purposes of the Settlement is not an admission that class action certification is proper under the standards applied to contested certification motions and that this Agreement will not be admissible in this or any other proceeding as evidence that either: (a) a class action should be certified or (b) Defendant is liable to Plaintiff or any Class Member, other than according to the Settlement's terms.

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

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

provisions of this Agreement.

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

87. Enforcement Action: In the event that one or more of the Parties institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement or to declare rights and/or obligations under this Settlement, the successful Party or Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

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

89. Representation By Counsel: The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Agreement, and that this Agreement has been executed with the consent and advice of counsel and reviewed in full. Further, Plaintiff and Class Counsel warrant and represent that there are no liens on the Agreement.

90. All Terms Subject to Final Court Approval: All amounts and procedures described in this Settlement Agreement herein will be subject to final Court approval.

91. Cooperation and Execution of Necessary Documents: The Parties agree to cooperate to promote participation in the Settlement, and in seeking court approval of the Settlement. The Parties and their counsel agree not to take any action to encourage any Class Members to opt out of and/or object to the Settlement. Defendant agrees not to obtain any

settlement agreement waivers, Pick Up Stix agreements or arbitration agreements from any Class Member prior to the funding of the Gross Settlement Amount concerning claims released via this Agreement, or enter into any arbitration agreement with any Class Member that covers the claims released via this Agreement during the Settlement approval process prior to the funding of the Gross Settlement Amount and that the Parties will work in good faith to reach an agreement approved by the Court.

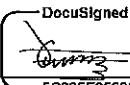
92. Confidentiality: The Parties and their counsel agree to keep the terms of the Settlement confidential until the filing of Plaintiff's Motion for Preliminary Approval. Plaintiff, Class Counsel, Defendant and their counsel agree that they will not issue any press releases, initiate any contact with the press, respond to any press inquiry or have any communication with the press about the fact, amount or terms of the Settlement Agreement. Nothing in this Settlement Agreement shall limit Defendant's ability to fulfill disclosure obligations reasonably required by law or in furtherance of business purposes, including the fulfillment of obligations stated in this Settlement Agreement or limit Class Counsel's communications with the Class Members in furtherance of approval of this Settlement.

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

PLAINTIFF

Dated: 3/17/2025

By:

DocuSigned by:

 Oscar Valladares

1 Dated: 03/18/2025

PROTECTION LAW GROUP, LLP

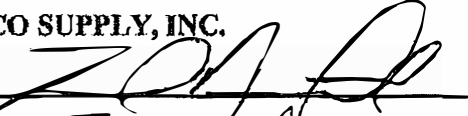
2
3 By: 

4 Ryan Chuman
5 Arnel Tan
6 Joseph Marshall
7 Christine V. Reyes
8 Attorneys for Plaintiff

9 Dated: 3/18/2025

DEFENDANT

AZCO SUPPLY, INC.

10
11 By: 

12 Name: ZACHARY AMANTE

13 Title: CFO

14
15 Dated: 3/18/25

KROLOFF BELCHER SMART PERRY &
CHRISTOPHERSON, APC

16
17
18 By: 

19 Jamie Bossuat
20 Attorneys for Defendant
21
22
23
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25
26
27
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Exhibit A

NOTICE OF PROPOSED CLASS ACTION AND PAGA SETTLEMENT

Valladarez v. AZCO Supply, Inc.

San Joaquin County Superior Court, Case No. STK-CV-UOE-2024-0002212

**THIS IS A COURT-AUTHORIZED NOTICE. IT IS NOT A SOLICITATION.
PLEASE READ THIS NOTICE CAREFULLY.
YOUR LEGAL RIGHTS ARE AFFECTED WHETHER YOU ACT OR DO NOT ACT.**

To:	All current and former non-exempt employees who worked for AZCO Supply, Inc. in the state of California, at any time from February 22, 2020 through [DATE OF PRELIMINARY APPROVAL].
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BASIC INFORMATION

1. What is this settlement about?

A lawsuit was commenced by Oscar Valladarez ("Plaintiff") a former employee of AZCO Supply, Inc. ("Defendant") on February 22, 2024. The case is currently pending in the San Joaquin County Superior Court, Case No. STK-CV-UOE-2024-0002212.

The lawsuit claims that Defendant violated sections of the California Labor Code and California Business and Professions Code. Specifically, Plaintiff alleges that Defendant failed to provide compliant meal and rest periods and associated premium pay, did not properly pay employees all wages owed for time worked, did not provide accurate wage statements, did not timely pay all wages during employment and all wages owed at termination of employment, and maintained unfair business practices. The settlement also seeks to recover penalties pursuant to the California Private Attorneys General Act ("PAGA"). The lawsuit claims that the Defendant violated the California Labor Code and the California Business and Professions Code, entitling Class Members to, *inter alia*, damages, penalties and restitution.

Defendant denies all alleged violations and denies that it owes Class Members any remedies. The Court has not made a ruling on the merits of the case.

2. Why is this a class action?

In a class action, one or more people called the Class Representative (in this case Oscar Valladarez, also known as "Plaintiff"), sued on behalf of people who appear to have similar claims (in this case all individuals who were employed by Defendant AZCO Supply, Inc. in the state of California as non-exempt employees at any time from February 22, 2020, through [DATE OF PRELIMINARY APPROVAL]). All these people are referred to here as Class Members. In a class action one court resolves the issues for all Class Members in one lawsuit, except for those who exclude themselves from the Class. The San Joaquin County Superior Court is in charge of this class action.

3. Why is there a settlement?

The Court has not decided in favor of the Plaintiff or Defendant. Instead, both sides agreed to a settlement which is memorialized in the Joint Stipulation of Class Action and PAGA Settlement ("Agreement" or "Settlement"). On [DATE OF PRELIMINARY APPROVAL] the Court granted preliminary approval of the Settlement, appointed Plaintiff Oscar Valladarez as the Class Representative, and appointed his attorneys at Protection Law Group as counsel for the Class ("Class Counsel"). The Court has not made a final ruling on whether the settlement is fair, adequate, and reasonable. Instead, the Court has found that the settlement within the range of reasonableness that could be approved.

A Final Determination on whether to approve the settlement will be made at the hearing on _____. The Class Representative and Class Counsel think the Settlement is best for the Class.

WHO IS IN THE SETTLEMENT?

4. How do I know if I am part of the settlement?

You are part of the Settlement, and a Class Member, if you were employed by Defendant as a non-exempt employee in the state of California at any time between February 22, 2020, and [DATE OF PRELIMINARY APPROVAL].

THE SETTLEMENT BENEFITS—WHAT YOU GET

5. What does the settlement provide?

The Settlement provides that Defendant will pay a maximum of Seven Hundred and Fifty Thousand Dollars (\$750,000.00) ("Gross Settlement Amount"). This includes all costs and attorneys' fees for Class Counsel.

The "Net Settlement Amount" is the portion of the Gross Settlement Amount that will be available for distribution to Class Members who do not submit timely and valid requests for exclusion in exchange for the release of their class claims. The Net Settlement Amount is the Gross Settlement Amount less the following amounts (which are subject to Court approval):

- A. **Attorneys' Fees to Class Counsel** not to exceed 35% of the Gross Settlement Amount or Two Hundred Sixty-Two Thousand Five Hundred Dollars (\$262,500);
- B. **Litigation Costs/Expenses to Class Counsel** not to exceed Twenty-Five Thousand Dollars (\$25,000);
- C. **Incentive Payment to the Class Representative** in an amount not to exceed Ten Thousand Dollars (\$10,000.00);
- D. **Settlement Administration Costs** which are currently estimated to be Four Thousand Eight Hundred Ninety Dollars (\$4,890.00); and
- E. **PAGA Payment** in the amount of Seventy-Five Thousand Dollars (\$75,000.00) for the settlement of claims arising under the Private Attorney's General Act of 2004 (PAGA). Sixty-Five percent (65%) of this amount, (\$48,750.00) shall be paid to the LWDA. The remaining thirty-five percent (35%) (\$26,250.00) will be distributed to the non-exempt employees who worked for Defendant from February 12, 2024, to [DATE OF PRELIMINARY APPROVAL] for the release of their claims arising under PAGA.

The amount you are eligible to receive from the settlement, your "Individual Settlement Payment" will be determined on a *pro rata* basis, based on the number of weeks you worked in California as a non-exempt employee of Defendant from February 22, 2020, through [DATE OF PRELIMINARY APPROVAL]. ("Workweeks"). Your Individual Settlement Payment includes both your estimated share of the Net Settlement Amount and, if eligible, your share of the PAGA Payment.

The Class Portion of your Individual Settlement Payment will be apportioned as twenty percent (20%) wages, forty percent (40%) interest, and forty percent (40%) penalties. The PAGA Portion of your Individual Settlement Payment will be allocated 100% as penalties. The wage portion of the Individual Settlement Payment will be subject to withholding for the employee taxes and will be reported on a W-2 Form. Employer-side payroll taxes shall be paid separately from and in addition to the Gross Settlement Amount. The penalties and interest portions of each class member's settlement payment will not be subject to any withholdings and will be reported on an IRS Form 1099.

You worked XXX workweeks during the Class Period. The Class Portion of your Individual Settlement Payment is \$XXX.XX. The amount of the payment may change depending on the number of timely and valid requests for exclusions submitted in the Settlement, if any.

You worked XXX workweeks during the PAGA Period. The PAGA Portion of your Individual Settlement Payment is \$XXX.XX.

This Amount was determined based on Defendant's record of your employment between from _____, and _____, and is presumed correct. If you dispute the accuracy of Defendant's records as to the number of weeks worked during the Class Period, you must contact the Settlement Administrator and provide any documentation you have supporting such dispute by [DATE]. All disputes regarding your workweeks will be resolved and decided by the Parties or if the Parties cannot agree, the Court, after you submit evidence to the Settlement Administrator. The Settlement Administrator's contact information is listed below:

Apex Class Action
18 Technology Drive, Suite 154
Irvine, CA 92618
(800) 355-0700

HOW TO GET A PAYMENT FROM THE SETTLEMENT

6. How can I get a payment?

You do not have to do anything to qualify for a payment of your portion of the Settlement.

7. What am I giving up if I do not request to be excluded from the Settlement?

Upon the funding of the Gross Settlement Amount by Defendant, in exchange for the consideration set forth by the Settlement, Class Members who do not submit a timely request for exclusion will release the "Released Parties" from the "Released Class Claims" that arose during the "Class Period."

The "Released Parties" include Defendant and any of its past, present and/or future, direct and/or indirect, officers, directors, members, managers, agents, representatives, attorneys, insurers, partners, investors, shareholders, administrators, parent companies, subsidiaries, affiliates, divisions, predecessors, successors, assigns, and joint venturers.

The "Released Class Claims" include all claims, rights, demands, liabilities and causes of actions that are alleged, or that reasonably could have been alleged, based on the facts asserted in the operative complaint in the Action including factual claims regarding Defendant's alleged: (i) failure to pay all regular wages, minimum wages and overtime wages due; (ii) failure to provide meal periods or compensation in lieu thereof; (iii) failure to provide rest periods or compensation in lieu thereof; (iv) failure to provide complete, itemized, accurate wage statements; (v) failure to pay wages timely at time of separation of employment, termination or resignation; (vi) failure to provide timely pay wages during employment; and (vii) unfair business practices.

The "Class Period" during which the release of Released Class Claims pertains is from February 22, 2020, to [DATE OF PRELIMINARY APPROVAL].

Additionally, all current and former non-exempt employees of Defendant who were employed by Defendant in the state of California between February 12, 2024, and [DATE OF PRELIMINARY APPROVAL] shall release the Released PAGA Claims that arose during the PAGA Period. You cannot opt-out of the release of the claims alleged under PAGA.

The "Released PAGA Claims" include: all claims for civil penalties under the California Labor Code Private Attorneys General Act of 2004 that could have been premised on the facts alleged both in the PAGA Notice provided to the LWDA and in the operative complaint, including but not limited to penalties that could have been awarded pursuant to Labor Code sections 210, 226.3, 1197.1, 558, and 2699

The "PAGA Period" during which the release of the Released PAGA Claims pertains is from February 12, 2024, to [DATE OF PRELIMINARY APPROVAL].

EXCLUDING YOURSELF FROM THE RELEASE OF NON-PAGA CLAIMS

If you want to keep the right to sue or continue to sue Defendant with respect to the Released Class Claims then you must submit a request for exclusion in conformity with the requirements set forth herein. If you exclude yourself, you will not receive payment from the Net Settlement Amount. However, if eligible, you will still receive a payment for your *pro rata* share of the PAGA Payment because the Request for Exclusion does not apply to this claim.

8. How can I not participate in the Settlement?

To exclude yourself from the release of Released Class Claims you must submit a written request for exclusion. You must include your name, address, telephone number and the last four digits of your social security number and/or Employee ID number. Your request for exclusion must include a clear statement that you do not wish to be included in this action.

The written for Exclusion must be mailed to the Settlement Administrator at the address listed below, post-marked by [DATE]. You cannot exclude yourself by phone.

Apex Class Action
18 Technology Drive, Suite 154
Irvine, CA 92618
(800) 355-0700

If you ask to be excluded, you will not receive payment of any portion of the Net Settlement Amount and you cannot object to the Settlement. You will not be legally bound by the release of Released Class Claims.

You may be able to sue Defendant and/or the Released Parties or continue any suit you have pending against Defendant or the Released Parties, regarding the Released Class Claims.

9. If I don't exclude myself, can I sue Defendant for the same thing later?

No. Unless you submit a request for exclusion, you give up the right to sue Defendant and Released Parties for the Released Class Claims. If you have a pending lawsuit involving the Released Class Claims, speak to your lawyer in that lawsuit immediately.

10. If I exclude myself, can I get money from this settlement?

If you exclude yourself, you will not receive a portion of the Net Settlement Amount, as defined in Item 5, above. You will only receive your *pro rata* share of the PAGA Payment if you worked between February 12, 2024, and [DATE OF PRELIMINARY APPROVAL] because the Request for Exclusion does not apply to the PAGA claim. But if you submit a timely and valid request for exclusion, you retain any right that you may have to sue, continue to sue, or be part of a different lawsuit against Released Parties for Released Class Claims.

THE LAWYERS REPRESENTING YOU

11. Do I have a lawyer in this case?

The Court has approved PROTECTION LAW GROUP, LLP. as Class Counsel. The firm's contact information is:

PROTECTION LAW GROUP LLP

Ryan Chuman, Esq.
Arnel O. Tan, Esq.
Joseph Marshall, Esq.
Christine V. Reyes, Esq.
149 Sheldon Street
El Segundo, California 90245
Telephone: (424) 290-3095
Facsimile: (866) 264-7880

Class Counsel will ask the Court for attorneys' fees of up to \$262,500.00 and reimbursement of litigation cost/expenses of up to \$25,000.00. These amounts are subject to Court approval and the Court may award less than these amounts.

OBJECTING TO THE SETTLEMENT

You can object to the Settlement or some part of it.

12. How do I tell the Court if I don't like the settlement?

If you are a Class Member, you can object to the Settlement and you can give reasons for why you think the Court should not approve it. The Court will consider your views. To object, you must mail your objection to the Settlement Administrator no later than [DATE]. Your objection must include your full name, address, telephone number, the last four digits of your social security number or employee ID number, and the specific reason for your objection. You may also come to the Final Approval Hearing on [DATE] and make an objection at that time, regardless of whether you submitted a written objection.

13. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to grant final approval of the Settlement ("Final Approval Hearing"). You may attend, but you do not have to attend.

14. When and where will the Court decide whether to approve the settlement?

The Court will hold the Final Approval Hearing at _____ a.m./p.m. on [_____, 2025], in Department _____ of the San Joaquin Superior Court, located at 180 East Weber Avenue, Suite 200, Stockton, CA 95202.

At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate, and determine whether to grant final approval of the Settlement. If there are objections, the Court will consider them.

15. Do I have to come to the hearing?

No. If you agree to the Settlement you do not have to come to Court to talk about it. However, you may attend. You may also retain your own lawyer at your expense to attend on your behalf. You may attend in person, but you may also attend remotely if you wish. Remote appearances may be scheduled through the San Joaquin County Superior Court's website at <https://www.sjcourts.org/divisions/civil/>.

16. How will I learn if the settlement was approved

A notice of final judgment will be posted on the Settlement Administrator website located at www._____.com

IF YOU DO NOTHING

17. What happens if I do nothing at all?

If you do nothing, you will receive your share of the Settlement, and you will release the Released Class Claims. You will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendant or Released Parties about the Released Class Claims, ever again. Your Individual Settlement Payment will be mailed to you and remain valid and negotiable for 180 days. If you do not cash your settlement check within 180 days, these funds will be transferred to the Controller of the State of California's Unclaimed Property Fund. You may then claim these funds from there.

GETTING MORE INFORMATION

18. How do I get more information?

This notice summarizes the proposed Settlement. More details are in the Settlement Agreement. You can get a copy of the Settlement Agreement by viewing the settlement located on the Settlement Administrator's website at _____ or by contacting the Settlement Administrator or the attorneys of record in this case.

Class Administrator

Apex Class Action
18 Technology Drive, Suite 154
Irvine, CA 92618
(800) 355-0700

Class Counsel

PROTECTION LAW GROUP LLP
Ryan Chuman, Esq.
Arnel O. Tan, Esq.
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Facsimile: (209) 478-0354

WHAT IF MY INFORMATION CHANGES?

19. What if my contact information changes ?

It is your responsibility to inform the Settlement Administrator of your updated information to ensure receipt of settlement payments or communications regarding this matter. You can change or update your contact information by contacting the Settlement Administrator.

**DO NOT ADDRESS ANY QUESTIONS ABOUT THE SETTLEMENT OR THE LITIGATION TO THE
CLERK OF THE COURT OR THE JUDGE**