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21 and MAURICE WARREN, as aggrieved employees,

22 and on behalf of all other aggrieved employees

23 *(Additional Counsel listed on the next page)*

24 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

25 **FOR THE COUNTY OF SACRAMENTO**

26 ADRIAN CHAVEZ and MAURICE

27 WARREN, as aggrieved employees, and on

28 behalf of all other aggrieved employees under

the Labor Code Private Attorneys General Act

of 2004,

Plaintiff,

v.

PATHWAY STAFFING, INC., a California

Corporation; CAPITAL LUMBER CO., an

Arizona Corporation; CAPITAL LUMBER

COMPANY INCORPORATED, a California

Corporation; and DOES 1 through

100, inclusive,

Defendants.

CASE NO.: 34-2022-00329074

[Assigned for all purposes to the Hon. Jill Talley, Dept. 23]

**JOINT STIPULATION RE:
REPRESENTATIVE ACTION
SETTLEMENT**

ACTION FILED: October 28, 2022

TRIAL DATE: None Set

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1 **JOINT STIPULATION RE: REPRESENTATIVE ACTION SETTLEMENT**

2 This Joint Stipulation Re: Representative Action Settlement (“Settlement,” “Agreement,”
3 or “Settlement Agreement”) is made by and between plaintiffs Adrian Chavez and Maurice
4 Warren (“Plaintiffs”), on one hand; and defendants Pathway Staffing, Inc. (Pathway)
5 and Capital Lumber Co.(Capital) (collectively, “Defendants”), on the other hand. The
6 Agreement refers to Plaintiffs and Defendants collectively as “Parties,” or individually as
7 “Party.”

8 **I. DEFINITIONS**

9 **A.** **“Action”** means Plaintiffs’ lawsuits seeking PAGA civil penalties against
10 Defendants, captioned *Adrian Chavez v. Pathway Staffing, Inc., et al.*, Case No. 34-2022-
11 00329074, initiated on October 28, 2022, and pending before the Superior Court of the State of
12 California, County of Sacramento (“*Chavez Action*”) and captioned *Maurice Warren v. Capital*
13 *Lumber Co., et al.*, Case No. 23CV011759, initiated on November 15, 2023, and pending before
14 the Superior Court of the State of California, County of Sacramento (“*Warren Action*”). As part
15 of this Agreement, the Parties stipulate to Plaintiff Chavez filing a First Amended Complaint in
16 the *Chavez Action*, adding all allegations brought in the *Warren Action*, and requesting dismissal
17 without prejudice of the *Warren Action*, thereby effectively consolidating the two actions for
18 purposes of Settlement (hereinafter, the “Action”). The First Amended Complaint filed in the
19 *Chavez Action* will be the operative complaint in the Action (“Operative Complaint”).

20 **B.** **“Agreement,” “Settlement” or “Settlement Agreement”** means this Joint
21 Stipulation Re: Representative Action Settlement, and its exhibits, attached hereto and
22 incorporated herein.

23 **C.** **“Aggrieved Employees”** means all persons employed by Capital as non-exempt,
24 hourly-paid employees in California during the PAGA Period and all persons employed by
25 Pathway as non-exempt, hourly-paid employees who worked in California at Capital during the
26 PAGA Period.

27 **D.** **“Aggrieved Employee List”** means a complete list of all Aggrieved Employees
28 that Defendants will diligently and in good faith compile from their records and provide to the

1 Settlement Administrator after the Court grants approval of the Settlement. The Aggrieved
2 Employee List will include information regarding the Aggrieved Employees compiled from
3 Defendants' records and provided to the Settlement Administrator in a Microsoft Excel
4 spreadsheet, including each Aggrieved Employee's: (1) full name; (2) last known address; (3)
5 last known phone number; (4) social security number; and (5) hire date(s), termination dates(s)
6 (as applicable), and re-hire date(s) (as applicable).

7 **E. "Aggrieved Employee Address Search"** means the Administrator's
8 investigation and search for current Aggrieved Employees' mailing addresses using all
9 reasonably available sources, methods and means including, but not limited to, the National
10 Change of Address database, skip traces, and direct contact by the Administrator with Aggrieved
11 Employees.

12 **F. "Approval Order"** means the Court Order Granting Approval of PAGA
13 Settlement.

14 **G. "Court"** means the Superior Court of the State of California for the County of
15 Sacramento.

16 **H. "Defendants"** means Pathway Staffing, Inc., and Capital Lumber Co.

17 **I. "Defense Counsel"** means David Nusz of O'Hagan Meyer, LLP; and Hazel U.
18 Poei and Jonathan R. Stilz of Jackson Lewis P.C.

19 **J. "Effective Date"** means the date by which the last of the following has occurred:
20 (a) the Court has entered a judgment approving the settlement, and (b) the judgment becomes
21 final, meaning that the State of California has not filed an objection or sought to intervene, and
22 the judgment has been entered.

23 **K. "Gross Settlement Amount"** means the settlement amount of Three Hundred
24 Ninety Thousand Dollars and Zero Cents (\$390,000.00), subject to Paragraph III(K)(2) of this
25 Agreement. The Gross Settlement Amount represents a global settlement of all allegations,
26 claims, and causes of action asserted in the Action and will include all the following: Plaintiffs'
27 Counsel Attorneys' Fees (subject to Court approval), Plaintiffs' Counsel Attorneys' Costs
28 (subject to Court approval), Plaintiffs' Enhancement Payment (subject to Court approval),

1 Settlement Administration Costs (subject to Court approval), LWDA PAGA Payment, and
2 Individual PAGA Payments.

3 **L. “Individual PAGA Payment”** means the 25% of the Net Settlement Amount to
4 be paid to the Aggrieved Employees.

5 **M. “Individual Settlement Payment(s)”** means the *pro rata* amount payable to each
6 Aggrieved Employee from the 25% of the Net Settlement Amount to be calculated based on the
7 number of Pay Periods worked by the Aggrieved Employee.

8 **N. “Judgment”** means the judgment entered by the Court based upon the Final
9 Approval.

10 **O. “LWDA”** means the California Labor and Workforce Development Agency, the
11 agency entitled, under Labor Code section 2699, subd. (i).

12 **P. “LWDA PAGA Payment”** means the 75% of the Net Settlement Amount to be
13 paid to the LWDA under Labor Code section 2699, subd. (i).

14 **Q. “Net Settlement Amount”** means the Gross Settlement Amount, less the
15 following payments, in the amounts approved by the Court: Plaintiffs’ Counsel’s Attorneys’
16 Fees, Plaintiffs’ Counsel’s Attorneys’ Costs, Plaintiffs’ Enhancement Payment and Settlement
17 Administration Costs.

18 **R. “PAGA”** means the Private Attorneys General Act of 2004 as codified in
19 California Labor Code section 2698, *et seq.*

20 **S. “PAGA Notice”** means Plaintiffs’ letters to Defendants and the LWDA providing
21 notice pursuant to Labor Code section 2699.3, subd. (a).

22 **T. “PAGA Payment Letter”** means a letter that the Settlement Administrator will
23 send to each Aggrieved Employee with his or her Individual Settlement Payment, which explains
24 the reason for the Individual Settlement Payment, substantially in the form attached hereto as
25 Exhibit “A,” excluding any revisions by the Court.

26 **U. “PAGA Penalties”** means the total amount of PAGA civil penalties to be paid
27 from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees and the 75% to
28 LWDA in settlement of PAGA claims.

1 **V. “PAGA Period”** means the period from August 26, 2021 through October 10,
2 2024.

3 **W. “PAGA Released Claims”** means the claims being released by Plaintiff,
4 Aggrieved Employees and, to the extent permitted by law, the State of California, and as
5 described in section III(I)(1) of this Agreement.

6 **X. “Pay Period”** means any pay period when an Aggrieved Employee worked at any
7 time as an employee for Defendants in a non-exempt, hourly-paid position during the PAGA
8 Period, based on timekeeping data and applicable hire dates, re-hire dates (as applicable), and
9 termination dates (as applicable).

10 **Y. “Parties”** means, collectively, Plaintiffs and Defendants.

11 **Z. “Plaintiffs” or “Named Plaintiffs”** shall refer to Adrian Chavez and Maurice
12 Warren.

13 **AA. “Plaintiffs’ Counsel”** means: David D. Bibiyan and Vedang J. Patel of Bibiyan
14 Law Group, P.C. and Roman Otkupman and Nidah Farishta of Otkupman Law Firm.

15 **BB. “Plaintiffs’ Counsel’s Attorneys’ Costs”** means the amount not to exceed Fifty
16 Thousand Dollars and Zero Cents (\$50,000.00), according to proof and subject to approval by
17 the Court. Plaintiffs’ Counsel’s Attorneys’ Costs will be paid from, and not in addition to, the
18 Gross Settlement Amount. The amount of Plaintiffs’ Counsel’s Attorneys’ Costs shall include
19 all past and future attorneys’ costs to Plaintiffs’ Counsel—including, without limitation, all costs
20 expended by Plaintiffs’ Counsel in defending the Settlement and securing approval of the
21 Settlement (including any appeals).

22 **CC. “Plaintiffs’ Counsel’s Attorneys’ Fees”** means the amount not to exceed one
23 third (1/3) of the Gross Settlement Amount which, subject to section III(K)(2) of this Agreement
24 and approval by the Court, amounts to \$130,000.00. Plaintiffs’ Counsel’s Attorneys’ Fees will
25 be paid from, and not in addition to, the Gross Settlement Amount. The amount of Plaintiffs’
26 Counsel’s Attorneys’ Fees shall include all past and future attorneys’ fees to Plaintiffs’
27 Counsel—including, without limitation, all time expended by Plaintiffs’ Counsel in defending
28 the Settlement and securing approval of the Settlement (including any appeals).

1 **DD. "Plaintiffs' Enhancement Payment"** means the payment of up to \$7,500.00 each
2 to Plaintiff Chavez and Plaintiff Warren for initiating the Action and providing services in
3 support of the Action, subject to Court approval and paid out of the Gross Settlement Amount.

4 **EE. "Released Parties"** shall refer to Defendants and their former, present and future
5 owners, parents, subsidiaries, affiliated companies, and all of their current, former and future
6 officers, directors, members, managers, executive-level employees, consultants, partners,
7 shareholders, joint venturers, agents, successors, assigns, accountants, insurers, or legal
8 representatives.

9 **FF. "Settlement Administration Costs"** means the costs payable from the Gross
10 Settlement Amount to the Settlement Administrator for administering this Settlement. All
11 Settlement Administration Costs shall be paid from, and not in addition to, the Gross Settlement
12 Amount. The Settlement Administration Costs include, but are not limited to, the required tax
13 reporting on the Individual Settlement Payments, the issuance of appropriate tax forms, as
14 needed, the confirmation/audit of claims for payments for compliance with the Settlement, the
15 calculation and distribution of all payments to be made pursuant to the Settlement, and the
16 provision of reports and declarations. The Settlement Administration Costs are currently
17 estimated to be no more than \$4,950.00. If the actual amount of the Settlement Administration
18 Costs is less than \$4,950.00, the difference between \$4,950.00 and the actual Settlement
19 Administration Costs shall be added to the Individual PAGA Payment. If the Settlement
20 Administration Costs exceed \$4,950.00, then such excess will be paid solely from the Gross
21 Settlement Amount and Defendants will not be responsible for paying any additional funds in
22 order to pay these additional costs.

23 **GG. "Settlement Administrator" or "Administrator"** means the third-party
24 administrator mutually chosen by the Parties based on bids obtained from at least two (2) and up
25 to three (3) mutually agreeable proposed settlement administrators and approved by the Court
26 that will be responsible for the administration of the Settlement. The Parties will obtain a not-to-
27 exceed quote from the mutually acceptable qualified settlement administrator for claims
28

1 administration costs. The Settlement Administrator mutually agreed upon by the Parties is ILYM
2 Group, Inc. ("ILYM").

3 **II. BACKGROUND**

4 1. **The Action.** On or around August 26, 2022, Plaintiff Chavez provided written
5 notice pursuant to Labor Code section 2699.3 online and by certified mail, with return receipt
6 requested, of Defendants' violation of various, including the herein-described, provisions of the
7 Labor Code, to the LWDA, as well as by certified mail, with return receipt requested to
8 Defendants, and provided written notice to Defendants under Labor Code section 2810.3,
9 subdivision (d) that Plaintiff Chavez would hold them liable for each other's wage and hour
10 violations. ("*Chavez* PAGA Notice"). On October 28, 2022, after sixty-five (65) days had passed
11 without any action by the LWDA with respect to the alleged Labor Code violations, Plaintiff
12 Chavez filed a representative action under PAGA against Defendants for the Labor Code
13 violations set out in the PAGA Notice (the "*Chavez* PAGA Action"). On September 7, 2023,
14 Plaintiff Warren provided written notice pursuant to Labor Code section 2699.3 online and by
15 certified mail, with return receipt requested, of Defendant Capital's violation of various,
16 including the herein-described, provisions of the Labor Code, to the LWDA, as well as by
17 certified mail, with return receipt requested to Defendant Capital ("*Warren* PAGA Notice"). On
18 November 15, 2023, after sixty-five (65) days had passed without any action by the LWDA with
19 respect to the alleged Labor Code violations, Plaintiff Warren filed this representative action
20 under PAGA against Defendant Capital for the Labor Code violations set out in the PAGA Notice
21 (the "*Warren* PAGA Action"). As part of this Agreement, the Parties stipulate to Plaintiff Chavez
22 filing a First Amended Complaint in the *Chavez* Action, adding all allegations brought in the
23 *Warren* Action, and requesting dismissal without prejudice of the *Warren* Action, thereby
24 effectively consolidating the two actions for purposes of Settlement (hereinafter, the "Action").
25 The First Amended Complaint filed in the *Chavez* Action will be the operative complaint in the
26 Action ("Operative Complaint").

27 **A. Informal Discovery.** After the filing of the *Chavez* Action and the *Warren*
28 Action, the Parties agreed to exchange informal discovery and attended an early mediation, in

1 which Plaintiffs were provided with, among other things: (1) time and payroll records of current
2 and former direct employees of Defendant Capital Lumber Co. and employees staffed by
3 Defendant Pathway Staffing, Inc., at Defendant Capital Lumber Co. from August 26, 2021
4 through mediation; (2) data points, including the number of employees from August 26, 2021
5 through mediation, the average base hourly rate of pay for direct employees and the number of
6 Pay Periods from June 22, 2021 through mediation; (3) the applicable employee handbooks and
7 policies of Defendants; (4) samples of Defendant Capital Lumber Co. meal period waivers; and
8 (5) Plaintiffs' time records, paystubs and personnel file.

9 **B. Mediation.** On August 7, 2024, the Parties participated in a full-day mediation
10 before mediator Gig Kyriacou, Esquire, a well-regarded mediator experienced in mediating
11 complex labor and employment matters. With the aid of the mediator's evaluation, the Parties
12 reached this Settlement to resolve the Action.

13 **C. Plaintiffs' Position as to Settlement.** Plaintiffs' Counsel have conducted
14 significant investigation of the law and facts relating to the claims asserted in the Action, and
15 have concluded that the Settlement set forth herein is fair, reasonable, adequate, and in the best
16 interests of Aggrieved Employees, and to the extent permitted by law, the State of California,
17 taking into account the sharply contested issues involved, the expense and time necessary to
18 litigate the Action through trial and any appeals, the risks and costs of further litigation, the risk
19 of an adverse outcome, the uncertainties of complex litigation, the information learned through
20 informal discovery regarding Plaintiffs' allegations, and the substantial benefits to be received
21 by Aggrieved Employees.

22 **D. Defendants' Position as to Settlement.** Defendants and the Released Parties
23 deny that they have engaged in any unlawful activity, deny that they have failed to comply with
24 the law in any respect, and deny that they have any liability to anyone under the claims asserted
25 in the Action. This Agreement is entered into solely for the purpose of compromising highly
26 disputed claims. Nothing in this Agreement is intended or shall be construed as an admission of
27 liability or wrongdoing by Defendants or the Released Parties. This Settlement and the fact that
28 Plaintiffs and Defendants were willing to settle the Action will have no bearing on, and will not

1 be admissible in connection with, any litigation (other than solely in connection with effectuating
2 the Settlement pursuant to this Agreement).

3 **III. TERMS OF SETTLEMENT**

4 **A. All Terms Subject to Court Approval.** The Court has jurisdiction over the
5 Parties and the subject matter of the Action. The Action includes claims that, if proven, would
6 authorize the Court to grant relief pursuant to the applicable statutes. This Agreement shall be
7 submitted to the Court for approval and final judgment. The Parties agree that upon the dismissal
8 of this case pursuant to the terms of this Agreement, this Settlement Agreement shall be
9 enforceable by the Court pursuant to Code of Civil Procedure section 664.6 and the Court shall
10 retain exclusive and continuing equity jurisdiction of this Action over all Parties and Aggrieved
11 Employees to interpret and enforce the terms, conditions and obligation of the Settlement
12 Agreement. Should the Court not grant approval of the Settlement as described in this Settlement
13 Agreement, then the entirety of this Settlement Agreement shall be null and void.
14 Notwithstanding the foregoing, the Parties agree to meet and confer to address any Court
15 concerns regarding the Settlement, including the filing of any supplemental briefs, amended
16 settlement agreement(s), or other documents mutually acceptable by the Parties and their counsel.

17 **B. Gross Settlement Amount.** Defendants shall pay the Gross Settlement Amount
18 of Three Hundred Ninety Thousand Dollars and Zero Cents (\$390,000.00) to settle the PAGA
19 Action, subject to section III(K)(2) of this Agreement. The Gross Settlement Amount will satisfy
20 all of Defendants' liabilities arising from the Settlement. No portion of the Gross Settlement
21 Amount shall revert to Defendants.

22 **C. Plaintiffs' Counsel's Attorneys' Fees and Costs.** Plaintiffs' Counsel shall apply
23 for an award of Plaintiffs' Counsel's Attorneys' Fees and Plaintiffs' Counsel's Attorneys' Costs,
24 as described and defined in this Agreement. Defendants will not oppose Plaintiffs' request
25 consistent with this Settlement. Awards of Plaintiffs' Counsel's Attorneys' Fees and Plaintiffs'
26 Counsel's Attorneys' Costs shall be paid out of the Gross Settlement Amount, for all past and
27 future attorneys' fees and costs necessary to prosecute, settle, and obtain approval of this
28 Settlement. There will be no additional charge of any kind to either the Aggrieved Employees or

1 any request for additional consideration from Defendants for such work unless Defendants
2 materially breach this Agreement, including any term regarding funding, and further efforts are
3 necessary from Plaintiffs' Counsel to remedy said breach, including, without limitation, moving
4 the Court to enforce the Agreement. Should the Court approve Plaintiffs' Counsel's Attorneys'
5 Fees and Plaintiffs' Counsel's Attorneys' Costs in an amount less than the amounts provided
6 herein, then the unapproved portion(s) shall be a part of the Net Settlement Amount.

7 **D. Plaintiffs' Enhancement Payment.** Plaintiffs will request and apply for the
8 Enhancement Payment referred to in Paragraph I(DD) of this Agreement in exchange for general
9 releases referred to in Paragraph III(I)(4). Specifically, Plaintiffs will each apply for a payment
10 of up to Seven Thousand Five Hundred Dollars and Zero Cents (\$7,500.00). The Enhancement
11 Payment shall be paid from, and not in addition to, the Gross Settlement Amount. Any amounts
12 not awarded by the Court under this provision shall be included in the Individual PAGA Payment.
13 Defendants agree not to oppose any such application which is consistent with this paragraph.

14 **E. LWDA PAGA Payment.** Subject to Court approval, the Parties agree that an
15 amount equal to seventy-five percent (75%) of the PAGA Penalties of \$190,050.00 will be paid
16 to the LWDA in settlement of all representative claims alleged by or on behalf of Plaintiffs and
17 the Aggrieved Employees. Should the Court grant Plaintiffs' Counsel's Attorneys' Fees,
18 Plaintiffs' Counsel's Attorneys' Costs, Plaintiffs' Enhancement Payment and Settlement
19 Administration Costs, and subject to section III(K)(2) of this Agreement, the amount paid to the
20 LWDA will be no less than \$142,537.50 (75%), and no less than \$47,512.50 (25%) of the Net
21 Settlement Amount will be available for Individual Settlement Payments to Aggrieved
22 Employees.

23 1) **Individual Settlement Payments.** Subject to Court approval, the Parties
24 agree that an amount equal to twenty-five percent (25%) of the PAGA Penalties (Aggrieved
25 Employees' Portion) which, subject to section III(K)(2) of this Agreement, amounts to
26 \$52,512.50, will be paid to the Aggrieved Employees in settlement of the PAGA Released
27 Claims. Individual Settlement Payments will be calculated and apportioned from the Aggrieved
28 Employees' Portion based on the number of Pay Periods an Aggrieved Employee worked during

1 the PAGA Period. The Settlement Administrator will determine the total number of Pay Periods
2 worked by each Aggrieved Employee during the PAGA Period based on the data provided by
3 Defendants in the Aggrieved Employee List and the aggregate number of Pay Periods worked by
4 all Aggrieved Employees during the PAGA Period. To determine each Aggrieved Employee's
5 Individual Settlement Payment, the Parties agree that the Settlement Administrator will use the
6 following formula: Individual Settlement Payment = (Aggrieved Employee's Pay Periods
7 worked during the PAGA Period / Aggregate Number of Aggrieved Employees' Pay Periods
8 worked during the PAGA Period) x (0.25 x PAGA Penalties). Defendants agree this formula is
9 reasonable and that the payments are designed to provide a fair settlement to each Aggrieved
10 Employee in light of the uncertainties regarding the penalties alleged to be owed and the
11 calculation of such amounts.

12 **F. Tax Treatment of Settlement Payments.** All Individual Settlement Payments
13 will be characterized as civil penalties, and IRS Forms 1099-MISC will be issued as necessary.
14 The payment of Plaintiffs' Counsel's Attorneys' Fees and Plaintiffs' Counsel's Attorneys' Costs
15 will also be reported on IRS Forms 1099-MISC. The Settlement Administrator will issue all such
16 forms.

17 **G. Aggrieved Employees' Tax Liability.** Other than the reporting requirements set
18 forth in this Agreement, the Aggrieved Employees shall be responsible for the reporting and
19 payment of any federal, state, and/or local income or other tax or any other withholdings, if any,
20 on any of the payments made pursuant to this Agreement. Counsel for Plaintiffs and Defendants
21 make no representations, and it is understood and agreed that Counsel for Plaintiffs and
22 Defendants have made no representations as to the taxability of any portions of the Individual
23 Settlement Payments to any Aggrieved Employee, the payment of any costs or an award of
24 attorneys' fees, or any payments to Plaintiffs. The PAGA Payment Letter (Exhibit "A") will
25 inform Aggrieved Employees of the opportunity to seek their own tax advice in connection with
26 their receipt of Individual Settlement Payments.

27 **H. Defendants' Tax Liability.** The Parties do not expect there to be any employer
28 side taxes arising from this Settlement because this a settlement of a representative action for

1 civil penalties. If it is determined that employer side taxes exist on the Gross Settlement Amount,
2 such taxes will be funded by the Gross Settlement Amount.

3 **I. Waivers and Releases**

4 1) PAGA Released Claims. Effective only upon the entry of an Order
5 granting approval of this Settlement, entry of Judgment, and payment by Defendants to the
6 Settlement Administrator of the full Gross Settlement Amount to effectuate the Settlement,
7 Plaintiff, Aggrieved Employees, and, to the extent permitted by law, the State of California,
8 release the Released Parties, for the duration of the PAGA Period, from any and all claims, debts,
9 liabilities, demands, actions, or causes of action for civil penalties that were alleged or which
10 could have been alleged based on the factual allegations in the Operative Complaint and in the
11 PAGA Notice.

12 2) Exclusions to the PAGA Released Claims. The releases above expressly
13 exclude all other claims, including all non-PAGA claims for wage and hour violations, as well
14 as, without limitation, claims for vested benefits, wrongful termination, unemployment
15 insurance, disability, social security, workers' compensation, and any other claims arising outside
16 of the PAGA Period and as alleged in the Operative Complaint except as set forth in Section
17 III(I)(4)-(5) below.

18 3) Aggrieved Employees are bound by the Settlement. Because there is no
19 right to opt out of a PAGA settlement, all Aggrieved Employees will receive a proportional
20 distribution from the Settlement monies and will be bound by this Settlement Agreement, upon
21 its approval by the Court, regardless of whether they negotiate their settlement check. The Parties
22 agree that there is no statutory right for any Aggrieved Employee to object, opt out, or otherwise
23 exclude himself or herself from the Settlement Agreement. Except as otherwise stated, Plaintiffs
24 will vigorously defend against any attempt by any Aggrieved Employee or by any entity or
25 agency to intervene in this matter or object to/opt-out.

26 4) General Release by Plaintiffs. Effective only upon the entry of an Order
27 granting approval of the Settlement, entry of Judgment, and payment by Defendants to the
28 Settlement Administrator of the full Gross Settlement Amount, in addition to the PAGA Released

1 Claims, Plaintiffs make the additional following General Release: Plaintiffs will fully and finally
2 release the Released Parties from any and all claims, known and unknown, under federal, state
3 and/or local law, statute, ordinance, regulation, common law, or other source of law, including
4 but not limited to claims arising from or related to their respective employment with Defendants
5 and their respective compensation while being employed by Defendants through the date of
6 signing this Settlement Agreement. Released claims include, but are not limited to, all claims
7 arising from or reasonably related to the Action, whether pled or not pled. ("Plaintiffs' Released
8 Claims"). This release excludes the release of claims not permitted by law.

9 5) Plaintiffs' Waiver of Rights Under California Civil Code Section 1542. As
10 partial consideration for Plaintiffs' enhancement payment, Plaintiffs' Released Claims shall
11 include all such claims, whether known or unknown. Thus, even if Plaintiffs discover facts and/or
12 claims in addition to or different from those that they now know or believe to be true with respect
13 to the subject matter of Plaintiffs' Released Claims, those claims will remain released and forever
14 be barred. Therefore, with respect to Plaintiffs' Released Claims, Plaintiffs expressly waive and
15 relinquish the provisions, rights and benefits of California Civil Code section 1542, which reads:

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

20 6) The release expressly excludes Plaintiff Adrian Chavez's claims under the
21 Fair Employment and Housing Act, and the California Family Rights Act, as well as his claims
22 for intentional infliction of emotional distress, negligent infliction of emotional distress, wrongful
23 termination in violation of public policy, and related claims which shall not be affected by this
24 Agreement.

25 **J. Settlement Administration**

26 1) Settlement Administrator's Duties in General. The Settlement
27 Administrator shall be responsible for: (a) processing the data provided by Defendants to be used
28 in calculating the Individual Settlement Payments; (b) preparing, printing, and mailing to the

1 Aggrieved Employees the PAGA Payment Letter (attached hereto as Exhibit "A"), as well as
2 following up with reasonable skip tracing; (c) calculating and mailing Individual Settlement
3 Payments to Aggrieved Employees; (d) filing any required federal and state tax forms and related
4 agency reporting; (e) filing any required reports with the Court; and (f) all other tasks described
5 in this Agreement, as to which the Parties mutually agree, and/or which the Court orders the
6 Settlement Administrator to perform.

7 2) Delivery of the Aggrieved Employee List. Within forty-five (45) calendar
8 days before the hearing on the Motion for Approval, Defendants will provide the Aggrieved
9 Employee List to the Settlement Administrator. The Administrator shall maintain the Aggrieved
10 Employee List as private and confidential and shall not disclose such data to any persons or
11 entities other than Defendants' Counsel. The Aggrieved Employee List is being supplied solely
12 to be used for settlement notification and settlement administration purposes and shall not be
13 used for any other purpose by the Administrator. No later than three (3) days after receipt of the
14 Aggrieved Employee List, the Administrator shall notify counsel for the Parties that the
15 Aggrieved Employee List has been received. At the same time, the Administrator will also inform
16 PAGA Counsel and Defense Counsel if the number of Pay Periods during the PAGA Period has
17 exceeded 11,668 Pay Periods.

18 3) Funding of the Gross Settlement Amount. Defendant Pathway will
19 contribute and fund a total of \$72,250.00 (SEVENTY TWO THOUSAND TWO HUNDRED
20 FIFTY DOLLARS AND ZERO CENTS) and Defendant Capital will contribute and fund a total
21 of \$317,750.00 (THREE HUNDRED SEVENTEEN THOUSAND SEVEN HUNDRED FIFTY
22 DOLLARS AND ZERO CENTS) to the Gross Settlement Amount. Within fourteen (14)
23 calendar days after the Effective Date, Defendants shall fully fund the Gross Settlement Amount
24 by depositing it into a settlement fund to be established by the Settlement Administrator.

25 4) Distribution of Settlement Payments. Within seven (7) calendar days after
26 Defendants deposit fully the Gross Settlement Amount into a settlement fund, the Settlement
27 Administrator will issue payments to: (a) the Aggrieved Employees; (b) the LWDA; (c)
28 Plaintiffs' Counsel for the Attorneys' Fees Payment and Plaintiffs' Counsel's Attorneys' Costs

1 Payment; (d) the Settlement Administrator; and (e) Plaintiffs' Enhancement Payment. The
2 Settlement Administrator will mail Individual Settlement Payments to the Aggrieved Employees,
3 along with the PAGA Payment Letter (attached as Exhibit "A"), via regular First-Class U.S.
4 Mail, using the most current, known mailing addresses identified in the Aggrieved Employee
5 List. The Settlement Administrator will also issue a payment to itself for Court-approved services
6 performed in connection with the Settlement twenty (20) calendar days after the Effective Date.

7 5) Reports Regarding Settlement Administration. The Settlement
8 Administrator will provide Defendants' Counsel and Plaintiffs' Counsel reports regarding the
9 administration of the Settlement Agreement as needed or requested.

10 6) Procedures for Uncashed Checks. Checks for Individual Settlement
11 Payments shall be negotiable for one hundred eighty (180) calendar days from the date of their
12 issuance. If a check is returned to the Settlement Administrator as undeliverable during the 180-
13 day period, the Settlement Administrator shall make all reasonable efforts to identify the
14 Aggrieved Employee's correct address, including the performance of a "skip-trace." If an
15 updated address can be identified, the Settlement Administrator shall issue another check to the
16 Aggrieved Employee and mail it to the Aggrieved Employee at his or her updated address. An
17 Aggrieved Employee who failed to receive their Individual Settlement Payment check despite
18 the procedures described herein shall nevertheless remain bound by the Settlement and the
19 release of the PAGA Released Claims contained herein. The funds represented by Individual
20 Settlement Payment checks remaining uncashed for more than 180 days after issuance
21 (collectively, the "Uncashed Settlement Checks") shall be canceled and funds associated with
22 such checks shall be transmitted to the California State Controller's Office, Unclaimed Property
23 Division in the name of each Aggrieved Employee thereby leaving no unpaid residue pursuant
24 to the requirements of Code of Civil Procedure section 384.

25 7) Notice to the LWDA. Before or concurrent with Plaintiffs' filing of this
26 Agreement for approval, Plaintiffs' Counsel will send this agreement to the LWDA pursuant to
27 Section 2699(1)(2) of the California Labor Code. Plaintiffs or Plaintiffs' Counsel will also file a
28 declaration in support of the motion for Settlement Approval confirming that they have submitted

1 the Settlement to the LWDA in compliance with Labor Code § 2699(l). Upon entry of judgment
2 by the Court, Plaintiffs' Counsel shall submit a copy of the judgment to the LWDA.

3 8) Declaration of Payment. Within sixty (60) calendar days after the
4 Effective Date, the Settlement Administrator shall prepare a declaration of payment stating that
5 all payments required under the Settlement have been made. Plaintiffs' Counsel shall file the
6 Settlement Administrator's declaration with the Court if requested by the Court.

7 9) Declaration Regarding Uncashed Settlement Check Funds. Within ten
8 (10) calendar days after the date the Settlement Administrator transfers the total amount of funds
9 represented by the Uncashed Settlement Checks to the Unclaimed Property Division, the
10 Settlement Administrator will prepare a declaration stating the total amount of funds represented
11 by the Uncashed Settlement Checks and confirm that the procedures for the treatment of
12 Uncashed Settlement Checks established by this Agreement have been followed. Plaintiffs'
13 Counsel shall file the Settlement Administrator's declaration with the Court if requested by the
14 Court.

15 **K. Miscellaneous Provisions**

16 1) Acknowledgement that the Settlement is Fair, Adequate, and Reasonable.
17 The Parties and their respective counsel believe that this Settlement is a fair, adequate, and
18 reasonable settlement of the Action, and they have arrived at this Settlement through arm's-length
19 negotiations, taking into account all relevant factors, present and potential.

20 2) Increase in Pay Periods. Defendants represent that there are no more than
21 10,607 Pay Periods worked by Aggrieved Employees during the PAGA Period. If the actual
22 number of Pay Periods worked by Aggrieved Employees during the PAGA Period increases by
23 more than 10% greater than this number (i.e., if there are more than 11,668 Pay Periods), then
24 the Gross Settlement Amount shall be increased proportionally by the Pay Periods worked in
25 excess of 11,668 multiplied by the Pay Period Value or the PAGA Period shall be shortened such
26 that the number of Pay Periods does not exceed 11,668. Defendants shall have to right to
27 determine which option shall apply. The Pay Period Value shall be calculated by dividing the
28 Gross Settlement Amount by 10,607. The Parties agree that the Workweek Value amounts to

1 \$36.77 per Pay Period (\$390,000.00 / 10,607 Pay Periods). Thus, for example, should there be
2 12,000 Pay Periods in the PAGA Period, then the Gross Settlement Amount shall be increased
3 by \$12,207.64 (12,000 Pay Periods – 11,668 Pay Periods x \$36.77/Pay Period.) Alternatively, at
4 Defendants' option, the PAGA Period shall be shortened such that the number of Pay Periods
5 does not exceed 11,668. Defendant shall notify Plaintiffs' Counsel of their election within fifteen
6 (15) days of when the Settlement Administrator informs Plaintiffs' Counsel and Defense Counsel
7 that the number of Pay Periods during the PAGA Period has exceeded 11,668 Pay Periods.

8 3) Mutual Cooperation. The Parties and their counsel will cooperate with
9 each other and use their best efforts to effect the implementation of the Settlement. Such
10 cooperation shall include, but is not limited to, the execution of such other documents and the
11 taking of such other actions as may reasonably be necessary to fulfill the terms of this Settlement
12 or as requested by the Court. The Parties shall use their best efforts, including all efforts
13 contemplated by this Agreement and any other efforts that may become necessary by Court
14 Order, or otherwise, to effectuate this Agreement and the terms set forth herein.

15 4) Motion for Approval. Plaintiffs' Counsel shall be responsible for
16 expeditiously finalizing and filing the motion for approval of this Settlement after the full
17 execution of this Settlement Agreement and, if necessary, obtaining the soonest available hearing
18 date for the motion and appearing in Court to advocate in favor of the motion. Should this
19 Settlement Agreement be approved by the Court, Plaintiffs' Counsel is responsible for delivering
20 the Court's Approval Order to the Administrator. The Parties agree to provide any and all notices
21 to the LWDA required to effectuate this Settlement, including but not limited to the notice
22 required by California Labor Code section 2699 subdivision (1)(2).

23 5) No Admissions by the Parties. Plaintiffs have claimed and continue to
24 claim that the PAGA Released Claims have merit and give rise to liability on the part of
25 Defendants. Defendants claim that the PAGA Released Claims have no merit and do not give
26 rise to liability. This Agreement is a compromise of disputed claims. Nothing contained in this
27 Agreement and no documents referred to herein and no action taken to carry out this Agreement
28 shall constitute an admission on behalf of Defendants of any form of liability or the accuracy of

1 any allegation made by Plaintiffs or Plaintiffs' Counsel.

2 6) Amendment or Modification. This Agreement, and any and all parts of it,
3 may be amended, modified, changed, or waived only by an express written instrument signed by
4 all Parties or their successors-in-interest.

5 7) Mutual Drafting of Agreement. The Parties agree that the terms of this
6 Agreement and the accompanying exhibits are the result of substantial, arm's-length
7 negotiations, and that this Agreement shall not be construed in favor of or against any of the
8 Parties by reason of the extent to which any of the Parties or their respective counsel participated
9 in the drafting of this Agreement.

10 8) Attorney Authorization. Counsel for the Parties warrant and represent that
11 they are authorized by Plaintiffs and Defendants, respectively, to take all appropriate action
12 required or permitted to be taken by such Parties pursuant to this Settlement to effectuate its
13 terms, and to execute any other documents required to effectuate the terms of this Settlement.

14 9) Binding on Successors and Assigns. This Agreement is binding upon, and
15 inures to the benefit of, the Parties' successors and assigns.

16 10) Governing Law. This Agreement shall be governed by and interpreted
17 according to the laws of the State of California.

18 11) Exhibit(s) Incorporated by Reference. The terms of this Agreement
19 include the terms set forth in any attached exhibit(s), which are incorporated by reference as
20 though fully set forth herein. Any exhibit to this Agreement is an integral part of the Settlement.

21 12) Invalidity of Any Provision. The Parties request that the Court, before
22 declaring any provision of this Agreement invalid, first attempt to construe the validity of the
23 provision(s) to the fullest extent possible consistent with applicable precedents so as to define all
24 provisions of this Settlement valid and enforceable.

25 13) Notices. Whenever this Agreement requires or contemplates that one of
26 the Parties shall or may give notice to the other, notice shall be provided by e-mail and/or next-
27 day (excluding Saturdays, Sundays, and holidays) express delivery service addressed to the
28 address of the Party's counsel appearing in this Agreement.

1 14) Jurisdiction of the Court. The Parties agree that the Court shall retain
2 jurisdiction under Code of Civil Procedure section 664.6 with respect to the interpretation,
3 implementation, and enforcement of the terms of this Agreement and all orders and judgments
4 entered in connection therewith, and the Parties and their respective counsel hereto submit to the
5 jurisdiction of the Court for purposes of interpreting, implementing, and enforcing the settlement
6 embodied in this Agreement and all orders and judgments entered in connection therewith.

7 15) Binding Agreement. The Parties intend that this Agreement shall be fully
8 enforceable and binding on all Parties, and that it shall be admissible and subject to disclosure in
9 any proceeding solely to enforce its terms, notwithstanding any mediation confidentiality
10 provisions that otherwise might apply under federal or state law.

11 16) Entire Agreement. This Agreement and any attached exhibits constitute
12 the entirety of the Parties' settlement terms as it pertains to this subject matter (*i.e.*, settlement
13 and release of the PAGA Released Claims by Aggrieved Employees). No other prior or
14 contemporaneous written or oral agreements may be deemed binding on the Parties as it pertains
15 to this limited subject matter.

16 17) Counterparts. This Agreement may be executed in one or more
17 counterparts. All executed counterparts and each of them, including facsimile and scanned copies
18 of the signature page, will be deemed to be one and the same instrument provided that counsel
19 for the Parties to this Agreement exchange among themselves copies or originals of the signed
20 counterparts.

21 18) Advice of Counsel. The Parties to this Agreement are represented by
22 competent counsel, and they have had an opportunity to consult with counsel. The Parties to this
23 Agreement agree that it reflects their good faith compromise of the claims raised in the Action,
24 based upon their assessment of the mutual risks and costs of further litigation and the assessments
25 of their respective counsel.

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1 19) Parties' Authority. The signatories to this Agreement, including any
2 person executing on behalf of a corporate signatory, warrant and represent that they are fully
3 authorized to enter into this Agreement and to bind the Parties hereto to the terms and conditions
4 of the Agreement.

5 **IT IS SO AGREED:**

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7 Dated: _____, 2025

ADRIAN CHAVEZ
Plaintiff

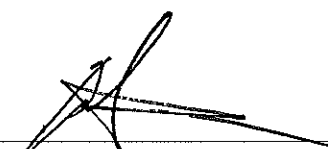
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9 Dated: _____, 2025

MAURICE WARREN
Plaintiff

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12 Dated: _____, 2025

PATHWAY STAFFING, INC.
Defendant
By: _____
Its: _____

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16 Dated: May 8, 2025


CAPITAL LUMBER CO.
Defendant
By: Armando Segovia
Its: Director, Human Resources

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21 **AGREED AS TO FORM:**

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23 Dated: _____, 202

DAVID D. BIBIYAN
VEDANG J. PATEL
MEGAN R. LAZAR
Counsel for Plaintiff Adrian Chavez

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25
26 Dated: _____, 2025

ROMAN OTKUPMAN
NIDAH FARISHTA
Counsel for Plaintiff Maurice Warren

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Dated: _____, 2025

DAVID NUSZ
Counsel for Defendant Pathway Staffing, Inc.



Dated: May 9, 2025

HAZEL U. POEI
JONATHAN R. STILZ

Counsel for Defendant Capital Lumber Co.

19) Parties' Authority. The signatories to this Agreement, including any person executing on behalf of a corporate signatory, warrant and represent that they are fully authorized to enter into this Agreement and to bind the Parties hereto to the terms and conditions of the Agreement.

IT IS SO AGREED:

Dated: 05/05/2025, 2025



Adrian Chavez (May 5, 2025 16:52 PDT)

ADRIAN CHAVEZ
Plaintiff

Dated: _____, 2025

MAURICE WARREN
Plaintiff

Dated: Jun 27, 2025, 2025



David Osborne (Jun 27, 2025 10:00 PDT)

PATHWAY STAFFING, INC.
Defendant
By: David Osborne
Its: President

Dated: _____, 2025

CAPITAL LUMBER CO.
Defendant
By: _____
Its: _____

AGREED AS TO FORM:

Dated: _____, 202

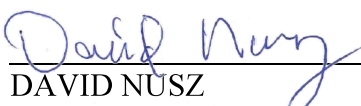
DAVID D. BIBIYAN
VEDANG J. PATEL
MEGAN R. LAZAR
Counsel for Plaintiff Adrian Chavez

Dated: _____, 2025

ROMAN OTKUPMAN
NIDAH FARISHTA
Counsel for Plaintiff Maurice Warren

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Dated: June 27, 2025



DAVID NUSZ
Counsel for Defendant Pathway Staffing, Inc.

Dated: _____, 2025

HAZEL U. POEI
JONATHAN R. STILZ
Counsel for Defendant Capital Lumber Co.

19) Parties' Authority. The signatories to this Agreement, including any person executing on behalf of a corporate signatory, warrant and represent that they are fully authorized to enter into this Agreement and to bind the Parties hereto to the terms and conditions of the Agreement.

IT IS SO AGREED:

Dated: 05/05/2025, 2025


Adrian chavez (May 5, 2025 16:52 PDT)

ADRIAN CHAVEZ
Plaintiff

Dated: 07 / 18 / 2025, 2025


MAURICE WARREN
Plaintiff

Dated: _____, 2025

PATHWAY STAFFING, INC.
Defendant
By: _____
Its: _____

Dated: _____, 2025

CAPITAL LUMBER CO.
Defendant
By: _____
Its: _____

AGREED AS TO FORM:

Dated October 10, 2025


DAVID D. BIBIYAN
VEDANG J. PATEL
MEGAN R. LAZAR
Counsel for Plaintiff Adrian Chavez

Dated: 07 / 18 / 2025, 2025


ROMAN OTKUPMAN
NIDAH FARISHTA
Counsel for Plaintiff Maurice Warren