

PAGA SETTLEMENT AND RELEASE

1. This Private Attorneys General Act (“PAGA”) Settlement and Release (hereinafter “Settlement” or “Agreement”) is made and entered into by and between Plaintiffs Jesus Cruz Molina, Nelson Paz, Marcia Paz, and Ronald Paz (“Plaintiffs”) individually and on behalf of the California Labor and Workforce Development Agency and all aggrieved employees, and Defendant ATC Logistics, Inc. (“Defendant”). Plaintiffs and Defendant are collectively referred to as the “Parties” or individually as a “Party.”

2. This Agreement shall be binding on Plaintiffs, on the Aggrieved Employees (as defined below), on the State of California and its state labor law enforcement agencies (including but not limited to the Labor and Workforce Development Agency (LWDA) and its departments, divisions, commissions, boards, agencies and employees), and on Defendant and its present and former parent companies, subsidiaries, divisions, related or affiliated companies, shareholders, officers, directors, employees, agents, attorneys, insurers, successors and assigns, and any individual or entity which could be jointly liable with Defendant, subject to the terms and conditions hereof and the approval of the Court.

I. DEFINITIONS

3. “Action” refers to the civil action filed by Plaintiffs Jesus Cruz Molina, Nelson Paz, Marcia Paz, and Ronald Paz, on or about September 19, 2022, entitled *Molina et al. v. ATC Logistics, Inc.* in the Superior Court of the State of California for The County of San Diego, Case No. 37-2022-00037368-CU-OE-CTL, including the PAGA notices served on July 12, 2022 and November 21, 2022 by Plaintiffs to the LWDA and Defendant regarding the claims to be filed in the Action.

4. “PAGA Counsel” and “Plaintiffs’ Counsel” shall refer to Joshua Gruenberg, Pamela Vallero, Katherine Krebs and Julia Aguilar of GRUENBERG LAW, APC.

5. “Counsel for Defendant” and “Defense Counsel” shall refer to Frank Marchetti of Marchetti Law, and Lisa Yang and Chan Jeon of LimNexus LLP.

6. “Covered Period” shall mean the period from July 16, 2021, through the date the Court grants approval of this PAGA Settlement Agreement.

7. “PAGA Representative” or “Plaintiffs” shall refer to named Plaintiffs Jesus Cruz Molina, Nelson Paz, Marcia Paz, and Ronald Paz.

8. “Court” refers to the Superior Court of the State of California for the County of San Diego.

9. “Covered Claims” means claims brought in the Action pursuant to the Private Attorneys General Act (“PAGA”), Labor Code section 2699 *et seq.*, for PAGA penalties based on whether Plaintiffs were misclassified, paid properly and timely for all hours worked and whether Plaintiffs are owed any premiums, payments, damages, liquidated damages, unreimbursed business expenses, interest, penalties, attorneys’ fees, or any other claims or damages as a result of Plaintiffs’ work for Defendant, based on the facts and theories set forth in the Action for the Covered Period.

10. “Aggrieved Employees” shall mean all current and former non-exempt non-salaried individuals who were employed by Defendant (including those classified by Defendant as independent contractors) and who worked for Defendant within the state of California at any time during the Covered Period. The term “Aggrieved Employees” throughout this Agreement is used for definition purposes only, and is not to be construed as any admission or concession by Defendant that such employees are aggrieved by any violation of law by Defendant or that any individual was improperly classified as an independent contractor.

11. “Eligible Pay Periods” shall mean the total number of pay periods that an individual worked as an Aggrieved Employee during the Covered Period.

12. “Settlement” and “Agreement” shall mean this Settlement and Release Agreement.

13. “Effective Date” means the date the Court enters the order approving the settlement of the Action as described in this Agreement.

14. “Settlement Administrator” means CAC Services Group, LLC, a third party administrator who shall administer the settlement in accordance with this Agreement. The costs of the Settlement Administrator are currently estimated to be an amount of up to \$2,000 (“Settlement Administration Fee”)

II. NATURE OF ACTION

15. On July 12, 2022, Plaintiff Jesus Cruz Molina sent the LWDA and Defendant notice of his intent to pursue a representative action against Defendant pursuant to the Private Attorneys General Act of 2004 (“PAGA”), as codified in California Labor Code § 2698 *et seq.*, on behalf of themselves and the State of California as well as on behalf of a group of aggrieved employees.

16. On September 19, 2022, Plaintiffs commenced a representative action under the PAGA for alleged Labor Code violations (as further explained herein) on behalf of themselves and other allegedly aggrieved employees by filing a Complaint in the Action (San Diego Superior Court Case No. 37-2022-00037368-CU-OE-CTL).

17. After the case was at issue, the Parties engaged in informal and formal discovery and began to engage in informal arm’s length settlement discussions. Through the exchange of information, discovery, and attendant discussions between the Parties, Plaintiffs learned that the number of potential Aggrieved Employees was approximately 19 (including Plaintiffs). Plaintiffs reviewed records and relevant policies that applied to Defendant’s Aggrieved Employees.

18. The Parties engaged in negotiations, and in exchange for the below PAGA Release, and in compromise of the good-faith dispute over whether Defendant owes any penalties under the Private Attorneys General Act (PAGA) to the Aggrieved Employees based on whether the Aggrieved Employees were misclassified, paid properly and timely for all hours worked and whether the Aggrieved Employees are owed any premiums, payments, damages, liquidated damages, unreimbursed business expenses, interest, penalties, attorneys’ fees, or any other claims or damages as a result of the Aggrieved Employees’ work for Defendant, as claimed in Plaintiffs’ complaint, agreed to settle the Action on the terms set out in this Agreement.

19. The purpose of this Agreement is to settle and compromise the Action and all Covered Claims that Plaintiffs and the Aggrieved Employees have against Defendant and the Releasees (as defined below).

20. In consideration of the mutual covenants, promises and representations set forth in this Agreement, Plaintiffs, on behalf of themselves, the LWDA and the Aggrieved Employees, agrees to settle and compromise the Action and the Covered Claims, subject to the terms and conditions set forth in this Agreement.

III. TERMS OF SETTLEMENT

21. Neither the existence of this Agreement nor anything contained in this Agreement shall be construed or deemed as an admission of liability, culpability, negligence, or wrongdoing on the part of Defendant. Nothing herein shall constitute an admission by Defendant that the Action was properly brought as a representative action other than for settlement purposes. Settlement of the Action, the negotiation and execution of this Agreement, and all acts performed or documents executed pursuant to or in furtherance of this Agreement or the settlement of the Action: (a) are not, shall not be deemed to be, and may not be used as, an admission or evidence of any wrongdoing or liability on the part of either Defendant or of the truth of any of the factual allegations in the operative Complaint in the Action; (b) are not, shall not be deemed to be, and may not be used as, an admission or evidence of any fault or omissions on the part of Defendant in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal; (c) are not, shall not be deemed to be, and may not be used as, an admission or evidence of the appropriateness of these or similar claims for representative treatment, class certification, or administration other than for purposes of administering this Agreement; and (d) shall not constitute or be deemed a waiver of any right of to compel arbitration of any dispute with an Aggrieved Employee that is not the subject of the releases detailed in this Agreement.

22. The Parties have agreed to stay all deadlines pending the approval of this Agreement, agree that upon full execution of this Agreement, the matter is stayed in its entirety

except for any filings and/or motion work necessary to attain Court approval of the Agreement. Should the Court not grant the Motion For Approval of PAGA Representative Action Settlement, the parties will use their best efforts to address any court concerns and secure approval of the settlement along the terms negotiated or as close as possible to address the Court's concerns.

23. The Amount of PAGA Settlement. As consideration for the settlement described herein and the release contained in this Agreement, Defendant agrees to pay a total settlement of \$90,000.00 ("Settlement Payment") to the Settlement Administrator, which is due from Defendant to be paid thirty (30) days after the Court enters approval settlement. The Settlement Payment will be allocated as follows:

- a. PAGA Counsel's attorney fees and costs of \$30,000;
- b. The Settlement Administration Fee of up to \$2,000.
- c. The remaining \$58,000 of the Settlement Payment shall be designated as "PAGA Penalties," to be allocated 75% to the LWDA (\$43,500) and the remaining 25% to the Aggrieved Employees (\$14,500) (pursuant to Labor Code section 2699(i) as further outlined below for individual employee payment calculations

24. Allocation and Calculation of Individual PAGA Penalties To Aggrieved Employees. Each Aggrieved Employee shall receive a portion of the PAGA Penalties on a pro-rata basis as set forth below. The total "PAGA Penalty Fund" will be \$58,000.00. Seventy-Five percent (75%) of the PAGA Penalty Fund (\$43,500) will be paid to the LWDA as required by Labor Code section 2699(i). The remaining Twenty-Five percent (25%) of the PAGA Penalty Fund (\$14,500) will be distributed to Aggrieved Employees on a pro-rata basis based on the formula set forth below. Each Aggrieved Employee's pro-rata share of the PAGA Penalty Fund represents their Individual Settlement Payment.

- a. Individual Settlement Calculation. The Aggrieved Employees shall receive a pro rata share of the PAGA Penalty Fund allocated to Aggrieved Employees (\$14,500). Each Aggrieved Employee shall receive a pro rata value equal to the ratio of (a) the number of Eligible Pay Periods worked by that employee to (b) the

total number of Eligible Pay Periods worked by all employees included in the Aggrieved Employee group. All Individual Settlement Payments made to Aggrieved Employees will be reported on an IRS Form 1099.

b. Fair Formula. The Parties recognize and agree that the precise value of each Aggrieved Employee's Individual Settlement Payment is subject to a variety of differing calculations and formulas. The Parties hereby agree that the formula for allocating payments as provided herein is reasonable and designed to provide a fair settlement to the Aggrieved Employees.

25. Tax Treatment of Settlement Amounts. With regard to settlement payments to Aggrieved Employees, IRS Form 1099s will be issued. Nothing in this Agreement is intended to constitute legal advice regarding federal, state, and/or local tax obligations. Plaintiff acknowledges that they have obtained no tax advice from Defendant, or from PAGA Counsel, and that neither PAGA Counsel, nor Defendant, nor their attorneys, have made any representation concerning the tax consequences, if any, of the Settlement Amount in this Agreement or any payment to be made pursuant to this Agreement. To the extent that this Agreement or any of its attachments is interpreted to contain or constitute advice regarding any state or federal tax issue, such advice is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding penalties under the Internal Revenue Code. Neither PAGA Counsel, nor Defendant, are responsible for any employee tax obligations regarding the allocation of the settlement payments. Payment of PAGA Counsel Fees & Costs will be reflected in IRS Form 1099 to PAGA Counsel who shall assume full responsibility and liability for the payment of taxes due on such payments.

IV. RELEASE

26. Release of Claim. Upon the approval by the Court and non-objection by the LWDA to this Agreement, effective on the Effective Date, each Aggrieved Employee (including Plaintiffs) and the State of California, agree to release, acquit, and forever discharge Defendant and all of Defendant's past, present, and future parent companies, subsidiaries, affiliates, joint venturers,

predecessors, successors, assigns, and any of their current or former officers, directors, agents, employees, independent Employees, owners, shareholders, representatives, attorneys, insurers, and each of them (“Releasees”) from any and all claims for penalties under the Private Attorneys General Act (PAGA) to Aggrieved Employee based on whether each Aggrieved Employee was properly classified as an employee or independent contractor, paid properly and timely for all hours worked (including minimum wage and overtime) and whether each Aggrieved Employee is owed any premiums, payments, damages, liquidated damages, unreimbursed business expenses, interest, penalties, attorneys’ fees, or any other claims or damages as a result of each Aggrieved Employee’s work for Defendant, as claimed in the Lawsuit (“PAGA Release”).

V. APPROVAL MOTION

27. The Parties recognize that in accordance with Labor Code Section 2699(l), Court approval is required in the event of a settlement of a PAGA action on a representative basis. However, as explained in *Arias v. Superior Court* (2009) 46 Cal.4th 969, the Parties are not obligated to follow the class action procedural rules in PAGA cases and therefore need not obtain approval of the PAGA settlement through a motion for preliminary or final approval. Instead, in order to comply with the requirements of Labor Code Section 2699(l), the Parties shall submit a motion to the Court, identifying the key terms of this Agreement and requesting that the Court approve the amount of PAGA penalties provided for in the Agreement (“Approval Motion”). The Agreement is contingent upon the approval by the Court. If the Court should fail to approve this Agreement in the form agreed to by the Parties, the Parties agree to coordinate efforts to address the Court’s questions or concerns and resubmit the Approval Motion. If (a) the Parties are unable, following good faith efforts, to obtain approval of the terms of the Agreement, or (b) the Court’s approval of this Agreement is reversed, modified, or declared or rendered void, then (i) this Agreement shall be considered null and void; (ii) this Agreement shall not be of any force or effect; and (iii) all Parties to this Agreement shall stand in the same position, without prejudice, as if the Agreement had been neither entered into nor filed with the Court. Invalidity of any material

portion of this Agreement shall invalidate this Agreement in its entirety unless the Parties shall subsequently agree in writing that the remaining provisions shall remain in full force and effect. The parties will use their best efforts to address any court concerns and secure approval of the settlement along the terms negotiated or as close as possible to address the Court's concerns.

VI. ADMINISTERING THE SETTLEMENT

28. Following Court approval of the PAGA Settlement, the Settlement Administrator, will administer the PAGA Settlement and distribute the Gross PAGA Settlement Amount as provided for by this Agreement.

29. The PAGA Payment will be allocated as provided by Labor Code §2699(i), with 75% paid to the LWDA, and 25% distributed to Aggrieved Employees on a proportionate basis, based upon the number of Pay Periods each worked during the PAGA Period.

30. Within thirty (30) days of the Effective Date, the Settlement Administrator will issue to the Aggrieved Employees, their Individual PAGA Payment together with a letter explaining the Individual PAGA Payment ("PAGA Group Letter") which will be approved by both counsel for Defendant and for Plaintiffs. The Individual PAGA Payment and letter will be mailed to the Aggrieved Employees' last-known home address or as updated by the Settlement Administrator following the NCOA database search.

31. Individual PAGA Settlement checks will remain active for one hundred and eighty (180) days. Any check returned as non-deliverable on or before the cashing deadline will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto. Funds represented by settlement checks returned as undeliverable and those settlement checks remaining uncashed for more than one hundred and eighty (180) days after issuance will be tendered to the State of California Controller Unclaimed Property Fund ("UPF") for further handling on behalf of the Aggrieved Employees.

32. The Individual PAGA Payments shall be deemed penalties and shall be reported by the Settlement Administrator using IRS tax form 1099.

VII. DUTIES OF THE PARTIES PRIOR TO APPROVAL

33. Promptly upon execution of this Agreement, the Parties shall jointly apply to the Court for an Order seeking Approval of the PAGA Representative Action Settlement via motion. PAGA Counsel shall draft the Approval Motion, and Defendant agrees not to oppose such motion other than to the extent it deviates from this Agreement.

34. The motion for approval will request Court approval of the following:

- a. Approving the amount of PAGA Penalties;
- b. Dismissing the entire Action with prejudice; and
- c. Waiving all rights to appeal; and
- d. Approving the PAGA Counsel Attorney fees and costs; and
- e. Approving the Releases provided in exchange for the PAGA Penalties Payments.

35. In conjunction with the motion for approval, the Parties will submit a proposed order requesting approval of the PAGA Penalties provided for in the Agreement. PAGA Counsel will draft the proposed order.

36. Following the distribution of the Settlement Payment, the Settlement Administrator will provide a declaration to Plaintiffs' counsel regarding the distribution to be filed with the Court.

VIII. PARTIES' AUTHORITY

37. The signatories hereto hereby represent that they are fully authorized to enter into this Agreement and bind the Parties hereto to the terms and conditions hereof.

IX. DISMISSAL OF ACTION

38. Following the Court's approval of the Motion, the Action is to be stayed pending finalization of the settlement payments under this Agreement. The San Diego County Superior Court shall retain jurisdiction to enforce this Agreement pursuant to California Code of Civil Procedure section 664.6. The Court shall retain continuing jurisdiction over this Action and over

all Parties and Aggrieved Employees, to the fullest extent to enforce and effectuate the terms and intent of this Agreement.

39. PAGA Counsel is to dismiss the Action within ten (10) business days of the Administrator providing notice that it has paid the final installment payment under this Agreement.

X. MUTUAL FULL COOPERATION

40. The Parties agree to fully cooperate with each other to accomplish the terms of this Agreement, including, but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms of this Agreement. The Parties to this Agreement shall use their best efforts, including all efforts contemplated by this Agreement and any other efforts that may become necessary by order of the Court, or otherwise, to effectuate this Agreement and the terms set forth herein. As soon as practicable after execution of this Agreement, PAGA Counsel shall, with the assistance and cooperation of Defendant and its counsel, take all necessary steps to secure the approval of this Agreement from the Court.

XI. NO PRIOR ASSIGNMENTS

41. The Parties hereto 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 rights herein released and discharged except as set forth herein. None of the rights, commitments, or obligations recognized under this Agreement may be assigned by any Party, Aggrieved Employee, Plaintiffs' Counsel, or Defense Counsel without the express written consent of each other Party and their respective counsel. The representations, warranties, covenants, and agreements contained in this Agreement are for the sole benefit of the Parties under this Agreement, and shall not be construed to confer any right or to avail any remedy to any other person.

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XII. NO ADMISSION

42. Nothing contained herein nor is the consummation of this Agreement to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Defendant or any of the Releasees. Each of the Parties hereto has entered into this Agreement with the intention to avoid further disputes and litigation with the attendant inconvenience and expense. Defendant denies that it has engaged in any unlawful activity, that it has failed to comply with the law in any material respect, or that it has any liability to anyone under the claims asserted in the Action. This Agreement is entered into solely for the purpose of compromising highly disputed claims. Nothing in this Agreement is intended or shall be construed as an admission of liability or wrongdoing by Defendant.

XIII. NON-EVIDENTIARY USE

43. Whether or not the Effective Date occurs, neither this Agreement nor any of its terms nor the Agreement itself shall be: (a) construed as, offered, or admitted in evidence as, received as, or deemed to be evidence for any purpose adverse to Defendant or any other of the Releasees, including but not limited to, evidence of a presumption, concession, indication, or admission by Defendant or by any of the Releasees of any liability, fault, wrongdoing, omission, concession, or damage, or (b) disclosed, referred to, or offered in evidence against Defendant or against any of the Releasees in any further proceeding in the Action, or any other civil, criminal, or administrative action or proceeding except for the purposes of effectuating the Agreement pursuant to this Agreement or for Defendant to establish that an Aggrieved Employee has resolved any of his/her claims released through this Agreement.

XIV. NULLIFICATION

44. If (a) the LWDA timely objects or (b) the Court should for any reason fail to approve of this Agreement in the form agreed to by the Parties, or (c) the Court's approval of this Agreement is reversed, modified, or declared or rendered void, then (i) this Agreement shall be

considered null and void; (ii) neither this Agreement nor any of the related negotiations or proceedings shall be of any force or effect; and (iii) all Parties to this Agreement shall stand in the same position, without prejudice, as if the Agreement had been neither entered into nor filed with the Court. Invalidation of any material portion of this Agreement, shall invalidate this Agreement in its entirety unless the Parties shall subsequently agree in writing that the remaining provisions shall remain in full force and effect. The parties will use their best efforts to address any court concerns or LWDA objections and secure approval of the settlement along the terms negotiated or as close as possible to address the Court's concerns or LWDA's objections.

XV. ATTORNEYS' FEES, COSTS AND EXPENSES

45. Except as specifically set forth herein, each Party shall bear its/his/her own attorneys' fees, costs, and expenses, taxable or otherwise, incurred by him/her/it arising out of the Action, and shall not seek reimbursement thereof from any other party to this Agreement.

XVI. CAPTIONS AND INTERPRETATIONS

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

XVII. MODIFICATION

47. This Agreement may not be amended, changed, altered, or modified, except in writing and signed by the Parties (or their successors-in-interest) hereto. This Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the Parties hereto.

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XVIII. MISCELLANEOUS

48. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, successors, and assigns. This Agreement shall be binding on all Aggrieved Employees and the State of California who will be barred from relitigating the claims released in this Agreement.

49. This Agreement may be executed in counterparts, and when each Party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one Agreement, which shall be binding upon and effective as to all Parties. The counterparts may be transmitted electronically (PDF) or by facsimile, and may be signed using DocuSign.

50. This Agreement shall be governed, construed, and interpreted, and the rights of the Parties shall be determined, in accordance with the laws of the State of California, irrespective of the State of California's choice of law principles.

51. The Parties have cooperated in the negotiation and preparation of this Agreement. This Agreement shall not be construed against any Party on the basis that the Party, or the Party's counsel, was the drafter or participated in the drafting of this Agreement.

52. This Agreement shall not be subject to collateral attack by any Aggrieved Employee. Such prohibited collateral attack shall include, but not be limited to, claims that the Aggrieved Employee failed, for any reason, to timely receive his or her Individual Settlement Payment.

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THE PARTIES HAVE READ THE FOREGOING AGREEMENT. THEY HAVE CONSULTED WITH LEGAL COUNSEL REGARDING THE FOREGOING AGREEMENT AND KNOW THE CONTENTS THEREOF AND SIGN THE SAME AS THEIR FREE, KNOWING, AND VOLUNTARY ACT AND DEED, BEING FULLY AWARE OF ITS CONSEQUENCES AND ITS FINAL AND BINDING EFFECT.

Plaintiff Jesus Cruz Molina

Date: _____

Plaintiff Nelson Paz

Date: _____

Plaintiff Marcia Paz

Date: _____

Plaintiff Ronald Paz

Date: _____

Defendant ATC Logistics, Inc.

Date: _____

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COUNSEL FOR PLAINTIFFS HEREBY AFFIRMS THAT THIS AGREEMENT HAS BEEN
READ AND EXPLAINED TO PLAINTIFFS IN THEIR NATIVE LANGUAGE; AND
OTHERWISE APPROVED AS TO FORM ONLY:

GRUENBERG LAW

Date: _____

Joshua Gruenberg, Esq.

Attorney for Plaintiffs

APPROVED AS TO FORM ONLY:

Marchetti Law

Date: _____

Frank Marchetti, Esq.

Attorney for Defendant

LimNexus LLP

Date: _____

Lisa Yang, Esq.

Attorney for Defendant

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Plaintiff Jesus Cruz Molina

Date: 2/7/2025


ID: hF2K41pAk1P6AUWtpEpBPpW

Plaintiff Nelson Paz

Date: 2/7/2025


ID: caHzvz6YulhNcGKFAndcO5iZ

Plaintiff Marcia Paz

Date: 2/7/2025


ID: ff4qocaGdFpR2VtW6z1ZR9y

Plaintiff Ronald Paz

Date: 2/7/2025


ID: rxMXD4ycSI T43dtselIQ8VC3h

Defendant ATC Logistics, Inc.

Date: _____

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Plaintiff Jesus Cruz Molina

Date: _____

Plaintiff Nelson Paz

Date: _____

Plaintiff Marcia Páz

Date: _____

Plaintiff Ronald Paz

Date: _____

Defendant ATC Logistics, Inc.

Date: 2-7-2025

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READ AND EXPLAINED TO PLAINTIFFS IN THEIR NATIVE LANGUAGE; AND
OTHERWISE APPROVED AS TO FORM ONLY:

Date: 2/7/2025

GRUENBERG LAW



Joshua Gruenberg, Esq.

Attorney for Plaintiffs

APPROVED AS TO FORM ONLY:

Date: 2/7/2025

Marchetti Law



Frank Marchetti, Esq.

Attorney for Defendant

Date: 2/7/2025

LimNexus LLP



Lisa Yang, Esq.

Attorney for Defendant

EXHIBIT A

<<Mailing Date>>

To: <<First Name>><<Last Name>>
<<Address>>
<City>> <<State> <<Zip>>

Re: Individual PAGA Payment from *Molina, et al. v. ATC Logistics, Inc., et al.*
San Diego County Superior Court, Case No. 37-2022-00037368-CU-OE-CTL

Dear <<First Name>><<Last Name>>:

Please find enclosed a check in the amount of <<amount of payment>> ("Individual PAGA Payment"). This check is your payment from the settlement of a lawsuit entitled *Molina, et al. v. ATC Logistics, Inc., et al.*, Case No. 37-2022-00037368-CU-OE-CTL ("Action"), pending in the Superior Court of California for the County of San Diego ("Court").

The lawsuit was filed by Jesus Cruz Molina, Marcia Paz, Nelson Paz, and Ronald Paz ("Plaintiffs"), former employees of ATC Logistics, Inc. ("Defendants"), on behalf of the State of California with respect to themselves and other alleged aggrieved employees, to seek recovery of civil penalties pursuant to the California Private Attorneys General Act of 2004, California Labor Code § 2698, et seq. ("PAGA"). Plaintiffs alleged that Defendant violated the California Labor Code and Industrial Welfare Commission Wage Orders by failing to properly pay all hours worked (including but not limited to minimum wage and overtime), reimbursements, provide accurate itemized wage statements, and timely pay all wages during employment and upon separation of employment. Defendant denies these allegations and denies any wrongdoing of any kind associated with these allegations.

A settlement was reached between Plaintiffs and Defendant, on behalf of Plaintiffs, the State of California, and the following Aggrieved Employees: persons employed by ATC Logistics, Inc. in California and classified as a non-exempt hourly employee who worked for ATC Logistics, Inc. at any time from July 16, 2021, to _____.

On <<Approval Date>, the settlement was approved by the Court, with a portion to be paid to the State of California and a portion to be paid to the Aggrieved Employees. You are receiving a portion of the settlement (the enclosed Individual PAGA Payment) because you have been identified as an Aggrieved Employee. Your Individual PAGA Payment is based on the total number of pay periods that you worked as a PAGA Employee during the period between July 16, 2021, to _____. ("PAGA Period"). The Individual Settlement Check is considered to be 100% penalties, which will be reported on an IRS Form 1099. You are responsible for paying any and all taxes that may be due as a result of any payment issued to you under the settlement and should consult a tax advisor regarding the tax consequences of such payment.

By way of the settlement, you are deemed to fully release and forever discharge the Released Parties from the Released Claims. The "Released Parties" means ATC Logistics, Inc. and all of

Defendant's past, present, and future parent companies, subsidiaries, affiliates, joint venturers, predecessors, successors, assigns, and any of their current or former officers, directors, agents, employees, independent Employees, owners, shareholders, representatives, attorneys, and insurers. The "Released Claims" means and refers to 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, from July 16, 2021, to _____, including whether Aggrieved Employees were paid properly and timely for all hours worked (including but not limited to minimum wage and overtime) and whether Aggrieved Employees are owed any premiums, payments, damages, liquidated damages, unreimbursed business expenses, interest, penalties, attorneys' fees, or any other claims or damages as a result of Aggrieved Employees' work for Defendant. "Aggrieved Employees" shall mean all current and former non-exempt hourly paid individuals who were employed by Defendant and who worked for Defendant within the state of California at any time from July 16, 2021, to _____.

Your check is valid for 180 calendar days from the date of issuance, and if you do not cash, deposit, or otherwise negotiate the check within the 180-day timeframe, your Individual PAGA Payment will be cancelled, and the funds will be transmitted to the State Controller's Office Unclaimed Property Fund in the name of the PAGA Employee whose check is voided.

Do not call or write the Court or Office of the Clerk of the Court to ask questions about the settlement. If you have any questions concerning the settlement, you may contact the Settlement Administrator at <<INSERT CONTACT INFORMATION>.