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

JORGE GONZALEZ, individually and on
behalf of himself and other persons
similarly situated,

Plaintiff,

vs.

CITISTAFF SOLUTIONS, INC., a
California corporation; and DOES 1
through 30, inclusive,

Defendants.

LUIS SILVA, an individual, on behalf of
himself and all others similarly situated,

Plaintiff,

vs.

CITISTAFF SOLUTIONS, INC., a
California Corporation, and DOES 1
through 100,

Defendants.

Case No. BC620115 (Lead Case)
Case No. BC622512

*[Assigned for all purposes to the Honorable
David S. Cunningham III, Dept. 37]*

**DECLARATION OF PAUL K.
HAINES IN SUPPORT OF
PLAINTIFFS' MOTION FOR
APPROVAL OF SETTLEMENT OF
CLAIMS BROUGHT UNDER THE
PRIVATE ATTORNEYS GENERAL
ACT AND REASONABLE
ATTORNEYS' FEES, COSTS, AND
ENHANCEMENT AWARD**

Date: September 27, 2018
Time: 8:30 a.m.
Dept.: 37
Reservation ID: 180409304435

Complaint Filed [Lead Case]: May 10, 2016
FSC: October 22, 2018
Trial Date: October 30, 2018

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Attorneys for Plaintiff Gonzalez, Plaintiff Nieto and Aggrieved Employees

1 I, PAUL K. HAINES, declare as follows:

2 1. I am a shareholder and principal of the law firm of Haines Law Group, APC, and
3 counsel for the named Plaintiff Luis Silva (“Plaintiff”) and the Aggrieved Employees in the
4 above-captioned matter. I am a member in good standing of the bar of the State of California
5 and am admitted to practice in this Court. I have personal knowledge of the facts stated in this
6 declaration and could testify competently to them if called upon to do so.

7 2. I am a 2006 graduate of Pepperdine University School of Law, where I graduated
8 *cum laude*. During law school, I worked as a law clerk for the appellate firm of Horvitz & Levy,
9 located in Encino, California. I also spent a semester in law school working as an extern for the
10 Honorable Edward Rafeedie, District Judge for the United States District Court for the Central
11 District of California.

12 3. Since graduating from law school, my practice has focused almost exclusively on
13 employment litigation. In September 2007, I began working as an associate attorney at the
14 international law firm of Littler Mendelson P.C., at its Los Angeles office, which according to
15 its website is the “largest U.S.-based law firm exclusively devoted to representing management
16 in every aspect of labor and employment law.” While at Littler Mendelson, I was primarily
17 staffed on wage and hour class actions venued in both state and federal courts, and I also worked
18 on a number of single and multi-plaintiff wage and hour matters as well.

19 4. During my employment at Littler Mendelson, I played a significant role in the
20 class actions that I was staffed on, as I was often the only associate staffed on such cases. In
21 particular, I received a wide-array of wage and hour class action experience performing the
22 following types of tasks: drafting demurrers, motions to strike and/or dismiss; removing actions
23 from state court to federal court; drafting and responding to written discovery; drafting and
24 opposing discovery related motions; arguing discovery related motions; drafting motions to
25 consolidate related matters; interviewing putative class members and obtaining declarations in
26 connection with class certification; drafting oppositions to motions for class certification;
27 drafting motions for decertification following class certification; conducting exposure analyses
28 to assess the strengths and weaknesses of asserted claims, the likelihood of prevailing at class

1 certification and potential damages resulting from such claims; drafting mediation briefs; serving
2 as the primary contact to in-house counsel; deposing named plaintiffs and putative class
3 members; deposing retained expert witnesses; and defending the depositions of corporate
4 witnesses. In short, I played an integral role in all aspects of litigation from the inception of a
5 matter through and beyond class certification. I also supervised the work of several junior
6 attorneys who were staffed on the same wage and hour class actions.

7 5. In June 2011, I voluntarily resigned from Littler Mendelson in order to accept an
8 associate attorney position with the international law firm of Morgan, Lewis & Bockius LLP, at
9 its Los Angeles office, where I began working in July 2011. During my employment at Morgan,
10 Lewis & Bockius LLP, I worked exclusively on the defense of wage and hour class and collective
11 actions. For the vast majority of these cases, I was the only associate staffed on the matter, and I
12 performed the same job duties as described in the immediately preceding paragraph. In addition
13 to working on wage and hour class actions, at Morgan, Lewis & Bockius I also worked on a
14 number of “hybrid” actions asserting nationwide wage and hour claims under the Fair Labor
15 Standards Act (“FLSA”), as well as California-specific claims under Rule 23 of the Rules of
16 Civil Procedure.

17 6. In July 2012, I transitioned into litigating wage and hour class actions from the
18 Plaintiff’s side, first as a Partner with the law firm of Boren, Osher & Luftman, LLP, and since
19 February 2016, as a Shareholder of the Haines Law Group, APC. Currently, over ninety percent
20 (90%) of my practice is dedicated exclusively to the prosecution of wage and hour class
21 actions, and I am currently responsible for prosecuting over thirty (30) wage and hour class
22 actions filed in both State and Federal courts throughout California. To date, I have been
23 appointed as Class Counsel in more than seventy-five (75) matters that have been granted final
24 approval. Some examples of the matters in which I have been appointed as Class Counsel, all
25 of which have been granted final approval, including the following: *Hilberger v. Eisenhower*
26 *Medical Center*, Case No. INC1204915, California Superior Court, County of Riverside,
27 Honorable Judge John G. Evans, presiding; *Lopez v. Cornucopia Tools and Plastics, Inc.*, Case
28 No. CV138049, California Superior Court, County of San Luis Obispo, Honorable Judge

1 Martin J. Tangeman, presiding; *Tacker v. Compass Health, Inc.*, Case No. CV13-02261 BRO
 2 (JCG), United States District Court, Central District of California, Honorable Judge Beverly
 3 Reid O’Connell, presiding; *Noell v. American Professional Ambulance Corporation, Inc.*, Case
 4 No. BC499345, California Superior Court, County of Los Angeles, Honorable Judge Kenneth
 5 R. Freeman, presiding; *Bautista v. Harvest Management Sub LLC*, Case No. CV12-10004
 6 FMO (CWx), United States District Court, Central District of California, Honorable Judge
 7 Fernando M. Olguin, presiding; *Davila v. OCB Restaurant Co.*, Case No. CV13-5403 PA
 8 (JCG), United States District Court, Central District of California, Honorable Judge Percy
 9 Anderson, presiding; *Abad v. Waste Connections, Inc.*, Case No. CV12-06708 DDP (PJWx),
 10 United States District Court, Central District of California, Honorable Judge Dean D.
 11 Pregerson, presiding; *Plantillas v. Snap-On Incorporated*, Case No. CV13-05153 DDP
 12 (VBKx), United States District Court, Central District of California, Honorable Judge Dean D.
 13 Pregerson, presiding; *Theodore v. Keyes European, LLC*, Case No. BC521395, California
 14 Superior Court, County of Los Angeles, Honorable Judge Elihu Berle, presiding; *Morales v.*
 15 *Sunset Tower Hotel LLC*, Case No. BC511924, California Superior Court, County of Los
 16 Angeles, Honorable Judge John Shepard Wiley Jr., presiding; *Gonzalez v. Universal Alloy*
 17 *Corp.*, Case No. SACV13-00807 JVS (MRWx), United States District Court, Central District
 18 of California, Honorable Judge James V. Selna, presiding; *Morawski v. Milt Guggia*
 19 *Enterprises, Inc.*, Case No. CV13-2349 ABC (RZx), United States District Court, Central
 20 District of California, Honorable Judge Andre Birotte, Jr., presiding; *Thorp v. Alcal Industries,*
 21 *Inc., et al.*, Case No. CV13-02289 YGR, United States District Court, Northern District of
 22 California, Honorable Judge Yvonne Gonzalez Rogers, presiding; *Myles v. College Hospital,*
 23 Case No. BC487206, California Superior Court, County of Los Angeles, Honorable Judge John
 24 Shepard Wiley, Jr., presiding; *Sarinana v. DS Waters of America, Inc.*, Case No. C13-0905
 25 EMC, United States District Court, Northern District of California, Honorable Edward M.
 26 Chen, presiding; *Julio v. Anthony, Inc.*, Case No. CV14-03172 AB (SHx), United States
 27 District Court, Central District of California, Honorable Judge Andre Birotte Jr., presiding; *Litt*
 28 *v. Western Stone & Metal Corp.*, Case No. 3:14-cv-02804-PJH, United States District Court,

1 Northern District of California, Honorable Judge Phyllis J. Hamilton, presiding; *Rubalcava v.*
2 *United Towing and Transport Burbank, et al.*, Case No. BC518468, California Superior Court,
3 County of Los Angeles, Honorable Judge Kenneth Freeman, presiding; *Sanchez v. Res-Care,*
4 *Inc.*, Case No. BC526175, California Superior Court, County of Los Angeles, Honorable John
5 S. Wiley, presiding; *Prado v. Warehouse Demo Services, Inc.*, Case No. CV14-3170 JFW (Ex),
6 United States District Court, Central District of California, Honorable Judge John F. Walter,
7 presiding; *Rivera Regalado v. Jaguar Farm Labor Contracting*, Case No. CV 130569,
8 California Superior Court, County of San Luis Obispo, Honorable Martin J. Tangeman,
9 presiding; *Rodas v. Gateways Hospital and Mental Health Center*, Case No. BC503179,
10 California Superior Court, County of Los Angeles, Honorable Judge Amy D. Hogue, presiding;
11 *Escobar v. Century West, LLC*, Case No BC564873, California Superior Court, County of Los
12 Angeles, Honorable Judge Jane L. Johnson, presiding.

13 7. I have also moved to certify and have received an order certifying a class action
14 and/or conditionally certifying a collective action, in the following cases:

- 15 • *Medeiros v. Vortex Financial Management Inc.*, Case No. 30-2013-00644741-
16 CU-OE-CXC, California Superior Court, County of Orange, Honorable Judge
17 Gail A. Andler, presiding (certifying a class of employees who were misclassified
18 as independent contractors);
- 19 • *Javine v. San Luis Ambulance Service, Inc.*, Case No. CV13-07480 BRO (SSx),
20 United States District Court, Central District of California, Honorable Judge
21 Beverly Reid O’Connell, presiding (conditionally certifying an unpaid FLSA
22 overtime wage class);
- 23 • *Prado v. Warehouse Demo Services, Inc.*, Case No. CV14-3170 JFW (Ex), United
24 States District Court, Central District of California, Honorable Judge John F.
25 Walter, presiding (certifying a rest period violation class and conditionally
26 certifying an FLSA unpaid overtime wage class);
- 27 • *Vega v. Weatherford U.S., Limited Partnership*, Case No. CV14-1790-JLT,
28 United States District Court, Eastern District of California, Honorable Jennifer L.

Thurston, presiding (conditionally certifying an unpaid FLSA overtime wage class);

- *Bower v. Cycle Gear, Inc.*, Case No. CV14-2712 HSG, United States District Court, Northern District of California, Honorable Judge Haywood S. Gilliam, Jr., presiding (conditionally certifying an unpaid FLSA overtime wage class);
- *Galvan v. AMVAC Chemical Corporation*, Case No. 30-2014-00716103-CU-OE-CXC, California Superior Court, County of Orange, Honorable Judge William Claster, presiding (certifying unpaid overtime wage class and waiting time penalty class);
- *Ontiveros v. Safelite Fulfillment, Inc., et al*, Case No. CV 15-7118-DMG (RAOx), United States District Court, Central District of California, Honorable Dolly M. Gee presiding (certifying six classes of employees for rest period violations, wage statement violations, meal period violations, and overtime and double-time violations).

8. Of particular relevance to this case, I served as co-lead counsel for the plaintiff and aggrieved employees in *Gregorians v. ATV, Inc.*, Case No. BC525591, California Superior Court, County of Los Angeles, Honorable Judge Lee Smalley Edmon, presiding, a PAGA-only settlement, which was approved by the Court on December 12, 2014. I was also counsel for the plaintiff and aggrieved employees in *Contreras v. M.S. Aerospace, Inc.*, Case No. BC511925, California Superior Court, County of Los Angeles, Honorable Judge Elihu M. Berle presiding, another PAGA-only settlement, which was approved by the Court on December 8, 2015. I also was counsel for the plaintiff and aggrieved employees in *Pentinio v. Southern Wine and Spirits of America, Inc.*, Case No. BC570234, California Superior Court, County of Los Angeles, Honorable Judge Maureen Duffy-Lewis, presiding, another PAGA-only settlement, which was approved by the Court on January 19, 2016. Furthermore, I was counsel for the plaintiff and aggrieved employees in *Resendez v. Bridgestone Retail Operations, LLC*, Case No. BC596892, California Superior Court, County of Los Angeles, Honorable Judge Marc Marmaro presiding, another PAGA-only settlement, which was approved by the Court on June 13, 2016.

1 9. In 2015, 2016, and 2017, Thomson Reuters and Los Angeles Magazine
2 recognized me as a Top Young Attorney in Southern California in the annual Rising Star
3 Edition of Super Lawyer. This is an honor awarded to no more than two and a half percent of
4 attorneys under the age of forty in Southern California each year. In 2018, Thomson Reuters
5 recognized me as a “Super Lawyer” in the annual Super Lawyer magazine, an honor awarded
6 to no more than five percent of all attorneys in Southern California each year.

7 10. As counsel for Plaintiff Luis Silva and the Aggrieved Employees in this case, I
8 have been intimately involved in every aspect of this case from its inception through the present.

9 11. On December 14, 2015, Plaintiffs Jorge Gonzalez and Teresa Nieto sent a
10 certified letter to Defendant CitiStaff Solutions, Inc. (“CitiStaff” or “Defendant”) and the
11 California Labor Workforce Development Agency (“LWDA”) describing CitiStaff’s alleged
12 Labor Code violations, as required by Labor Code § 2699.3(a)(1). On April 27, 2016, pursuant
13 to Labor Code § 2699.3(a)(1), my office sent a letter to the LWDA and CitiStaff describing
14 CitiStaff’s alleged Labor Code violations, specifically its failure to include its legal address on
15 its employee wage statements. After waiting the prescribed thirty-three-day exhaustion period,
16 Plaintiffs Jorge Gonzalez and Teresa Nieto filed their complaint, titled *Jorge Gonzalez v. CitiStaff*
17 *Solutions, Inc.* (“Gonzalez” action”) Case No. BC620115 on May 10, 2016. After waiting the
18 prescribed thirty-three-day exhaustion period, Plaintiff Luis Silva filed his complaint, titled *Luis*
19 *Silva v. CitiStaff Solutions, Inc.* (“Silva” action) Case No. BC622512 on June 2, 2016. The
20 *Gonzalez* action and *Silva* action were subsequently deemed related and consolidated before this
21 Court.

22 12. CitiStaff offers a variety of staffing solutions in industries such as warehouse,
23 distribution, logistics, manufacturing, and food manufacturing across the state of California.
24 Plaintiffs and other aggrieved employees are current and former non-exempt employees who
25 worked for CitiStaff during the Settlement and Release Period. The Settlement and Release
26 Period is defined as “May 10, 2015 through September 12, 2016.” Plaintiffs’ PAGA claim is
27 based on a single allegation that for slightly over one year during the relevant time period,
28

CitiStaff failed to include its address on employee wage statements in violation of Cal. Labor Code § 226(a)(8).

13. Following the filing of their initial pleadings, the parties in this action agreed to attend private mediation with the Honorable Nancy Wieben Stock (Ret.), a well-respected mediator with extensive experience mediating wage-and-hour and PAGA litigation. In preparation for the January 18, 2017 mediation, the parties engaged in an extensive informal exchange of information and data. Specifically, CitiStaff provided Plaintiff with applicable company information and data regarding the number of potential Aggrieved Employees, and the aggregate number of pay periods in which wage statements were issued to Aggrieved Employees without CitiStaff's legal address.

14. Following extensive discussions about the factual and legal strengths and weaknesses of the claims and defenses, and following the submission of detailed mediation briefs, the parties attended a full day of mediation before Judge Stock, on January 18, 2017. During mediation, the parties vigorously debated the likelihood of Plaintiffs' ability to proceed on a representative basis on their PAGA claim, the legal bases for the claims and CitiStaff's defenses, and the parties' data analyses and conclusions based on data provided by CitiStaff. At the conclusion of mediation, the parties were unable to reach a settlement. Following the mediation, the parties continued to engage in settlement discussions and only after the completion of this comprehensive informal discovery process, a deposition of CitiStaff's Person Most Qualified, and significant discussions about the likelihood of prevailing on the merits and the implications of CitiStaff's financial condition, were the parties able to reach a settlement resolving both actions. During the months that followed, the parties continued negotiating the finer terms of the proposed resolution and formalized their agreement and executed the Settlement Agreement that is now before the Court for approval. A true and correct copy of the Settlement Agreement executed by all parties is attached as **Exhibit 1**.

15. This Settlement provides for CitiStaff to pay a Gross Settlement Amount ("GSA") of \$275,000.00. After deducting amounts for requested attorneys' fees, attorneys' costs, Representative Plaintiff Enhancement Payments, and settlement administration costs, the

1 Settlement provides for distribution of a PAGA Penalty Fund of no less than \$91,186.34 with no
2 less than \$68,389.75 paid to the LWDA, representing 75% of the PAGA Penalty Fund, and no
3 less than \$22,796.59 representing 25% of the PAGA Penalty Fund, paid to the Aggrieved
4 Employees. This settlement is non-reversionary, and does not require any Aggrieved Employees
5 to submit claim forms to reap the financial benefits of the Settlement.

6 16. CitiStaff will tender the GSA to CPT Group, Inc. on the following schedule:
7 Payment 1: \$15,000.00, to be paid within five (5) business days from an Order from the Court
8 approving this Settlement or June 1, 2018, whichever is later, representing Representative
9 Plaintiffs' Enhancement Payments; Payment 2: \$12,146.04 to be paid on July 1, 2018
10 representing Aggrieved Employees' Counsel Costs; Payment 3: \$30,555.55 to be paid on August
11 1, 2018, representing the first 1/3 of the Aggrieved Employees' Counsel Fees; Payment 4:
12 \$30,555.55 to be paid on October 1, 2018, representing the second 1/3 of the Aggrieved
13 Employees' Counsel Fees; Payment 5: \$30,555.55 to be paid on December 1, 2018, representing
14 the third 1/3 of the Aggrieved Employees' Counsel Fees; Payment 6: \$15,630.78 to be paid on
15 January 1, 2019 representing the amounts distributable to the LWDA, Aggrieved Employees and
16 Settlement Administration Costs; Payments 7 through 18: \$12,777.78 to be paid monthly,
17 commencing on February 1, 2019 through December 1, 2019, to be paid on the first date of each
18 month, representing the amounts distributable to the LWDA, Aggrieved Employees and
19 Settlement Administration Costs. Because the hearing date for Plaintiffs' Motion will not occur
20 until September 27, 2018 or after Payments 1, 2, and 3 are to be paid, CitiStaff will fund Payments
21 1, 2, and 3 in accordance with the above-mentioned schedule and CPT Group, Inc. will hold the
22 funds in escrow until this Court grants approval of the Settlement.

23 17. A true and correct copy of the proposed Notice of Settlement that will be mailed
24 to Aggrieved Employees with their settlement payments is attached as **Exhibit A** to the
25 Settlement Agreement.

26 18. Plaintiffs' counsel is requesting \$91,666.66 (or one-third of the GSA), in
27 attorneys' fees. Based on my experience in similar wage and hour class and representative
28 actions in California state courts, fee awards in matters such as this one generally equal about

1 one-third of the gross recovery. In the event the Court reduces the amount requested in Plaintiffs'
2 Counsel Fees or Costs, that amount shall be added to the Net Settlement Amount for Aggrieved
3 Employees.

4 19. To date, my firm has incurred \$7,884.61 in costs. These costs include filing fees,
5 copying costs, mediation fees, travel costs, expert costs, and other expenses that were all
6 reasonably incurred in the prosecution of this litigation on behalf of Plaintiffs and the Aggrieved
7 Employees. A table showing the litigation expenses that have been incurred by category is
8 attached hereto as **Exhibit 2**. As attested to in their concurrently-filed declarations, counsel for
9 Plaintiffs Gonzalez and Nieto have respectively incurred \$462.39 and \$3,500.00 in costs.

10 20. The parties have agreed to use CPT Group, Inc. ("CPT") as the third-party
11 settlement administrator. The parties have designated \$65,000.00 of the GSA as administration
12 costs, which will cover all costs incurred by CPT in connection with administering the settlement
13 of this matter. Julie Green of CPT has executed a declaration, submitted concurrently herewith,
14 which describes CPT's extensive experience as settlement administrator and includes a copy of
15 the settlement administration bid CPT provided in this matter.

16 21. Although Plaintiffs steadfastly maintain that their PAGA claim is meritorious,
17 Plaintiffs acknowledge that their position includes real risks and uncertainty. Plaintiffs' sole
18 claim was that Defendant's wage statements failed to list the address of the employer on the wage
19 statement itself. Specifically, the wage statements that accompanied live checks had no entity
20 address on the face of the wage statement and included the employer address only on the outside
21 of the perforated envelope containing the wage statement. When CitiStaff paid its employees
22 through direct deposit, it provided a detachable wage statement. Like its practice with live
23 checks, the detachable wage statements had no entity address on the face of the wage statement
24 and included the employer address only on the outside of the perforated envelope containing the
25 wage statement. Plaintiffs therefore faced the argument that CitiStaff had not violated Labor
26 Code § 226 because CitiStaff's address on the outside of the perforated envelope arguably
27 satisfied Defendant's obligations under Labor Code § 226.

1 22. Moreover, CitiStaff's financial condition substantially limited Plaintiffs' potential
2 recovery. Plaintiffs hired a forensic accounting expert, Keith Messerschmidt, to review data
3 regarding CitiStaff's financial condition. Based on Mr. Messerschmidt's expert opinion,
4 Plaintiffs concluded that CitiStaff could not afford to pay more than the GSA without
5 substantially jeopardizing its business operations.

6 23. Plaintiffs also faced the risk that the Court could substantially reduce the penalties
7 awarded in its discretion under Cal. Lab. Code § 2699(e)(2). Specifically, Plaintiffs believed that
8 there was an acute risk that the Court could significantly reduce penalties or award only nominal
9 penalties given the highly technical nature of the alleged violations.

10 21. Based on the data provided by CitiStaff in anticipation of mediation, there were
11 approximately 562,169 total pay periods for the Settlement and Release Period. Assuming an
12 initial violation rate of \$100, Plaintiffs estimated a total potential PAGA exposure for this claim
13 of \$56,216,900 for all Aggrieved Employees. However, Plaintiffs discounted that figure
14 heavily, first by 65% for a risk of not prevailing on the merits, and an additional 80% to account
15 for the Court's discretion to reduce the penalties, given the highly technical nature of the
16 alleged violations, thereby arriving at a forecasted exposure of about \$3,935,183. Although
17 the GSA of \$275,000.00 represents a fraction of Plaintiff's' reasonably forecasted total
18 recovery of \$3,935,183, the settlement is reasonable under the circumstances. As stated above,
19 based on Plaintiffs' retained expert's analysis and opinion, Plaintiffs concluded that CitiStaff
20 could not pay more than the GSA without substantially jeopardizing its business operations.

21 22. Since undertaking representation of Plaintiffs, my firm has dedicated substantial
22 resources to this litigation without receiving any compensation to date. My firm conducted
23 extensive legal research in connection with investigating Plaintiffs' claims. My firm also
24 conducted significant research and analysis of data and information produced by Defendant prior
25 to mediation, and we used this data and analysis to draft a comprehensive mediation brief, with
26 exposure analysis for the PAGA penalties. My firm attended a full-day mediation and expended
27 significant additional effort in preparing subsequent settlement documents, this Motion for
28 settlement approval, supporting declarations, and will oversee the settlement administration

1 process. Given the considerable potential for adverse outcomes in this case, including, but not
2 limited to Plaintiffs losing a challenge to their status as a Representative Plaintiffs, losing on the
3 merits as to Plaintiffs' underlying theories of recovery, and/or facing a drastic reduction in
4 potential PAGA penalties, the contingent risk borne by Plaintiffs' counsel was great.

5 23. I have extensive experience in this type of litigation, and it is my opinion that
6 the proposed settlement represents a fair and reasonable result for the Aggrieved Employees.
7 My experience in similar matters was integral in evaluating the strengths and weaknesses of
8 the case against CitiStaff and the reasonableness of the settlement.

9 I declare under penalty of perjury under the laws of the state of California that the
10 foregoing is true and correct. Executed on June 15, 2018, at El Segundo, California.

11 
12 _____
13 Paul K. Haines
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Exhibit 1

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Attorneys for Plaintiffs Jorge Gonzalez, Teresa
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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

JORGE GONZALEZ, individually and on
behalf of himself and other persons similarly
situated,

Plaintiff,

vs.

CITISTAFF SOLUTIONS, INC., a California
corporation; and DOES 1 through 30, inclusive,

Defendants.

LUIS SILVA, an individual, on behalf of
himself and all others similarly situated,

Plaintiff,

vs.

CITISTAFF SOLUTIONS, INC., a California
Corporation, and DOES 1 through 100,

Defendants.

) Case No. BC620115 (Lead Case)

) Case No. BC622512

) [Assigned for all purposes to the Honorable
Marc Marmaro, Dept. 37]

**JOINT STIPULATION OF
SETTLEMENT AND RELEASE**

REPRESENTATIVE LAWSUIT

) Complaint Filed (Lead Case): 5/10/2016

) Trial Date (Lead Case): 10/30/2018

1 IT IS HEREBY STIPULATED AND AGREED by and between Defendant CitiStaff
2 Solutions, Inc. (“CitiStaff” or “Defendant”), on the one hand, and Plaintiff Jorge Gonzalez
3 (“Gonzalez”), Plaintiff Teresa Nieto (“Nieto”) and Plaintiff Luis Silva (“Silva”) (collectively,
4 “Plaintiffs” or “Representative Plaintiffs”) on behalf of themselves and each of the other Aggrieved
5 Employees (as defined herein), on the other hand, subject to the approval of the Court pursuant to
6 section 2699(l) of the California Labor Code, that the settlement of the Lawsuit (defined collectively
7 as the cases entitled *Jorge Gonzalez v. CitiStaff Solutions, Inc.*, LASC Case No. BC620115, and *Luis*
8 *Silva v. CitiStaff Solutions, Inc.* LASC Case No. BC622512) shall be effectuated and subject to the
9 following terms and conditions:

10 **I. SUMMARY OF SETTLEMENT TERMS**

11 Under the terms of the Settlement, CitiStaff will pay the Gross Settlement Amount of Two
12 Hundred Seventy-Five Thousand Dollars and No Cents (\$275,000.00), non-reversionary, and
13 inclusive of all California Private Attorney General Act, Labor Code §§2698 *et seq.* (“PAGA”)
14 civil penalties payable to the Aggrieved Employees and the California Labor & Workforce
15 Development Agency (“LWDA”), Representative Plaintiffs Enhancement Payments, attorneys’
16 fees and costs, and Settlement Administration Costs (as defined herein), in exchange for the full
17 and final settlement and release of any and all claims by Plaintiffs and the Aggrieved Employees
18 that were made, or that could have been made pursuant to PAGA, based on the facts alleged in the
19 operative Complaints in the Lawsuit or any of the letter to the LWDA by any of the named
20 Plaintiffs, and subject to the terms and conditions outlined in this Settlement (as defined herein).

21 Plaintiffs’ and Aggrieved Employees’ Counsel (each of which as defined herein) will seek
22 from the Gross Settlement Amount Aggrieved Employees’ Counsel Fees (as defined herein) in the
23 amount of Ninety-One Thousand Six Hundred and Sixty-Six Dollars and Sixty-Six Cents
24 (\$91,666.66) representing one-third of the Gross Settlement Amount. In addition, Aggrieved
25 Employees’ Counsel will also be seeking a recovery of Aggrieved Employees’ Counsel Costs (as
26 defined herein) in an amount not to exceed Fifteen Thousand Dollars and No Cents (\$15,000). All
27 Settlement Administration Costs (as defined herein) shall be paid out of the Gross Settlement
28

Amount, in an amount not to anticipated to exceed Sixty-Five Thousand Dollars and No Cents (\$65,000.00). The settlement will be administered by CPT Group, a third-party administrator.

Furthermore, and in exchange for the consideration contained herein, Representative Plaintiffs agree to release any and all claims against CitiStaff and/or the Released Persons personally, and each agree to execute and/or endorse the Personal Release contained herein. In exchange, the Representative Plaintiffs shall be paid the Representative Plaintiffs Enhancement Payments (as defined herein) of Five Thousand Dollars and Zero Cents (\$5,000.00) each, for a total of Fifteen Thousand Dollars and Zero Cents (\$15,000.00) in Representative Plaintiffs Enhancement Payments. There will be no reversion of unclaimed funds to CitiStaff.

After the foregoing deductions have been made from the Settlement, the remainder will be known as Net Settlement Amount. From the Net Settlement Amount, 75% will be paid to the LWDA for its share PAGA civil penalties. See Cal. Labor Code § 2699(i). The remaining 25% of the Net Settlement Amount will be paid out was PAGA civil penalties, which are to be paid directly to Aggrieved Employees. *Id.*

II. DEFINITIONS

As used in this Stipulation and Settlement Agreement, the following terms shall have the meanings specified below:

1. “Aggrieved Employee” or “Aggrieved Employees” means all persons who at any time during the Settlement and Release Period were employed by Defendant in non-exempt hourly positions in the State of California who were provided with at least wage statement.
2. “Aggrieved Employees’ Counsel” means Dennis F. Moss, Esq., Ari E. Moss, Esq., and Jeremy F. Bollinger of Moss Bollinger, LLP, Paul K. Haines, Esq., Tuvia Korobkin, Esq. and Stacey Shim, Esq. of Haines Law Group, APC, and Sahag Majarian, II of Law Offices of Sahag Majarian II.
3. “Aggrieved Employees’ Counsel Costs” means verified litigation costs in an amount not to exceed Fifteen Thousand Dollars and No Cents (\$15,000.00), as approved by the Court.

1 4. "Aggrieved Employees' Counsel Fees" means the amount to be paid, after Court
2 approval, to Aggrieved Employees' Counsel for all past and future attorneys' fees incurred
3 by Aggrieved Employees' Counsel in the Lawsuit on behalf of Representative Plaintiffs and
4 the Aggrieved Employees including, but not limited to, future attorneys' fees incurred in
5 securing final approval of the Settlement in the amount of Ninety-One Thousand Six
6 Hundred and Sixty-Six Dollars and Sixty-Six Cents (\$91,666.66), representing one-third of
7 the Gross Settlement Amount.

8 5. "Agreement" or "Settlement" means this Stipulation and Settlement Agreement,
9 including any attached exhibits.

10 6. "Complaints" mean the operative Complaints filed in the Lawsuit.

11 7. "Counsel for CitiStaff" or "Defense Counsel" means Charles Slater, General
12 Counsel for Defendant CitiStaff Solutions, Inc.

13 8. "Court" means the Los Angeles Superior Court in which the Lawsuit is currently
14 pending, the Honorable Judge Marc Marmaro presiding. Court shall also mean any other
15 Court that acquires proper jurisdiction of this Lawsuit.

16 9. "Distributable Amount" means the amount that is distributable to the Aggrieved
17 Employees, and equals the Gross Settlement Amount less Aggrieved Employees' Counsel
18 Fees, Aggrieved Employees' Counsel Costs, Settlement Administration Costs,
19 Representative Plaintiffs Enhancement Payments, and payment to the California Labor &
20 Workforce Development Agency ("LWDA").

21 10. "Effective Date" means the later of (a) the date of entry of Order granting approval
22 of this Settlement, if no objection to the Settlement is filed, (b) the date on which the time
23 for all appeals from objections to the Settlement has passed, if one or more objections to the
24 Settlement are filed, and (c) if an appeal is taken, the date on which any reviewing court
25 issues a decision, the time for further appeal has expired, and the trial court has regained
26 jurisdiction.

11. “Gross Settlement Amount” means the total amount of Two Hundred Seventy-Five Thousand Dollars and No Cents (\$275,000.00), the maximum amount to be paid by CitiStaff pursuant to the terms of this Agreement.

12. “Lawsuit” means the two related lawsuits and the operative Complaints in the matters entitled *Jorge Gonzalez, individually and on behalf of himself and all other persons similarly situated, v. CitiStaff Solutions, Inc., a California Corporation and DOES 1 through 30*, Los Angeles Superior Court Case No. BC620115, and *Luis Silva, an individual, on behalf of himself and all others similarly situated, v. CitiStaff Solutions, Inc., a California Corporation and DOES 1 through 100*, Los Angeles Superior Court Case No. BC622512.

13. “Net Settlement Amount” means the Gross Settlement Amount less Aggrieved Employees’ Counsel Fees, Aggrieved Employees’ Counsel Costs, Settlement Administration Costs, and Representative Plaintiffs Enhancement Payments.

14. “Notice of Settlement” means the form to be prepared and approved by both Counsel for CitiStaff and Aggrieved Employees’ Counsel and sent to the Aggrieved Employees with the Settlement Payments to inform them of the material terms of the Agreement and the Released Claims.

15. “Notice Returns” means envelopes containing the Notice of Settlement that were mailed by the Settlement Administrator to Aggrieved Employees but were undelivered and returned to the Settlement Administrator by the United States Postal Service.

16. “Order and Judgment” means the order and judgment entered by the Court pursuant to the terms set forth in this Agreement (i) approving finally and fully the terms contained in this Agreement; (ii) permanently enjoining and forever barring from prosecution any and all Released Claims against CitiStaff or the Released Persons; (iii) entering a final judgment in the Lawsuit; and (iv) retaining jurisdiction to enforce the terms of this Agreement following approval of the Settlement. Aggrieved Employees’ Counsel will submit with its approval motion a proposed Order and Judgment.

17. “Personal Release” means the Representative Plaintiffs’ irrevocable and unconditional release, acquittal, and discharge of the Released Persons and all persons and/or corporate entities acting by, through, under or in concert with any of them, or any of them, from any and all complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, costs, losses, debts and expenses (including attorneys’ fees and costs actually incurred), of any nature whatsoever, including but not limited to the release of any and all claims arising under any of the following, as amended: the National Labor Relations Act (“NLRA”), Title VII of the Civil Rights Act of 1964, Sections 1981 through 1988 of Title 42 of the United States Code, the Employee Retirement Income Security Act of 1974 (“ERISA”), the Americans with Disabilities Act of 1990 (“ADA”), the Fair Labor Standards Act (“FLSA”), the Occupational Safety and Health Act (“OSHA”), the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”), the Genetic Information Nondiscrimination Act (“GINA”), the Family and Medical Leave Act (“FMLA”), the Worker Adjustment and Retraining Notification Act (“WARN”), the California Fair Employment and Housing Act (“FEHA”), the California Family Rights Act (“CFRA”), the Private Attorneys’ General Act (“PAGA”), the California Worker Adjustment and Retraining Notification Act (“Cal-WARN”), the California Minimum Wage Law, the Equal Pay Law for California, the California Labor Code (including specifically, Section 132a), together with any alleged violation of the United States or any state Constitution, any local, state or federal law, regulation or ordinance, and/or public policy, contract or tort or common-law, having any bearing whatsoever on Representative Plaintiffs’ application for employment, employment with, or separation of employment from the Released Persons, which Representative Plaintiffs ever had, now have, or shall have, from the beginning of time to the date of the Effective Date.

As to the foregoing claims, Representative Plaintiffs expressly waive the benefits of California Civil Code §1542. Civil Code §1542 provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME

1 ***OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST***
2 ***HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE***
3 ***DEBTOR***

4 18. “Per Capita Payment” means the amount payable to each Aggrieved Employee on
5 an equal per capita basis.

6 19. “Redirected Notice” means a second Notice of Settlement mailed by the Settlement
7 Administrator to a new or different address for an Aggrieved Employee that was obtained
8 by the Settlement Administrator as a result of a Notice Return.

9 20. “Released Claims” means any and all claims, costs, expenses, attorneys’ fees,
10 penalties, civil penalties or causes of Lawsuit pursuant to California Labor Code §2698 et
11 seq. (“PAGA”) based on the facts or claims in the Lawsuit filed by the Representative
12 Plaintiffs, on their behalf and on behalf of the Aggrieved Employees, during the Settlement
13 and Release Period. The Released Claims shall specifically include all civil penalties or
14 other amounts which are or may be available under or through the PAGA based on the facts
15 that were alleged in the operative Complaints, and/or predicated any of the Labor Code
16 violations asserted in the operative Complaints, inclusive of all of Representative Plaintiffs’
17 and the Aggrieved Employees’ attorneys’ fees and costs. As to the foregoing claims,
18 Representative Plaintiffs and Aggrieved Employees release PAGA civil penalties
19 recoverable under any theory of liability upon which such civil penalties under the PAGA
20 could have been recovered based upon the allegations in the operative Complaints,
21 including specifically any and all claims, causes of action, damages, wages, benefits,
22 expenses, penalties, interest, debts, liabilities, demands, obligations, attorneys’ fees, costs,
23 and any other form of relief or remedy in law, equity, or whatever kind or nature..

24 21. “Released Persons” means CitiStaff and its respective agents, attorneys, insurers,
25 past, present and future divisions, affiliates, any DBAs, predecessors, successors,
26 shareholders, officers, directors, managers, employees, trustees, representatives,
27 administrators, fiduciaries, assigns, subrogees, executors, partners, parents, subsidiaries,
28

privies, and/or any and all persons and/or corporate entities acting by, through, under or in concert with any of them.

22. “Representative Plaintiffs” or “Plaintiffs” means Jorge Gonzalez, Teresa Nieto, Luis Silva and their respective representative(s), heir(s), assign(s), attorney(s) and/or insurer(s).

23. “Representative Plaintiffs Enhancement Payments” means an amount of Five Thousand Dollars and No Cents (\$5,000.00) to be paid to each Plaintiff, respectively, for a total of Fifteen Thousand Dollars and No Cents (\$15,000.00), for their general release of all claims and waiver under Civil Code 1542, which shall be in addition to their Settlement Payment.

24. “Settlement Administration Costs” means the fees and costs incurred or charged by the Settlement Administrator in connection with the execution of its duties under this Agreement including, but not limited to: (i) fees and costs associated with preparing, issuing and/or monitoring reports, filings and notices (including the cost of printing, verifying addresses through a United States Postal Service national change of address database to obtain updated addresses for any individual who has moved in the previous four years who has notified the U.S. Postal Service of a forwarding address, skip tracing, and mailing/tracking/retaining all notices and other documents to the Aggrieved Employees) required to be prepared in the course of administering the Settlement; (ii) computing the amount of the Settlement Payments, taxes, and any other payments to be made under this Agreement; (iii) handling inquiries about the calculation of individual Settlement Payments or mailings; (iv) establishing and operating a physical Settlement Payment center address and phone number to receive Aggrieved Employees’ inquiries about the Settlement; (v) remitting any tax deductions or subtractions applicable under the law and/or pursuant to this Agreement and preparing and submitting any filings required by any governmental taxing authority or other governmental agency and/or CitiStaff’s worker’s compensation insurer; and (vi) establishing a Qualified Settlement Fund. Settlement Administration Costs are not expected to exceed Sixty-Five Thousand Dollars and No Cents (\$65,000.00).

1 25. "Settlement Administrator" refers to CPT Group, or any other entity that Aggrieved
2 Employees' Counsel and Defense Counsel select to administer this Settlement and to act as
3 the administrator to process the Settlement under the terms of this Agreement.

4 26. "Settlement Payment(s)" refers to the payment(s) to any Aggrieved Employee
5 pursuant to the terms of this Agreement.

6 27. "Settlement and Release Period" means from May 10, 2015 through September 12,
7 2016.

8 **III. SETTLEMENT APPROVAL & IMPLEMENTATION PROCEDURE**

9 **A. Approval of the Settlement**

10 As soon as practicable, Aggrieved Employees' Counsel will submit this Agreement to the
11 Court for its approval pursuant to section 2699(l) of the California *Labor Code*, as this Agreement
12 is fair, adequate and reasonable. Such submission will also include a Notice of Settlement.

13 However, if the settlement fails to be approved or otherwise fails to be consummated for
14 any reason whatsoever, including but not limited to the Order not becoming final, then CitiStaff
15 retains all rights previously available to it, and any provisional approval of the settlement, or the
16 adoption of any procedure herein, shall be undone and the parties restored to their pre-settlement
17 status as if no settlement had been reached and no decisions were made pursuant to it, except as
18 otherwise expressly provided herein. In that event, nothing in this Agreement or other papers or
19 proceedings related to the settlement shall be used as evidence or argument by any party or
20 Aggrieved Employee.

21 **B. Cooperation**

22 The parties agree to cooperate fully with each other to accomplish the terms and
23 requirements of this Agreement, including but not limited to, the execution of such documents and
24 other such actions as may reasonably be necessary to implement the terms of this stipulated
25 settlement.

26 Except as otherwise provided herein, neither party nor any of their attorneys or agents shall
27 initiate any communication with any Aggrieved Employees for the purpose of discouraging them to
28 participate in the settlement unless authorized by the Court. This provision in no way limits

1 Aggrieved Employees' Counsel from communicating with the Representative Plaintiffs.

2 The parties shall promptly submit this Agreement for approval and determination by the
3 Court. Promptly upon execution of this Agreement, the parties shall apply to the Court to schedule
4 a hearing to determine whether the proposed Settlement should be approved. Both parties shall
5 represent to the Court that the Agreement is fair, reasonable, and adequate as to the Aggrieved
6 Employees, and request Court approval as to form and content of the Notice of Settlement.

7 **C. Approval Hearing**

8 At the approval hearing, the Representative Plaintiffs, Aggrieved Employees' Counsel, and
9 Counsel for CitiStaff shall ask the Court to give approval to this Agreement and the settlement
10 contained herein. Upon granting approval of the settlement contained herein, the Court shall also
11 enter an Order implementing the releases contained in Section V as to Representative Plaintiffs and
12 all Aggrieved Employees as well as the personal release contained in the Section VI(E) of this
13 Agreement. The releases contained in Sections V and VI(E) of this Agreement shall enter into
14 effect concurrently with the issuance of the Order granting approval.

15 **D. Aggrieved Employee Data And Notice Of Settlement By Mail**

16 CitiStaff will provide as soon as practicable, but no later than fifteen (15) business days
17 after the Court grants approval of the settlement, the Settlement Administrator with information
18 maintained by CitiStaff in the normal course of its business operations concerning the Aggrieved
19 Employees' names, last known addresses, last known telephone numbers, and social security
20 numbers, which will be used to send the Notice of Settlement and Settlement Payment to the
21 Aggrieved Employees. Data provided by CitiStaff shall be kept confidential by the Settlement
22 Administrator except for purposes of administering the settlement and this data shall not be
23 provided to Plaintiffs' counsel for any reason. Using this list, the Settlement Administrator shall,
24 within twenty (20) days of receipt from CitiStaff of the list, mail the Notice of Settlement and
25 Settlement Payments via First-Class mail using the United States Postal Service to the most recent
26 address known for each Aggrieved Employee. Before mailing the Notice of Settlement and
27 Settlement Payments, the Settlement Administrator shall review the national change of address
28 registry for all Aggrieved Employees and/or skip trace to determine the most up-to-date addresses

1 of all Aggrieved Employees. If any Notices of Settlement are returned with a forwarding address,
2 the Settlement Administrator will re-mail the Notice of Settlement and Settlement Payment to the
3 Aggrieved Employee whose notice was returned.

4 Prior to the final date for any Aggrieved Employee to cash the Settlement Payment, if any
5 notice mailed to the Aggrieved Employee is returned as having been undelivered by the U.S. Postal
6 Service, the Settlement Administrator shall, via skip-tracing, seek an address correction from such
7 Aggrieved Employee(s), and send a Redirected Notice to the new or different address within seven
8 days. The Settlement Administrator may conduct any investigation it deems reasonable and
9 consistent with its role and industry practice to determine the correct address of any Aggrieved
10 Employee.

11 **E. Declaration Of Compliance**

12 As soon as practicable, the Settlement Administrator shall provide Aggrieved Employees’
13 Counsel and Counsel for CitiStaff a declaration attesting to completion of the notice and payment
14 process set forth in this Section (Section III), including an explanation of efforts to resend Notice
15 Returns, a summary of claims paid, and checks cashed and uncashed, which if requested by the
16 Court, shall be filed by Aggrieved Employees’ Counsel.

17 **F. Sufficient Notice**

18 Compliance with the procedures described in this Section (Section III) shall constitute due
19 and sufficient notice to Aggrieved Employees of this settlement, shall satisfy the requirements of
20 due process, and nothing else shall be required of the Representative Plaintiffs, Aggrieved
21 Employees’ Counsel, CitiStaff, Counsel for CitiStaff, or the Settlement Administrator to provide
22 additional notice of the settlement, unless expressly ordered by the Court.

23 **G. Qualified Settlement Fund**

24 “QSF” shall mean the Qualified Settlement Fund established by the Settlement
25 Administrator for the benefit of the Aggrieved Employees and from which the Settlement
26 Payments shall be paid.

27 If practical, the QSF shall be an interest-bearing account at a federally-insured bank that is
28 mutually acceptable to the parties and the Settlement Administrator. The parties agree that the QSF

1 is intended to be a “Qualified Settlement Fund” under Section 468B of the Code and Treas. Reg.
2 Section 1.468B-1, 26 CFR Section 1.468B-1, et seq., and will be administered by the Settlement
3 Administrator as such. With respect to the QSF, the Settlement Administrator shall: (1) open and
4 administer a in such a manner as to qualify and maintain the qualification of the QSF as a
5 “Qualified Settlement Fund” under Section 468B of the Code and Treas. Reg. Section 1.468B-1;
6 (2) satisfy all federal, state and local and income and other tax reporting, return, and filing
7 requirements with respect to the Defendant and the QSF and any interest or other income earned by
8 the QSF; and (3) satisfy out of the QSF all (i) taxes (including any estimated taxes, interest or
9 penalties) with respect to the interest or other income earned by the QSF, and (ii) fees, expenses
10 and costs incurred in connection with the opening and administration of the QSF and the
11 performance of its duties and functions as described in this Agreement. The aforementioned taxes,
12 fees, costs and expenses shall be treated as, and included in, the costs of administering the QSF and
13 as Settlement Administration Costs. The Settlement Administrator shall provide copies to
14 Defendant of any federal, state and local income or other tax reporting, return and filing prepared
15 on Defendant’s behalf. The parties agree to cooperate with the Settlement Administrator and each
16 other to the extent reasonably necessary to carry out the provisions of this Section.

17 The Settlement Administrator shall provide, as appropriate, an IRS Form 1099 to each
18 Aggrieved Employee, the Representative Plaintiffs, and Aggrieved Employees’ Counsel.

19 **H. Formulas to Determine Payment, Distribution of Funds & Payment of Funds**

20 **1. *General Terms of Settlement***

21 CitiStaff shall pay Two Hundred Seventy-Five Thousand Dollars and No Cents
22 (\$275,000.00), on a non-reversionary basis (the “Gross Settlement Amount”), to settle this Lawsuit,
23 per the schedule set forth below. Under no circumstances will CitiStaff be required to pay more
24 than the Gross Settlement Amount. Payment shall be tendered to the Settlement Administrator.

25 From the Gross Settlement Amount, the Parties agree that Aggrieved Employees’ Counsel
26 may request up to:

27 A. Ninety-One Thousand Six Hundred and Sixty-Six Dollars and Sixty-Six Cents
28 (\$91,666.66) as Aggrieved Employees’ Counsel Fees;

- 1 B. An amount not to exceed Fifteen Thousand Dollars and No Cents (\$15,000.00) for
2 recovery of Aggrieved Employees' Counsel Costs;
- 3 C. Five Thousand Dollars and No Cents (\$5,000.00) for each Representative Plaintiff
4 as a Representative Plaintiff Enhancement Payment, for a total of Fifteen Thousand
5 Dollars and No Cents (\$15,000.00) in Representative Plaintiffs Enhancement
6 Payments; and
- 7 D. An amount not to exceed Sixty-Five Thousand Dollars and No Cents (\$65,000.00)
8 for Settlement Administration Costs.

9 After the foregoing disbursements are made, the remainder of the Settlement Payment after
10 disbursing items (III)(H)(1)(A)-(III)(H)(1)(D) herein shall be designated the "Net Settlement
11 Amount." From the Net Settlement Amount, 75% will be paid to the LWDA for its share PAGA
12 civil penalties. See Cal. Labor Code § 2699(i). The remaining 25% of the Net Settlement Amount
13 will be paid out was PAGA civil penalties, which are to be paid directly to Aggrieved Employees.
14 Id.

15 No funds will revert to CitiStaff from the Gross Settlement Amount. CitiStaff shall bear its
16 own attorneys' fees and costs of every kind incurred in connection with the Lawsuit and the
17 negotiation of the settlement of this Lawsuit. CitiStaff agrees that if Plaintiffs believe it is necessary
18 to support the Gross Settlement Amount by reference to financial condition, Plaintiffs are permitted
19 provide a declaration to the Court from their expert attesting to CitiStaff's financial condition.

20 2. ***Aggrieved Employees' Counsel Fees, Aggrieved Employees' Counsel***
21 ***Costs, Settlement Administration Cost, Representative Plaintiffs Enhancement***
22 ***Payments, and Payment of Gross Settlement Amount***

23 Representative Plaintiffs and Aggrieved Employees' Counsel will request, and CitiStaff
24 agrees not to oppose: (a) a payment from the Gross Settlement Amount of Ninety-One Thousand
25 Six Hundred and Sixty-Six Dollars and Sixty-Six Cents (\$91,666.66) for Aggrieved Employees'
26 Counsel Fees, (b) a payment in an amount not to exceed ***Fifteen*** Thousand Dollars and No Cents
27 ***(\$15,000.00)*** for Aggrieved Employees' Counsel Costs; and (c) Representative Plaintiffs
28 Enhancement Payments in the amount of Five Thousand Dollars and No Cents (\$5,000.00) to each

1 Representative Plaintiff, for a total of Fifteen Thousand Dollars and No Cents (\$15,000.00) in
2 Representative Plaintiffs Enhancement Payments. Aggrieved Employees' Counsel believes, and
3 CitiStaff does not challenge, that such an award to Aggrieved Employees' Counsel and
4 Representative Plaintiffs is reasonable. Aggrieved Employees' Counsel Fees and Costs, and
5 Representative Plaintiffs' Enhancement Payments, whether they are awarded as requested or
6 reduced by the Court, shall be paid from the Gross Settlement Amount. Additionally, up to **Sixty-**
7 **Five** Thousand Dollars and No Cents (**\$65,000.00**) shall be paid from the Gross Settlement
8 Amount for Settlement Administration Costs. Within two (2) business days following the Effective
9 Date, the Settlement Administrator shall provide to CitiStaff complete wiring instructions,
10 including without limitation, the name of the account, name of the bank, routing number and bank
11 account number.

12 CitiStaff shall pay the Gross Settlement Amount to the Settlement Administrator and the
13 funds shall be distributed on the following schedule: Payment 1: \$15,000.00, to be paid within five
14 (5) business days from an Order from the Court approving this Settlement or June 1, 2018,
15 whichever is later, representing Representative Plaintiffs' Enhancement Payments; Payment 2:
16 \$15,000.00 to be paid on July 1, 2018 representing Aggrieved Employees' Counsel Costs; Payment
17 3: \$30,555.55 to be paid on August 1, 2018, representing the first 1/3 of the Aggrieved
18 Employees' Counsel Fees; Payment 4: \$30,555.55 to be paid on October 1, 2018, representing the
19 second 1/3 of the Aggrieved Employees' Counsel Fees; Payment 5: \$30,555.55 to be paid on
20 December 1, 2018, representing the third 1/3 of the Aggrieved Employees' Counsel Fees;
21 Payments 6 through 18: \$12,777.78 to be paid monthly, commencing on January 1, 2019 through
22 December 1, 2019, to be paid on the first date of each month, representing the amounts
23 distributable to the LWDA, Aggrieved Employees and Settlement Administration Costs. CitiStaff
24 shall be deemed to have fully met its payment obligations upon payment to the Settlement
25 Administrator of the foregoing payments and shall assume no responsibility for the security or
26 distribution of settlement funds following payment to the Settlement Administrator. Aggrieved
27 Employees' Counsel shall timely provide completed IRS Forms W-9 no later than five (5) days
28 after the Effective Date and any other information needed for the Settlement Administrator to make

1 payments. Any payment obligation by any party shall be tolled until the correct information is
2 provided as required by any party. Settlement Administrator shall prepare, file and send IRS Form
3 1099's for Settlement Payments made to Aggrieved Employees and for all other payments issued
4 out of the Gross Settlement Amount. Under no circumstances shall CitiStaff be required to pay
5 more than the Gross Settlement Amount. The amounts paid under this Agreement shall not be
6 credited toward or otherwise taken into consideration for purposes of any of CitiStaff or the
7 Released Persons' benefit plans, including any profit-sharing plans or bonus plans, to which any
8 Aggrieved Employee is eligible to participate. Rather, it is the parties' intention that this
9 Agreement will not affect any rights or amounts to which any Aggrieved Employee may be entitled
10 under any benefit plans.

11 **I. The Settlement Administrator**

12 Aggrieved Employees' Counsel designates CPT Group, Inc. an experienced Settlement
13 Administrator, to process and administer this Settlement. CitiStaff does not object to this
14 designation. The actions of the Settlement Administrator shall be governed by the terms of this
15 Agreement. In the event that either Counsel for CitiStaff or the Aggrieved Employees' Counsel
16 take the position that the Settlement Administrator is not acting in accordance with the terms of the
17 Agreement, such party shall meet and confer first with opposing counsel and then, if necessary,
18 with the Settlement Administrator and/or the Court. The Settlement Administrator will administer
19 the settlement, including, but not limited to, ascertaining best addresses through United States
20 Postal Service national change of address databases and skip-tracing, re-mailing notices as
21 required, distributing the Notice of Settlement and Settlement Payments and handling inquiries
22 about the calculation of individual Settlement Payments to the Aggrieved Employees pursuant to
23 the terms contained in this Agreement. The Settlement Administrator shall establish a physical
24 settlement payment center address, telephone number, and facsimile number to receive and timely
25 process Aggrieved Employees' inquiries about the Notice of Settlement, and process the payments
26 to the Aggrieved Employees under the terms of this Agreement. The Settlement Administrator
27 shall track and maintain proof of mailing for the Notice of Settlement Payment and Settlement
28 Payments and provide copies of these documents to counsel for CitiStaff upon reasonable notice.

1 The Settlement Administrator is not to destroy either proof of mailing or communications between
2 the Settlement Administrator and any individual who is sent a Notice of Settlement and Settlement
3 Payment without first receiving written confirmation from Defense Counsel authorizing them to do
4 so. The expiration date of the settlement checks will be one hundred and eighty (180) days from
5 the date that the settlement checks are mailed. The amount of any settlement checks that are
6 returned as undeliverable or not cashed by Aggrieved Employees within one hundred and eighty
7 (180) days of the date of the mailing of the settlement checks shall be sent to the Director of
8 Industrial Relations in the name of the Aggrieved Employee.

9 The Settlement Administrator shall not disburse the settlement funds except as provided
10 herein, as ordered by the Court, or as agreed upon, in writing, by Counsel for CitiStaff and
11 Aggrieved Employees' Counsel. Subject to further orders and/or directions as may be made by the
12 Court, the Settlement Administrator is authorized to execute such transactions on behalf of the
13 Aggrieved Employees as are consistent with the terms of this Agreement.

14 **J. Time For Disbursement**

15 Within ten (10) days of receipt of CitiStaff's final payment of the Gross Settlement
16 Amount, the Settlement Administrator shall cause to be issued checks to all Aggrieved Employees
17 and the LWDA under this Agreement. Payment to any Aggrieved Employee will be in the form of
18 a check issued for an amount calculated using the formulas contained in this Agreement. Funds
19 from any settlement checks remaining un-cashed after one hundred eighty (180) calendar days after
20 being issued shall be distributed to the Aggrieved Employees in the same manner as provided in
21 Section III (H)(2). Aggrieved Employees will be bound by all the terms of this Agreement,
22 regardless of whether that Aggrieved Employee receives and cashes his or her Settlement Payment.

23 **K. Circular 230 Disclaimer**

24 Each party to this Agreement acknowledges and agrees that (1) no provision of this
25 Agreement, and no written communication or disclosure between or among the parties or their
26 attorneys and other advisers, is or was intended to be, nor shall any such communication or
27 disclosure constitute or be construed or be relied upon as, tax advice within the meaning of United
28 States Treasury Department Circular 230 (31 CFR Part 10, as amended); (2) the party (a) has relied

1 exclusively upon his, her or its own independent legal and tax advisers for advice (including tax
2 advice) in connection with this Agreement, (b) has not entered into this Agreement based upon the
3 recommendation of any other party or any attorney or advisor to any other party, and (c) is not
4 entitled to rely upon any communication or disclosure by any attorney or adviser to any other party
5 to avoid any tax penalty that may be imposed on the party; and (3) no attorney or adviser to any
6 other party has imposed any limitation that protects the confidentiality of any such attorney's or
7 adviser's tax strategies (regardless of whether such limitation is legally binding) upon disclosure by
8 the party of the tax treatment or tax structure of any transactions, including any transactions
9 contemplated by this Agreement.

10 **IV. LIMITATIONS ON USE OF THIS SETTLEMENT**

11 **A. No Admission**

12 Neither the acceptance nor the performance by CitiStaff of the terms contained in this
13 Agreement or any of the related negotiations or proceedings is or shall be claimed to be, construed
14 as, or deemed a precedent or an admission by CitiStaff and/or the Released Persons of the truth of
15 any allegations in the Lawsuit, any violation of any federal, state or local law, ordinance or
16 regulation, any violation of any policy or procedure, or of any liability or wrongdoing whatsoever.

17 **B. Confidentiality**

18 Representative Plaintiffs and Aggrieved Employees' Counsel agree that the terms of this
19 Agreement (including, but not limited to, the settlement amount), the negotiations leading to the
20 execution of the Agreement and the terms of the Agreement itself shall not be discussed with or
21 publicized or promoted to the media (including, without limitation, legal periodicals and
22 publications such as "Jury Verdicts," or disclosure of the Agreement on any web site of Aggrieved
23 Employees' Counsel), or the public at large, without the advance written consent of CitiStaff. The
24 parties intend this paragraph to prohibit Aggrieved Employees' Counsel from discussing,
25 answering questions about, promoting or publicizing the Agreement, its terms, or the negotiations
26 leading to the Agreement with anyone other than the Court or those individuals necessary to
27 effectuate the terms of the Agreement. Notwithstanding the foregoing, Representative Plaintiffs
28 and the Aggrieved Employees' Counsel (1) may tell the public in general only that certain claims

1 “have been resolved by the parties;” and (2) may disclose the terms of the Agreement (a) in
2 appropriate filings with the Court in this case; (b) where required by law (e.g., income tax returns);
3 (c) as necessary to establish “adequacy of counsel” in other matters; and (d) to accountants or other
4 tax professionals for the purpose of preparing tax returns.

5 **C. Non-Evidentiary Use**

6 Neither this Agreement or its terms, nor any statements or conduct in the negotiation or
7 drafting of it, shall be admissible, offered or used as evidence by Representative Plaintiffs, any
8 Aggrieved Employee, CitiStaff, or its or their respective counsel, in the Lawsuit or any other
9 proceeding as evidence of liability or wrongdoing by CitiStaff and/or the Released Persons. This
10 Agreement may be used by CitiStaff and/or the Released Persons to prove or defend against any
11 claim released herein by any Aggrieved Employee in any judicial, quasi-judicial, administrative or
12 governmental proceeding. This Agreement shall not be subject to collateral attack by any
13 Aggrieved Employee. Such prohibited collateral attacked shall include, but not be limited to,
14 claims that the Aggrieved Employee failed, for any reason, to timely receive his or her Settlement
15 Payment.

16 **D. Nullification**

17 Should the court not approve this Agreement, the parties shall request leave and shall work
18 jointly to attempt to remedy the PAGA settlement in order to obtain the Court’s approval, provided,
19 however, that invalidation of any material portion of this Agreement shall invalidate this
20 Agreement in its entirety unless the parties agree in writing that the remaining provisions shall
21 remain in full force and effect. If the Court for any reason does not approve this Agreement, this
22 Agreement shall be considered null and void and all parties to this settlement shall stand in the
23 same position, without prejudice, as if the settlement had been neither entered into nor filed with
24 the Court.

25 **E. Code of Civil Procedure Section 384 Does Not Apply To The Gross Settlement**
26 **Amount**

27 The parties agree that California Civil Procedure Code section 384 is not applicable since
28 this is not a class action.

1 **F. Waiver of Appeals**

2 The parties agree to waive appeals; provided, however, that either party may appeal any
3 Order issued by the Court that materially alters the terms of the Agreement.

4 **V. RELEASE**

5 It is the desire of the Representative Plaintiffs, Aggrieved Employees, and CitiStaff to fully,
6 finally, and forever settle, compromise, and discharge disputes and claims arising from or related to
7 this Lawsuit. Upon the final approval by the Court of this Agreement and by operation of the
8 Agreement's terms, and except as to such rights or claims as may be created by this Agreement, all
9 Aggrieved Employees fully release and discharge the Released Persons from all Released Claims,
10 whether known or unknown, during the Settlement and Release Period. Any Aggrieved Employee
11 covered by this Agreement will be barred from proceeding with any Claim released by this
12 Agreement.

13 **VI. MISCELLANEOUS PROVISIONS**

14 **A. Amendments**

15 The terms and provisions of this Agreement may be amended only by a written agreement,
16 which is both (1) signed by each Representative Plaintiff, Aggrieved Employees' Counsel,
17 CitiStaff, and Counsel for CitiStaff and (2) approved by the Court.

18 **B. Jurisdiction of the Court to Enforce Terms of Agreement**

19 The parties stipulate and agree that the Court will retain jurisdiction both to (1) enforce the
20 terms of this Agreement following approval of the settlement pursuant to California Code of Civil
21 Procedure section 664.6, and (2) permanently enjoin and forever bar the Representative Plaintiff,
22 Aggrieved Employees' Counsel, or the Aggrieved Employees from instituting or prosecuting any
23 action against the Released Persons which was resolved as part of the Agreement. The parties agree
24 to the exclusive jurisdiction of the Court to enforce the terms and conditions contained herein.

25 **C. No Inducements**

26 Representative Plaintiffs and CitiStaff acknowledge that they are entering into this
27 Agreement as a free and voluntary act without duress or undue pressure or influence of any kind or
28 nature whatsoever and that neither Representative Plaintiffs nor CitiStaff has relied on any

1 promises, representations or warranties regarding the subject matter hereof other than as set forth in
2 this Agreement.

3 **D. No Prior Assignment**

4 The parties hereto represent, covenant, and warrant that they have not, directly or indirectly,
5 assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or
6 entity any portion of any liability, claim, demand, Lawsuit, cause of Lawsuit, attorneys' fees, or
7 rights herein released and discharged except as set forth herein. If any claims are made by any
8 Aggrieved Employee between the start of the Settlement Period and the date in which the Court
9 approves the Settlement outlined in this Agreement, such a claim will be deemed covered and
10 released by the individual Aggrieved Employee making the claim under the terms set forth herein.
11 Any Aggrieved Employee covered by this Agreement will be barred from proceeding with any
12 such claim.

13 **E. Representative Plaintiffs Personal Releases**

14 As part of the Agreement, Representative Plaintiffs Jorge Gonzalez, Teresa Nieto, and Luis
15 Silva grant CitiStaff and the Released Persons the Personal Release, as that term is defined in
16 Section II of this Agreement, in exchange for the consideration contained herein.

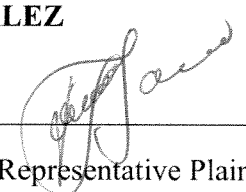
17 **F. Counterparts**

18 This Agreement, and any amendments hereto, may be executed in any number of
19 counterparts, each of which when executed and delivered shall be deemed to be an original and all
20 of which taken together shall constitute one and the same instrument. Signatures obtained via
21 facsimile, or copies of signatures, shall be deemed valid as if they were inked originals. This
22 Agreement will become effective on the date when the last person signs and dates it.

23 **IN WITNESS WHEREOF**, the parties hereto execute this Agreement and have caused this
24 Agreement to be executed by their duly authorized representatives.

25 **PLAINTIFF & REPRESENTATIVE PLAINTIFF**
26 **JORGE GONZALEZ**

27 Date: 03-23-18

28 

Jorge Gonzalez
Personally and as Representative Plaintiff

1 **PLAINTIFF & REPRESENTATIVE PLAINTIFF**
2 **TERESA NIETO**

3 Date: _____

4 Teresa Nieto
5 Personally and as Representative Plaintiff

6 **PLAINTIFF & REPRESENTATIVE PLAINTIFF**
7 **LUIS SILVA**

8 Date: 4/2/18

9 Luis Silva
10 Personally and as Representative Plaintiff

11 **DEFENDANT CITISTAFF SOLUTIONS, INC.**

12 Date: _____

13 **APPROVED AS TO FORM AND CONTENT**

14 **HAINES LAW GROUP, APC**

15 Date: _____

16 Paul K. Haines, Esq.
17 Counsel for Plaintiff Luis Silva and Aggrieved
18 Employees

19 **MOSS BOLLINGER, LLP**

20 Date: _____

21 Ari E. Moss, Esq.
22 Counsel for Plaintiffs Jorge Gonzalez and Teresa
23 Nieto and Aggrieved Employees

24 **GENERAL COUNSEL, CITISTAFF**

25 Date: _____

26 Charles Slater, Esq.
27 General Counsel for Defendant Citistaff Solutions,
28 Inc.

DEFENDANT CITISTAFF SOLUTIONS, INC.

Date: _____

APPROVED AS TO FORM AND CONTENT

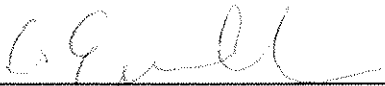
HAINES LAW GROUP, APC

Date: _____

Paul K. Haines, Esq.
Counsel for Plaintiff Luis Silva and Aggrieved
Employees

MOSS BOLLINGER, LLP

Date: 3/8/2018



Ari E. Moss, Esq.
Counsel for Plaintiffs Jorge Gonzalez and Teresa
Nieto and Aggrieved Employees

GENERAL COUNSEL, CITISTAFF

Date: _____

Charles Slater, Esq.
General Counsel for Defendant Citistaff Solutions,
Inc.

**PLAINTIFF & REPRESENTATIVE PLAINTIFF
TERESA NIETO**

Date: 3-26-18

Teresa Nieto
Teresa Nieto
Personally and as Representative Plaintiff

**PLAINTIFF & REPRESENTATIVE PLAINTIFF
LUIS SILVA**

Date: _____

Luis Silva
Personally and as Representative Plaintiff

DEFENDANT CITISTAFF SOLUTIONS, INC.

Date: _____

APPROVED AS TO FORM AND CONTENT

HAINES LAW GROUP, APC

Date: _____

Paul K. Haines, Esq.
Counsel for Plaintiff Luis Silva and Aggrieved
Employees

MOSS BOLLINGER, LLP

Date: _____

Ari E. Moss, Esq.
Counsel for Plaintiffs Jorge Gonzalez and Teresa
Nieto and Aggrieved Employees

GENERAL COUNSEL, CITISTAFF

Date: _____

Charles Slater, Esq.
General Counsel for Defendant Citistaff Solutions,
Inc.

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**PLAINTIFF & REPRESENTATIVE PLAINTIFF
TERESA NIETO**

Date: _____

Teresa Nieto
Personally and as Representative Plaintiff

**PLAINTIFF & REPRESENTATIVE PLAINTIFF
LUIS SILVA**

Date: _____

Luis Silva
Personally and as Representative Plaintiff

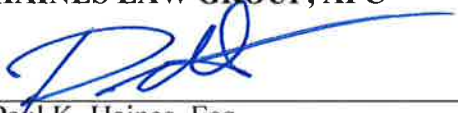
DEFENDANT CITISTAFF SOLUTIONS, INC.

Date: _____

APPROVED AS TO FORM AND CONTENT

HAINES LAW GROUP, APC

Date: 5/21/18



Paul K. Haines, Esq.
Counsel for Plaintiff Luis Silva and Aggrieved
Employees

MOSS BOLLINGER, LLP

Date: _____

Ari E. Moss, Esq.
Counsel for Plaintiffs Jorge Gonzalez and Teresa
Nieto and Aggrieved Employees

GENERAL COUNSEL, CITISTAFF

Date: _____

Charles Slater, Esq.
General Counsel for Defendant Citistaff Solutions,
Inc.

**PLAINTIFF & REPRESENTATIVE PLAINTIFF
TERESA NIETO**

Date: _____

Teresa Nieto
Personally and as Representative Plaintiff

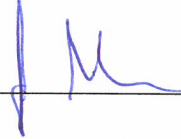
**PLAINTIFF & REPRESENTATIVE PLAINTIFF
LUIS SILVA**

Date: _____

Luis Silva
Personally and as Representative Plaintiff

DEFENDANT CITISTAFF SOLUTIONS, INC.

Date: 3-20-18



APPROVED AS TO FORM AND CONTENT

HAINES LAW GROUP, APC

Date: _____

Paul K. Haines, Esq.
Counsel for Plaintiff Luis Silva and Aggrieved
Employees

MOSS BOLLINGER, LLP

Date: _____

Ari E. Moss, Esq.
Counsel for Plaintiffs Jorge Gonzalez and Teresa
Nieto and Aggrieved Employees

GENERAL COUNSEL, CITISTAFF

Date: 3/20/18

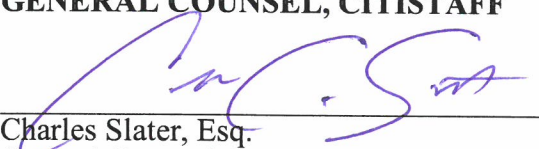

Charles Slater, Esq.
General Counsel for Defendant Citistaff Solutions,
Inc.

EXHIBIT A

<Mailing Date>

NOTICE OF SETTLEMENT

Re: *Gonzalez v. CitiStaff Solutions, Inc., Los Angeles Superior Court Case No. BC620115*
Silva v. CitiStaff Solutions, Inc., Los Angeles Superior Court Case No. BC622512

CPT

ID

<Name>

<Address>

<City, State Zip>

Dear <Name>,

A settlement was reached between Plaintiffs and Defendant in *Jorge Gonzalez v. CitiStaff Solutions, Inc.*, Los Angeles Superior Court Case No. BC620115 and *Luis Silva v. CitiStaff Solutions, Inc.*, Los Angeles Superior Court Case No. BC622512. On September 27, 2018, Judge David S. Cunningham III of the Superior Court of California, for the County of Los Angeles issued an Order approving the Settlement, which was brought pursuant to the Private Attorneys General Act of 2004 (“PAGA”). An action under PAGA is an enforcement action, in which an aggrieved employee acts as a private attorney general to collect penalties from employers. In reaching this settlement, CitiStaff Solutions, Inc. (“CitiStaff”) made no admission of liability and denied the truth of the allegations in the Complaint. However, to avoid additional expense, inconvenience, and interference with CitiStaff’s business operations, the parties have concluded that it is in the best interests of the parties to settle.

This settlement affects certain employees and former employees of CitiStaff. You are receiving this Notice of Settlement because you worked for CitiStaff in California and at some point between May 10, 2015 and September 12, 2016 (“Settlement and Release Period”) and you were provided with at least one wage statement during that time period.

Pursuant to Judge Cunningham’s Order, aggrieved employees will receive a per capita payment of the settlement funds. Your payment amount is <\$XX.XX>. Your check is enclosed with this Notice of Settlement and will remain valid for 180 days from the date of issuance. If you do not cash your check within the 180 days, the funds will be tendered to the Director of Industrial Relations in your name. If you are still employed by CitiStaff your decision to cash the enclosed payment will not affect your employment.

Payment of this settlement includes a release of any and all claims pursuant to California Labor Code § 2698 et seq. which were alleged based on the facts in the operative Complaint or notice to the California Labor Workforce Development Agency (“LWDA”) on behalf of Plaintiffs and all

aggrieved employees during the Settlement and Release Period. The release specifically includes all civil penalties or other amounts which are or may be available under or through the PAGA under any theory of liability upon which such civil penalties could have been recovered based upon the allegations in the operative Complaint or LWDA letter. This release only waives, and is limited to, the aggrieved employees' rights to collect civil penalties pursuant to PAGA for alleged violations of California Labor Code § 226.

If you have any questions concerning this Settlement please contact CPT Group, Inc.

Questions? Contact CPT Group at: 1 (XXX) XXX-XXXX

Exhibit 2

Haines Law Group, APC

Expense Summary

Silva v. CitiStaff

EXPENSE	AMOUNT
Copying and Postage Costs	\$162.47
Filing, Service, and Messenger Fees	\$1312.74
Jury Fees	\$158.00
Courtcall Fees	\$86.00
Mediation Costs	\$2133.34
Expert Fees	\$3,505.00
Mileage and Parking	\$28.76
Westlaw Charges	\$50.70
Deposition Costs	\$431.10
Miscellaneous Costs	\$16.50
TOTAL:	\$7,884.61