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FOOD PRODUCTS, LLC

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN BERNARDINO

[CLASS-PAGA ACTION]

ARELY REYES, ALBERTO BAUTISTA,
individually and on behalf of all others similarly
situated, and on behalf of the general public,

Plaintiffs,

vs.

LOS ALTOS FOOD PRODUCTS, INC., a California
corporation; PREMIER STAFFING
MANAGEMENT, INC., a California corporation, and
DOES 1 to 20, inclusive,

Defendants.

Case No. CIVDS1518617
CLASS-PAGA ACTION
*[Assigned for all purposes to the
Hon. Khymerli S. Apaloo, Department S25]*

**CLASS ACTION-PAGA SETTLEMENT
AGREEMENT**

Complaint filed: December 17, 2015
Trial date: None Set

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18 LOS ALTOS FOOD PRODUCTS, INC., LOS ALTOS
19 FOOD PRODUCTS, LLC
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1 **CLASS-PAGA ACTION SETTLEMENT AGREEMENT**

2 This Class-PAGA Action Settlement Agreement (“Settlement Agreement”) is entered into by and
3 between LOS ALTOS FOOD PRODUCTS, INC. and LOS ALTOS FOOD PRODUCTS, LLC
4 (collectively “Defendants”) and Plaintiffs ARELY REYES and ALBERTO BAUTISTA (collectively, the
5 “Class Representatives”), on behalf of themselves and the members of the putative settlement class, which
6 consists of all current and former, non-exempt employees who worked for Defendants in the State of
7 California, during the Class Period (defined as December 17, 2011 through February 19, 2021) (the
8 “Class” and “Class Members”) (the Class Representatives and Defendants are referred to collectively as
9 the “Settling Parties”).

10 WHEREAS, on December 17, 2015, the Class Representatives filed their Class Action Complaint
11 on behalf of themselves and the Class against Defendants in the action entitled, *Arely Reyes, et al. v. Los*
12 *Altos Food Products, Inc. et al.*, San Bernardino Superior Court Case Number CIVDS1518617 (the
13 “Class-PAGA Action”).

14 WHEREAS, on May 26, 2016, the Class Representatives filed a First Amended Complaint to
15 assert that the employers’ alleged violations of California labor law warranted the imposition of civil
16 penalties pursuant to the Private Attorneys General Act (PAGA).

17 WHEREAS, on October 18, 2016, Plaintiff filed an amendment to the First Amended Complaint
18 to identify Doe 1 Premier Personnel.

19 WHEREAS, on July 2, 2020, defaults were entered against both Premier Staffing and Premier
20 Personnel.

21 WHEREAS, on January 29, 2021, Plaintiff filed an amendment to the First Amended Complaint
22 to identify Doe 2 as Los Altos Food Products, LLC. Defendant Los Altos Food Products, Inc. and Los
23 Altos Food Products, LLC are parties to the Class-PAGA Action. On April 7, 2017, Los Altos Food
24 Products, Inc. converted to Los Altos Food Products, LLC pursuant to Corporations Code section 1157.
25 Pursuant to Corporations Code section 1158, Los Altos Food Products, Inc. and Los Altos Food Products,
26 LLC are one and the same entity and Los Altos Food Products, Inc and Los Altos Food Products, LLC
27 are settling this controversy and shall receive the releases and obligations under this Settlement
28 Agreement.

1 WHEREAS the Class Representatives contend that the claims asserted in the Class-PAGA Action
2 have merit and contend that the information exchanged by the Settling Parties, including formal and informal
3 discovery, supports the alleged claims.

4 WHEREAS Defendants deny the claims and contentions asserted by the Class Representatives and
5 deny all charges of wrongdoing or liability as alleged in the Class-PAGA Action.

6 WHEREAS the respective counsel for the Settling Parties, however, recognize the significant
7 expense and diversion of resources associated with the lengthy continued proceedings necessary to
8 prosecute and defend the Class-PAGA Action through class certification, trial, and appeals. The respective
9 counsel for the Settling Parties have accounted for the uncertain outcome and the risk of any litigation,
10 especially in actions such as these, as well as the difficulties, delays, costs, and risks inherent in such
11 litigation.

12 WHEREAS the Settling Parties engaged in arms-length negotiations in an effort to resolve the
13 Class-PAGA Action, including, but not limited to, participating in a full-day mediation session before
14 mediator Steve Pearl, Esq. ("Mr. Pearl") on February 1, 2021. Following that mediation, the Settling Parties
15 engaged in comprehensive settlement discussions by and through Mr. Pearl. Ultimately, on February 19,
16 2021, the Settling Parties agreed to settle the Class-PAGA Action and memorialized the material terms of
17 their agreement in an executed Memorandum of Understanding ("MOU").

18 WHEREAS Class Counsel believe that the terms set forth in this Settlement Agreement confer
19 substantial benefits upon, and are in the best interest of, the Class.

20 WHEREAS the Settling Parties intend that this Settlement Agreement shall constitute a full and
21 complete settlement, in accordance with the terms of the MOU, and release of the claims asserted in the
22 Class-PAGA Action, including all claims alleged in the First Amended Complaint, and all claims which
23 could have been alleged in any of those actions based on the facts alleged by the Class Representatives in
24 the Class-PAGA Action.

25 AND WHEREAS the Settling Parties desire to resolve their differences reflected in the Class-PAGA
26 Action and have agreed to the terms set forth in this Settlement Agreement, subject to the Court's approval.

27 THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the Settling Parties
28 subject to preliminary and final approval of the Court, that the Class-PAGA Action, and the claims alleged

therein, shall be finally and fully compromised, settled, and released, and judgment shall be entered in the Class-PAGA Action, subject to the terms and conditions of this Settlement Agreement, as follows:

1. Definitions

As used in this Settlement Agreement the following terms have the meanings specified below:

1.1. “Administrator” means Simpluris, the entity the Settling Parties will seek to have appointed by the Court to provide Notice of this settlement to the Class Members, calculate and distribute payments to Class Members and the Labor and Workforce Development Agency of the State of California (“LWDA”), process any Request for Exclusion and/or Objections submitted by the Class Members, prepare and file with the appropriate taxing authorities all required documentation for such payments to the Class Members, act as final arbiter should any Class Member dispute the workweek data set forth in their respective Notice, and other responsibilities as described herein.

1.2 “Class” means the class, to be certified for settlement purposes only, of current and former, non-exempt employees who worked for Defendants in the State of California, during the Class Period.

1.3 “Class Counsel” means: (i) Paul Denis and Ethan Rasi of Denis & Rasi, PC; and (ii) Robert W. Skripko, Jr. of the Law Office of Robert W. Skripko, Jr., PC.

1.4 “Class Data” means the first and last names, last known residential addresses, last known phone numbers, last known email addresses, social security numbers, and number of workweeks worked during the Class Period, for the Class Member(s).

1.5 “Class Member(s)” means an individual or individuals who fall(s) within the definition of the Class and who has/have not timely requested to be excluded (opt-out) from participation in the settlement of this Class Action as is provided in paragraph V(C) of the Class Notice to be sent to the Class as set forth in paragraphs 5.3 and 5.4 of this Settlement Agreement.

1.6 “Class Period” means the time period from December 17, 2011 through and including February 19, 2021.

1.7 “Class Representatives” mean Plaintiffs ARELY REYES and ALBERTO BAUTISTA.

1.8 “Defendants” means Defendant LOS ALTOS FOOD PRODUCTS, INC. and Defendant LOS ALTOS FOOD PRODUCTS, LLC.

1.9 “Effective Date” means ten (10) business days after all of the following have occurred, either:

1 1.9.1 If no objection to the settlement is filed and the Parties and their respective counsel waive
2 any rights they may have to appeal the Final Approval Order and/or Judgment: (a) the Settling Parties have
3 executed this Settlement Agreement; (b) the Court has ordered Final Approval of this Settlement
4 Agreement; and (c) the Court has entered the Judgment; or

5 1.9.2 If an objection to the settlement is filed or the Parties and their respective counsel have not
6 waived any rights they may have to appeal the Final Approval Order and/or Judgment: (a) the Settling
7 Parties have executed this Settlement Agreement; (b) the Court has ordered Final Approval of this
8 Settlement Agreement; (c) the Court has entered the Judgment; and (d) the latest of the following: (i) the
9 date on which the time for filing a notice of appeal from the order granting Final Approval and/or the
10 Judgment has expired, if no notice of appeal is filed, or (ii) the date of final affirmance of an appeal of the
11 order granting Final Approval and/or the Judgment, or (iii) the expiration of the time for a petition for review
12 or writ of certiorari with respect to the order granting Final Approval and/or the Judgment, and, if review or
13 certiorari is granted, the date of final affirmance of the order granting Final Approval and/or the Judgment
14 following review pursuant to that grant, or (iv) the date of final dismissal of any appeal from the order
15 granting Final Approval and/or the Judgment or the final dismissal of any proceeding on review or certiorari
16 with respect to the order granting Final Approval and/or the Judgment that has the effect of confirming the
17 order granting Final Approval and/or the Judgment.

18 1.9.3 "Election Not to Participate Deadline" means the deadline set by the Court for the Class
19 Members to elect not to participate in this Settlement. The Election Not to Participate Deadline shall be
20 forty-five (45) calendar days from the date of mailing of the Notice, unless the 45th day falls on a Sunday or
21 federal holiday, in which case the Election Not to Participate Deadline will be extended to the next day on
22 which the U.S. Postal Service is open.

23 1.10 "Final Approval" means the Court's final approval of this Settlement Agreement as being fair,
24 reasonable, and adequate pursuant to California Rules of Court, Rule 3.769.

25 1.11 "Gross Settlement Sum" means the sum of four hundred fifty thousand dollars (\$450,000.00), which
26 is the maximum that Defendants will be required to pay, excluding Defendants' share of employer payroll
27 taxes, which Defendants agree to pay separately from the Gross Settlement Amount pursuant to this
28 Settlement Agreement.

1 The Gross Settlement Sum is inclusive of: (i) the Individual Settlement Shares payable to
2 Participating Class Members; (ii) attorneys' fees of Class Counsel up to one hundred fifty thousand dollars
3 (\$150,000.00); (iii) actual costs of Class Counsel up to twenty-five thousand dollars (\$25,000.00); (iv)
4 claims administration expenses up to twelve thousand dollars (\$12,000.00); (v) employee-side payroll tax
5 obligations; (vi) Class Representatives' service award awarded by the Court up to five thousand dollars
6 (\$5,000.00) each; (vii) five thousand dollars (\$5,000.00) paid to each Class Representative in exchange for
7 a general release of known and unknown claims; and (viii) payment of the Private Attorneys General Act
8 ("PAGA") allocation of five thousand dollars (\$5,000.00) ("PAGA Allocation"), of which 75% (or
9 \$3,750.00) will be paid to the LWDA and 25% (or \$1,250.00) will be included in the Net Settlement
10 Sum for distribution to the Participating Class Members.

11 The proceeds from any reduction by the Court in the amounts requested herein for Class Counsel's
12 attorneys' fees and costs, claims administration expenses, the service award to the Class Representatives,
13 the payments to the Class Representatives made in exchange for their execution of a general release and
14 waiver of all known and unknown claims, and/or the PAGA Allocation will revert to the Net Settlement
15 Sum.

16 1.12 Defendants will pay the employer's side of payroll taxes as required by law, associated with the
17 Wage Allocation (as defined in paragraph 4.4) of the Individual Settlement Shares paid to the Participating
18 Class Members, separate and apart from the Gross Settlement Sum.

19 1.13 "Individual Settlement Share(s)" payable to the Participating Class Members shall be calculated as
20 follows: the Net Settlement Sum will first be divided by the total number of workweeks worked by all of
21 the Participating Class Members during the Class Period to arrive at a "Settlement Share Per Workweek"
22 value; thereafter, the Settlement Share Per Workweek will be multiplied by the number of workweeks
23 worked by each Participating Class Member, separately, to determine his or her Individual Settlement Share.

24 1.14 "Judgment" means the judgment to be rendered by the Court pursuant to California Rules of Court,
25 Rule 3.769, subdivision (h).

26 1.15 "Net Settlement Sum" means the funds remaining after all of the following are deducted from the
27 Gross Settlement Sum: (a) Class Counsel's approved attorneys' fees; (b) Class Counsel's approved costs;
28 (c) approved claims administration expenses; (d) approved service awards to the Class Representatives; (e)

1 approved payments to the Class Representatives in exchange for their execution of a general release of
2 known and unknown claims and waiver of Civil Code § 1542 as to Defendants; and (f) the PAGA
3 Allocation, (collectively, the “Deducted Sums”). Should the Court reduce the amount of the Deducted Sums
4 below the sums sought herein, then the proceeds from such reduction(s) shall be re-allocated to the Net
5 Settlement Sum.

6 1.16 “Notice” means the notice to the Class Members pursuant to California Rules of Court, Rule 3.769,
7 subdivision (f). The Notice shall be printed in Spanish and English. Copies of the Notice proposed by the
8 Settling Parties in both Spanish and English are attached hereto as Exhibit “A.”

9 1.17 “Opt-Out Deadline” means the deadline set by the Court for the Class Members to request exclusion
10 from the proposed settlement in the Class-PAGA Action. The Opt-Out Deadline shall be forty-five (45)
11 calendar days from the date of mailing of the Notice, or as otherwise ordered by the Court. In the event of a
12 Second Mailing (as defined in paragraph 5.5 of this Settlement Agreement), the Class Member will have
13 fifteen (15) calendar days from the date of the Second Mailing or the Opt-Out Deadline, whichever is later,
14 to request exclusion.

15 1.18 “Participating Class Member(s)” means the/those Class Member(s) who does/do not timely request
16 exclusion from the Settlement.

17 1.19 “Person” means an individual, corporation, limited liability company, partnership, limited
18 partnership, association, joint stock company, estate, legal representative, trust, unincorporated association,
19 government or any political subdivision or agency thereof, and any business or legal entity and the spouses,
20 heirs, predecessors, successors, representatives or assignees of any of them.

21 1.20 “Plan of Allocation” means the plan, approved by the Court and agreed upon by the Settling Parties,
22 for distribution of the Net Settlement Sum, as set forth in paragraph 6 of the Settlement Agreement.

23 1.21 “Preliminary Approval Order” means the order preliminarily approving this Settlement Agreement
24 pursuant to California Rules of Court, Rule 3.769, subdivision (c), directing that the Notice be mailed to the
25 Class Members, and setting the date for the Final Approval Hearing.

26 1.22 “Reasonable Address Verification Methods” means the utilization of the National Change of
27 Address Database maintained by the United States Postal Service to review the accuracy of addresses; and,
28 where possible, to obtain updated mailing addresses, skip tracing, as well as any other reasonable and

practicable means of locating the Class Members in the discretion of the Administrator.

1.23 “Released Claim(s)” shall mean all claims, rights, demands, damages, penalties, liabilities, and causes of action, contingent or vested, in law or in equity, arising at any time during the Class Period, for the claims alleged by the Class Representatives in the Class-PAGA Action, or that could have been alleged by the Class Representatives, or either of them, against Defendants in the Class-PAGA Action, based on the allegations made by the Class Representatives, and each of them, in the Complaint and First Amended Complaint.

1.24 “Related Parties” means each of Defendants’ past, present, or future subsidiaries, divisions, affiliates, predecessors, successors, and assigns, officers, directors, agents, employees, advisors, insurers, attorneys, executors, administrators, servants, owners, shareholders, bondholders, partners, and any parent or related organizations, successors in interest, and/or representatives.

1.25 “Released Persons” means Defendants and each of its Related Parties.

1.26 “Settlement Account” means an interest-bearing escrow account established by the Administrator to hold the Gross Settlement Sum from the time Defendants deposit it pursuant to Paragraph 2.2 herein until the time such funds are fully distributed pursuant to the terms of this Settlement Agreement. The Settlement Account is intended to be Qualified Settlement Funds within the meaning of Internal Revenue Code section 468B and Treasury Regulation section 1.468B-1, and the Administrator of that Settlement Account shall be solely responsible for paying from the Settlement Account any taxes owed with respect to same.

1.27 “Settlement Agreement” or “Settlement” means this Class-PAGA Action Settlement Agreement between the Settling Parties.

1.28 “Settling Parties” means the Class Representatives, on behalf of themselves and their fellow Class Members, and Defendants, collectively.

1.29 “Workweek” shall be defined as any week of employment in which a Participating Class Member actually worked one or more shifts for Defendants in California during the Class Period.

2. Payments to The Class

2.1. Defendants will pay the Gross Settlement Sum as provided for herein. The Class Representatives and Participating Class Members will accept payment(s) from the Gross Settlement Sum in consideration for (a) the Class Representatives’ Personal Release, which includes a general release and waiver of Civil

Code § 1542, and (b) the Class Representatives' and Participating Class Members' release of the Released Claims.

2.2. Defendants agree to remit the Gross Settlement Sum to the Administrator to place into the Settlement Account within ten (10) business days after the Effective Date. No Settling Party shall have any further obligation for any payment under this Settlement Agreement to Class Representatives, the Participating Class Members, Class Counsel, or the Administrator, with the sole exception of Defendants' payment of employer-side payroll taxes for Wage Allocation payments, as provided herein.

3. Releases and Injunction

3.1. Upon achievement of the Effective Date of this proposed Settlement, each Participating Class Member hereby releases all Released Claims against Defendants and its Related Parties.

3.2. Pursuant to this Settlement, the Class Representatives, the Participating Class Members, and all persons purporting to act on their behalf or purporting to assert a claim under or through them, including, but not limited to their spouses, dependents, attorneys, heirs and assigns, beneficiaries, devisees, legatees, executors, administrators, trustees, conservators, guardians, personal representatives, and successors-in-interest, whether individual, class, collective, representative, legal, equitable, direct or indirect, or any other type or in any other capacity fully, finally, and forever settle, compromise, and discharge the Released Persons of the Released Claims and, for the Class Representatives, of the claims in the Personal Release. Upon the Administrator's issuance of the Individual Settlement Shares to the Class Members as provided for herein, and except as to such rights or claims as may be created by this Agreement, all Participating Class Members fully release and forever discharge the Released Parties from all Released Claims during the Class Period.

4. Allocation of Net Settlement Sum to the Participating Class Members

4.1. The Net Settlement Sum shall be held in the Settlement Account in trust for the Participating Class Members until such time as such funds are distributed pursuant to this Settlement Agreement. No amounts may be distributed from the Settlement Account to any person until the Effective Date. All disbursements hereunder shall be made from the Settlement Account, and only the Administrator shall be authorized to make withdrawals or payments from that account.

4.2. Following deduction of: (i) the Court-approved Class Counsel attorneys' fees and costs; (ii) service

award to the Class Representatives; (iii) payments to the Class Representatives in consideration of their execution of a general release and waiver of Civil Code § 1542; (iv) claims administration expenses; and (v) the PAGA Allocation (exclusive of the 25% portion thereof included in the Net Settlement Sum), from the Gross Settlement Sum, the resulting Net Settlement Sum shall be allocated to the Participating Class Members pursuant to the Plan of Allocation.

4.3. The respective Individual Settlement Shares to be paid to Participating Class Members under this Settlement Agreement shall be considered 33% wages (the “Wage Allocation”) and 67% interest and penalties. The Administrator will make appropriate tax withholdings from payments to the Class Members herein as required by law and shall issue to each Participating Class Member appropriate W-2 tax forms for all amounts paid as wages under this Settlement, making all deductions and withholdings required under law, and 1099 tax forms for all amounts paid as penalties and interest, and file those tax forms with the appropriate government agencies as required by law. The Administrator shall calculate and make any employer-side payroll tax contributions required of Defendants with respect to the Wage Allocation payments to the Participating Class Members under this Settlement Agreement, from funds separate and apart from the Gross Settlement Sum.

4.4. Within ten (10) calendar days after issuance of a Preliminary Approval Order, Defendants shall provide the Administrator with the Class Data for the Class Period which is in Defendants’ possession. Plaintiffs’ and Class Counsel acknowledge that Defendants possess limited Class Data for leased employees. Defendants shall provide the Administrator by Defendants’ qualified representative that the Class Data is an accurate, complete and reflects the Class Data in its possession.

4.5. Before the Administrator provides Notice to the Class Members as outlined herein, it will advise the Settling Parties of the total number of Class Members and the total number of workweeks disclosed in the Class Data.

4.6. If Defendants and the Administrator determine, based upon further review of available data, that a person previously identified as being a Class Member should not be so included, or if they identify a person who should have been included as a Class Member but was not so included, Defendants and the Administrator shall promptly delete or add such person as appropriate and immediately notify Class Counsel prior to such deletions or additions (and the reasons therefore).

1 **5. Settlement Administration**

2 5.1. Appointment of Administrator: The Settling Parties agree that the Court should appoint the
3 Administrator to oversee independent administration of the Settlement including, but not limited to, obtaining
4 and verifying updated addresses for the Class Members; mailing, administering and overseeing mailing of
5 the Notice; making final and binding decisions as to any timely challenges made by the Class Members to
6 the number of workweeks ascribed to the respective Class Member during the Class Period; issuing the wage
7 (W-2) and non-wage (1099) payments of Individual Settlement Shares to the Participating Class Members;
8 calculating and making the required employee and employer-side payroll tax contributions and tax reporting
9 to the applicable taxing authorities; issuing payment of attorneys' fees and costs to Class Counsel; issuing
10 service award to the Class Representatives as approved by the Court; tendering 75% of the PAGA Allocation
11 to the LWDA; issuing Court approved monetary consideration to the Class Representatives associated with
12 their general release of all claims and waiver of Civil Code § 1542; as well as remitting the proceeds from
13 any uncashed checks to those Participating Class Members who cash their respective checks for their
14 Individual Settlement Share (as further set out herein).

15 5.2. Cost of Administration: Upon Court approval, the Administrator's cost of claims administration of
16 this Settlement shall be deducted from the Gross Settlement Sum, and shall include all costs of verifying
17 and obtaining updated address information for the Class Members, preparing and distributing the Notice to
18 the Class Members in both an English and Spanish translation; administering, processing, auditing, and
19 mailing payment of the Individual Settlement Shares to the Participating Class Members; tax reporting for
20 payments to the Participating Class Members; issuing Court approved service award to the Class
21 Representatives; issuing Court approved monetary consideration to the Class Representatives associated
22 with their general release of all claims and waiver of Civil Code § 1542 as to Defendants; issuing the Court
23 approved attorneys' fees and costs to Class Counsel; remitting any un-cashed checks for payment of the
24 Participating Class Members' Individual Settlement Shares those Participating Class Members who cash
25 their respective checks for their Individual Settlement Share (as further set out herein); calculating and
26 making the required employee and employer-side payroll tax contributions and tax reporting to the
27 applicable taxing authorities; and all other duties and responsibilities of the Administrator pursuant to this
28 Settlement Agreement and as further ordered by the Court.

5.3. Notice and Request for Exclusion: The Notices of Class Action Settlement (Ex. "A") and shall be sent by the Administrator to all Class Members by United States Postal Service First Class Mail, within ten (10) calendar days after receipt of the Class Data from Defendants ("First Mailing"). The Notice shall contain the following information: "Specifically, if you do not timely request to be excluded from participation in the settlement of this Class Action, you will be bound by the judgment contemplated by this settlement and will have fully and completely released Defendants and its Related Parties of the Released Claims." At no time shall any of the Settling Parties or their counsel seek to solicit or encourage members of the Class to opt-out of, or exclude themselves from, this Settlement.

5.4. Prior to mailing the Notice to each Class Member, the Administrator shall undertake Reasonable Address Verification Measures so as to update the last known address for each Class Member. To the extent that this process yields an updated address, that updated address shall replace the last known address and be treated as the new last known address for purposes of this Settlement, and for subsequent mailings. The Administrator shall maintain a class list with continuously updated contact information for the Class Members.

The Opt-Out Deadline to request exclusion from the Settlement shall be forty-five (45) calendar days from the date of mailing of the Notice, or as otherwise ordered by the Court. In the event of a Second Mailing (as defined in paragraph 5.5 of this Settlement Agreement), the Class Member will have fifteen (15) calendar days from the date of the Second Mailing or the Opt-Out Deadline, whichever is later, to request exclusion from the Settlement.

(A) In the event that, after the First Mailing and at least ten (10) days before the Opt-Out Deadline, the Notice is returned by the United States Postal Service to the Administrator with a forwarding address for the intended recipient, the Administrator shall immediately re-mail the Notice to the forwarding address. The Notice will be deemed mailed as of that date ("Second Mailing"), and the recipient will have fifteen (15) calendar days from the date of the Second Mailing to request exclusion to the Administrator.

(B) In the event that after the First Mailing and at least seven (7) calendar days before the Request for Exclusion Deadline, the Notice is returned by the United States Postal Service to the Administrator *without* a forwarding address (i.e., the address is no longer valid and the envelope is marked "Return to Sender"), the Administrator shall immediately advise counsel for the Settling Parties and shall

1 immediately utilize all Reasonable Address Verification Measures in an effort to ascertain the current
2 address of the particular Class Member in question. If a new address is ascertained, the Administrator shall
3 immediately re-send the Notice upon receipt of such information ("Second Mailing"), the said Notice will
4 be deemed mailed as of the date of the Second Mailing, and the recipient will have fifteen (15) calendar
5 days from the date of the Second Mailing to request exclusion from the Settlement by mailing such a request
6 to the Administrator.

7 (C) A request exclusion is considered timely returned to the Administrator if it is post-marked
8 on or before the Opt-Out deadline or, in the event of a Second Mailing by the Administrator, the fifteenth
9 (15th) calendar day from the date of the Second Mailing, whichever is later.

10 Unless the Administrator receives a Notice returned from the United States Postal Service, the
11 Notice shall be deemed received by the Class Member to whom it was sent five (5) calendar days after the
12 First Mailing.

13 5.5. Disputes by the Class Members: If a Class Member disputes the number of workweeks printed on
14 his or her Notice, the Administrator shall notify counsel for the Settling Parties, who shall make a good faith
15 effort to meet and confer and resolve the dispute, including an exchange of pertinent records where
16 available. If the dispute cannot be resolved, it shall be submitted to the Administrator for its final, non-
17 appealable decision. The Administrator shall use its best efforts to resolve all such disputes prior to the
18 Effective Date.

19 5.6. Distribution of Gross Settlement Sum: Within twenty (20) calendar days after the Effective Date,
20 the Administrator will distribute the following: the Individual Settlement Shares to the Participating Class
21 Members; the service award to the Class Representatives; the additional payments to the Class
22 Representatives in consideration for their execution of a general release and waiver of Civil Code §1542 as
23 to Defendants; Court approved attorneys' fees and costs awarded Class Counsel; and the PAGA Allocation.
24 Moreover, the Administrator shall calculate and make the required employee and employer-side payroll tax
25 contributions and tax reporting to the applicable taxing authorities, as well as perform all other duties and
26 responsibilities of the Administrator pursuant to this Settlement Agreement and as further ordered by the
27 Court.

28 ///

1 **5. Plan of Allocation**

2 5.1. All Class Members shall receive a Notice as reflected in Exhibit “A”, as set forth in Paragraphs 5.3
3 and 5.4 above.

4 5.2. In order to prevent fraud, in connection with a request for exclusion, the Administrator may attempt
5 reasonable verification of the identity of the Class Member. Sufficient verification measures include either
6 the provision of the last four digits of the individual’s Social Security Number or Tax ID number or, in the
7 alternative, a copy of one piece of government-issued identification including, either, a driver’s license,
8 passport, California I.D. Card, Permanent Residence Card (i.e. “Green Card”), or birth certificate. The
9 purpose of said verification is not to confirm the legality of the individual’s residency in the United States,
10 but merely that the individual requesting exclusion is, in fact, a valid Class Member.

11 5.3. In the event a request for exclusion is submitted unsigned, the Administrator shall immediately
12 notify the Class Member of the deficiency and the Class Member shall have seven (7) calendar days to
13 correct the deficiency, as further set out above.

14 5.4. No later than ten (10) business days after the expiration of the Opt-Out Deadline, the Administrator
15 will provide Counsel for the Settling Parties with a declaration setting forth: (a) due diligence and proof of
16 mailing of the Notice to the Class Members; (b) the total number of Class Members; (b) the total number
17 of Participating Class Members; (c) the total workweeks worked by the Participating Class Members;
18 (d) the amount of the Individual Settlement Shares for each Participating Class Member; (e) the total
19 amounts to be paid to the Participating Class Members; (f) the total number of Class Members who
20 timely requests exclusion; (g) the total number of objectors to the Settlement and; (h) complete copies of
21 all requests for exclusion and objections received, including the postmark dates for each. The Parties
22 may challenge the validity of any returned requests for exclusion and the Administrator will be the sole
23 arbiter of its validity.

24 5.5. Individual Settlement Share payments shall be distributed to the Participating Class Members (*i.e.*,
25 Class Members who do not validly request exclusion by the Opt-Out Deadline, as further set out above).
26 Each Individual Settlement Share shall be sent to the Participating Class Members by checks via U.S. First
27 Class mail.

28 5.6. The Administrator shall be solely responsible for determining eligibility for, and the amount of, the

1 Individual Settlement Shares to be paid to the Participating Class Members, the withholding and submittal
2 of employer and employee taxes, and the issuance of W-2 and 1099 statements (the "Income Statements")
3 to the Participating Class Members and the submittal of the Income Statements to state and federal tax
4 authorities.

5 5.7. Participating Class Members shall be solely and legally responsible for any and all applicable taxes
6 on the Individual Settlement Shares paid to them. Defendants make no representations or warranties
7 regarding the tax consequences or obligations resulting from any payment made to Participating Class
8 Members.

9 5.8. The aggregate amount of the Individual Settlement Shares paid to the Participating Class Members
10 shall not under any circumstances exceed the Net Settlement Sum.

11 5.9. The back of each check issued to Participating Class Members shall state as follows: "My signature
12 hereon constitutes my declaration, under penalty of perjury, that I am the individual to whom this check was
13 made payable and serves as my full and complete release of all 'Released Claims' as described more fully
14 in the Class-PAGA Action Settlement and the Notice of Class-PAGA Action Settlement in this Class-
15 PAGA Action."

16 5.10. All checks for Individual Settlement Shares paid to Participating Class Members shall advise that
17 the checks will remain valid and negotiable for ninety (90) days from the date of the checks' issuance and
18 shall thereafter automatically be void if not cashed by a Participating Class Member within that time. Any
19 Individual Settlement Share that is not cashed by a Participating Class Member within ninety (90) days of
20 issuance shall be paid, on a pro rata basis according to the formula set forth in Section 1.13 of this
21 Agreement, to the Participating Class Members who cashed their Individual Settlement Shares within ninety
22 (90) calendar days of the mailing. The payment of the reapportioned funds to Participating Class Members
23 who cashed their Individual Settlement Shares shall be referred to as the "Reapportioned Settlement
24 Shares." The Settlement Administrator shall mail the Reapportioned Settlement Shares within ten (10)
25 business days after the expiration of the ninety (90) calendar day period for cashing the Individual
26 Settlement Shares. The Reapportioned Settlement Shares shall be treated exclusively as payment for
27 penalties and interest and will not be subject to payroll tax withholdings. The Settlement Administrator
28 shall include the Reapportioned Settlement Share in calculating the reportable income identified in the

individual IRS Form 1099 issued to each Participating Class Member who is issued a Reapportioned Settlement Share. All checks for Reapportioned Settlement Shares paid to Participating Class Members shall advise that the checks will remain valid and negotiable for ninety (90) calendar days from the date of the checks' issuance.

5.11. If a Reapportioned Settlement Share check remains uncashed after ninety (90) days from issuance, the Settlement Administrator shall pay over the amount represented by the check, without the need to include interest, to the State Controller for the State of California, with the identity of the Participating Class Member to whom the funds belong, and shall be held in trust for the Participating Class Member per the California Unclaimed Property Law, codified in California Code of Civil Procedure §1500 et. seq., and specifically pursuant to California Code of Civil Procedure §1513(g). The money paid to the State Controller shall be held in trust for the Participating Class Member and will remain the Participating Class Member's sole and exclusive property. This will allow Participating Class Members who did not cash their checks to collect their Reapportioned Settlement Share at any time in the future. Therefore, there will be no unpaid residue or unclaimed or abandoned class member funds and California Code of Civil Procedure section 384 shall not apply. In such event, the Participating Class Member shall nevertheless remain bound by the Settlement.

6. Taxes.

7.1. Withholding and Reporting Requirements. The Administrator shall be responsible for ensuring that all taxes associated with this Settlement Agreement are timely paid to the appropriate tax authorities. The Administrator's responsibilities include the following: (i) filing all federal, state, and local tax deductions; (ii) timely and proper filing of all required federal, state, and local forms with the appropriate taxing authorities; and (iii) completing any other steps necessary for compliance with any tax obligations of the Settlement under federal, state, and/or local law, as applicable. To verify the Administrator's compliance with the foregoing withholding and reporting requirements, as soon as administratively practicable, the Administrator shall furnish Class Counsel and Defendants' Counsel with copies of all forms detailing the payment of taxes sufficient to prove that such payments were properly remitted. The Administrator shall provide a final accounting declaration adequate to demonstrate full compliance with all duties set forth in this Settlement Agreement, including, but not limited to, tax withholding, payment,

1 and reporting obligations.

2 7.2. Determination and Payment of Taxes. The Administrator shall determine the amount of any taxes
3 to be withheld from each Participating Class Member's Individual Settlement Share and issue the
4 appropriate IRS Forms to the Participating Class Member. All such withholdings shall be remitted by the
5 Administrator to the proper governmental taxing authorities. Each Participating Class Member shall be
6 responsible for any tax consequences of any funds paid out to him or her pursuant to this Settlement
7 Agreement.

8 7.3. Circular 230 Disclaimer. Each Settling Party and Participating Class Member (for purposes of this
9 paragraph, only, referred to as the "Acknowledging Party"; and each Settling Party to this Settlement
10 Agreement other than the Acknowledging Party, an "Other Party") acknowledges and agrees: (1) no
11 provision of this Settlement Agreement, and no written communication or disclosure between or among
12 the Settling Parties, Participating Class Member, or their attorneys and other advisors, is or was intended
13 to be, nor shall any such communication or disclosure constitute or be construed or be relied upon as, tax
14 advice within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as
15 amended); (2) the Acknowledging Party (a) has relied exclusively upon his, her, or its own, independent
16 legal and tax advisers for advice (including tax advice) in connection with this Settlement Agreement, (b)
17 has not entered into this Settlement Agreement based upon the recommendation of any Other Party or any
18 attorney or advisor to any Other Party, and (c) is not entitled to rely upon any communication or disclosure
19 by any attorney or adviser to any Other Party to avoid any tax penalty that may be imposed on the
20 Acknowledging Party; and (3) no attorney or adviser to any Other Party has imposed any limitation that
21 protects the confidentiality of any such attorney's or adviser's tax strategies (regardless of whether such
22 limitation is legally binding) upon disclosure by the Acknowledging Party of the tax treatment or tax
23 structure of any transaction, including any transaction contemplated by this Settlement Agreement.

24 7.4. Completion of and Report on Settlement Administration. Within thirty (30) calendar days of
25 distribution of the Gross Settlement Fund pursuant to this Settlement Agreement, the Administrator shall
26 provide a verified written report to the Court and counsel of said distribution. Said report shall set forth
27 the amounts and dates of each payment associated with said distribution.
28

1 **7. Attorneys' Fees and Costs**

2 7.1. Class Counsel intends to ask the Court for approval, pursuant to California Rules of Court, Rule
3 3.769(b), of an award of reasonable attorneys' fees not to exceed one hundred fifty thousand dollars
4 (\$150,000) representing one-third (1/3) of the Gross Settlement Sum, as well as reimbursement of costs not
5 to exceed twenty-five thousand dollars (\$25,000) actually incurred in the Class-PAGA Action. Defendants
6 agree not to oppose such requests in those amounts, and Class Counsel agree not to petition the Court for
7 any additional payments for fees, costs, or interest. If the Court awards Class Counsel less than the
8 attorneys' fees and costs requested by Class Counsel, such amounts shall be added to and remain part of the
9 Net Settlement Sum for distribution to the Participating Class Members. The Reapportioned Attorneys' fees
10 and costs shall be treated exclusively as payment for penalties and interest and will not be subject to payroll
11 tax withholdings.

12 7.2. The attorneys' fees and costs approved by the Court shall constitute full satisfaction of Defendants'
13 obligations to pay amounts to any person, attorney, or law firm for attorneys' fees, expenses, or costs
14 incurred in the Class-PAGA Action, on behalf of Class Representatives and/or the Class, and shall relieve
15 Defendants from any other claims or liabilities to any other attorney or law firm for any attorneys' fees,
16 expenses, and/or costs to which any of them may claim to be entitled on behalf of Class Representatives
17 and/or the Class. Class Representatives further agree that any allocation of fees between or among Class
18 Counsel and any other attorney representing a plaintiff and/or the Class shall be the sole responsibility of
19 Class Counsel, and Class Representatives agree to hold harmless Defendants from any claim by any other
20 individual, entity, or other third party seeking any additional attorneys' fees or costs.

21 7.3. An IRS Form 1099 shall be provided to Class Counsel for the payments made to Class Counsel.
22 Class Counsel shall be solely responsible to pay any and all applicable taxes on the payments made to Class
23 Counsel. Defendants make no representations or warranties regarding the tax consequences resulting from
24 any payments made to Class Counsel. Class Counsel agrees to hold harmless Defendants, the
25 Administrator, and the Settlement Account from any claim or liability for taxes, penalties, or interest for
26 which Class Counsel is responsible as a result of the payment made to Class Counsel.

1 **8. Class Representatives' Service Award-General Release Payments & Personal General**
2 **Release/Civil Code § 1542 Waiver**

3 8.1. The Class Representatives shall be entitled to petition the Court for approval of five thousand dollars
4 (\$5,000) service award, each, in consideration for the monetary risks assumed with pursuing the Class-
5 PAGA Action against Defendants, their assistance to Class Counsel, and their participation as Class
6 Representatives ("Service Award"). The Class Representatives shall also be entitled to petition the Court
7 for approval of the payment of five thousand dollars (\$5,000), each, from the Gross Settlement Sum in
8 consideration of their execution of a general release and waiver of Civil Code § 1542 as to Defendants
9 ("General Release Payment"). Collectively, the Class Representatives' request for Service Award and
10 General Release Payment shall be referred to collectively as the "Service Award-General Release
11 Payments", which shall be awarded to Class Representatives subject to approval from this Court.
12 Defendants agree not to oppose any request by the Class Representatives for such Service Award-General
13 Release Payments in these amounts. The Service Award-General Release Payment will be in addition to
14 any amount the Class Representatives will be paid as Participating Class Members. The Service Award
15 General Release Payment shall be treated exclusively as payment for non-wage income to the Class
16 Representatives and will not be subject to payroll tax withholdings.

17 8.2. Class Representatives will receive from the Administrator an IRS Form 1099 for their respective
18 Service Award-General Release Payment.

19 8.3. If the Court awards the Class Representatives Service Award-General Release Payments in amounts
20 that are less than what they request, the amount not awarded shall be reallocated to, and remain part of, the
21 Net Settlement Sum for distribution to the Participating Class Members. The Reduced and Reallocated Class
22 Representatives Service Award-General Release Payments shall be treated exclusively as payment for
23 penalties and interest and will not be subject to payroll tax withholdings.

24 8.4. Personal General Release by Class Representatives ("Personal Release"): Conditioned upon the
25 Court approving the proposed Settlement, and the Administrator's remittance of the General Release
26 Payments, the Class Representatives hereby release the Released Persons of the Released Claims and any
27 and all claims, demands, suits, actions, causes of action, obligations, agreements, contracts, promises,
28 liabilities, debts, compensation, damages, losses, costs, expenses, and attorneys' fees, of any and every

1 kind, nature or character, known or unknown, suspected or unsuspected, actual or potential, absolute or
2 contingent, pending or anticipated, which arise out of, are based upon, are by reason of, relate to, or in
3 any way involve the Class Representatives' employment with Defendants, including the termination
4 thereof, and including, but not limited to, those arising under any federal, state, or local law, regulation
5 or ordinance, contract, quasi-contract, the common law, public policy, or any constitution, such as,
6 without limitation, the California Constitution; the California Labor Code, including Labor Code § 132a;
7 Family Medical Leave Act; California Family Rights Act; Title VII of the Civil Rights Act of 1964; the
8 California Fair Employment and Housing Act; the Private Attorneys General Act of 2004; Americans
9 with Disabilities Act; Older Workers Benefit Protection Act; Age Discrimination in Employment Act;
10 Consolidated Omnibus Budget Reconciliation Act of 1985; Employee Retirement Income Security Act
11 of 1974; Civil Code § 51 *et seq.*; Wage Orders of the California Industrial Welfare Commission; the
12 California Code of Regulations; the California Business and Professions Code; Fair Labor Standards
13 Act; and claims of intentional infliction of emotional distress; defamation and/or libel, or any other
14 damage to reputation claims; breach of implied contract; breach of the covenant of good faith and fair
15 dealing, as well as any other express or implied covenant; or any other statute or common law principle
16 of similar effect, known or unknown, which the Class Representatives now have, own, or hold, or claim
17 to have, own or hold, or which they at any time heretofore had, owned, or held, or claimed to have, own,
18 or hold or which they at any time hereinafter may have, own, or hold, or claim to have, own, or hold,
19 against each or any of the Released Persons, arising from acts, events, or circumstances occurring on or
20 before the full execution of this Settlement Agreement by the Settling Parties. The Class Representatives
21 acknowledge and agree that this Settlement Agreement includes their release of claims for disputed
22 wages pursuant to Labor Code § 206.5.

23 With respect to claims released in this section, Class Representatives expressly agree that they
24 are aware of and familiar with the provisions of California Civil Code Section 1542, and that they waive
25 the benefits of California Civil Code § 1542. Civil Code § 1542 provides:

26 **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT**
27 **THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR**
28 **SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF**
EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR
HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER

1 **SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

2 Notwithstanding the provisions of § 1542, and for the purpose of implementing a complete release and
3 discharge of the claims in this Personal Release, Class Representatives expressly acknowledge that this
4 Settlement Agreement is intended to include in its effect all claims they do not know of or suspect to
5 exist in their favor at the time of execution hereof and that this Settlement Agreement contemplates the
6 extinguishment of all such claims. Class Representatives further understand that the facts with respect to
7 this Settlement Agreement may be materially different from those the Settling Parties now believe to be
8 true. Class Representatives accept and assume this risk and agree that the release in this Settlement
9 Agreement shall remain in full force and effect, and legally binding, notwithstanding the discovery or
10 existence of any additional or different facts, or any claims with respect to those facts.

11 **9. Preliminary Approval Order And Final Approval Hearing**

12 9.1. Class Counsel shall submit this Settlement Agreement to the Court and shall apply for entry of the
13 Preliminary Approval Order (Ex. "B"), requesting *inter alia*, approval for the mailing to the Class Members
14 of: (a) the Notice, which shall, (i) generally describe the terms of the Settlement set forth in this Settlement
15 Agreement, the Plan of Allocation pursuant to Paragraph 6 herein, the terms of Class Counsel's recovery of
16 attorneys' fees and costs pursuant to Paragraph 8 herein; as well as the terms of the Service Award-General
17 Release Payments to the Class Representatives pursuant to Paragraph 9 herein; (ii) describe the Court's
18 preliminary approval of the Settlement of the Class-PAGA Action as set forth herein; (iii) costs of
19 administration; (iv) proposed PAGA allocation; and (v) set forth the date of the Final Approval hearing; and
20 (b) set forth the process for valid request for exclusion. Concurrent with the Final Approval hearing, Class
21 Counsel also will request that the Court approve the proposed allocation of the Net Settlement Sum,
22 proposed attorneys' fees and costs application, the Service Award-General Release Payments to the Class
23 Representatives, all claims administration expenses, as well as payment of the PAGA Allocation.

24 9.2. LWDA Notice. Simultaneously with filing the Preliminary Approval Motion, Class Counsel will
25 submit a copy of this Settlement Agreement to the LWDA as required by Labor Code § 2699(I)(2).

26 9.3. Class Counsel shall prepare all pleadings and forms necessary to obtain an Order of Final Approval
27 of the Settlement of the Class-PAGA Action and Judgment, including but not limited to a motion for
28 preliminary approval, motion for final approval, the Notice, Orders granting Preliminary and Final

Approval, Judgment thereon, and any other related forms associated therewith.

9.4. Any Participating Class Member may appear at the Final Approval Hearing and may object or express the Participating Class Member's views regarding the Settlement and may present evidence and file briefs or other papers that may be proper and relevant to the issues to be heard and determined by the Court as provided in the Notice. Any Participating Class Member, individually, or by and through their designated counsel of record, who wishes to object to this Settlement shall comply with the following procedures:

9.4.1. The objecting person shall file the following with the Clerk of this Court: (1) their written objection, containing the case name, case number, and the basis for their objection; (2) copies of any papers and briefs in support of their position; and (3) documentation verifying their membership in the Class (the "Written Objection Documents").

9.4.2. In addition to filing the Written Objection Documents with the Court, the objecting person shall also serve the Written Objection Documents on counsel for the Settling Parties as follows: (1) Denis & Rasi, PC, Attn: Paul Denis and Ethan Rasi, 38 Corporate Park, Irvine, California 92606; (2) Law Office of Robert Skripko, Jr., PC, Attn: Robert W. Skripko, Jr., 38 Corporate Park, Irvine, California 92606; (3) Litchfield Cavo LLP, Attn: Jamie O. Norman, Elizabeth M. Sanguinetti, 2 North Lake Avenue, Suite 400, Pasadena, CA 91101; and (4) Law Office of Jonathan C. Stevens, PC, Attn: Jonathan C. Stevens, Columbia Center, 701 5th Avenue, Suite 4200, Seattle, WA 98104.

9.4.3. The Written Objection Documents must be filed and served on or before forty-five (45) days after the date the Notice was mailed in accordance with the Settlement Agreement, or, as to the Participating Class Member whose Notice is returned by the US Postal Service as undeliverable, within fifteen (15) calendar days after the date the Notice was re-mailed to said Participating Class Member, whichever is later.

9.4.4. Any Participating Class Member who does not make his or her objection in the manner provided for in this Settlement Agreement shall be deemed to have waived such objection(s). However, regardless of whether a Participating Class Member follows this procedure, he or she will be permitted to speak to the Court at the Final Approval Hearing.

9.5. Within ten (10) calendar days of entry of the Final Approval Order and Judgment, Class Counsel

will submit a copy thereof to the LWDA as required by Labor Code § 2699(1)(3).

10. Conditions of Settlement: Effect of Disapproval or Termination

10.1. The Settling Parties shall have the option to withdraw from and terminate the Settlement set forth in this Settlement Agreement, and to render this Settlement Agreement null and void, in the event that: (1) the material terms of this Settlement Agreement are not approved by the Court; or (2) Judgment is not entered; or (3) the Judgment is reversed or materially modified on appeal; or (4) the Effective Date is not achieved.

10.2. In the event that this Settlement Agreement is terminated or fails to become effective in accordance with its material terms, this Settlement Agreement, and all negotiations relating hereto, shall be without prejudice as to the rights of the Settling Parties, who shall be restored to their respective positions in the Class-PAGA Action, as of the date of full execution of this Settlement Agreement. In such event, the terms and provisions of this Settlement Agreement shall have no further force and effect with respect to the Settling Parties, shall be deemed null and void, and any judgment or order entered by the Court in accordance with the terms of this Settlement Agreement shall be treated as vacated, *nunc pro tunc*.

10.3. In the event an appeal is filed from any of the Court's orders, or any other appellate review is sought prior to the Effective Date, administration of the Settlement Agreement shall be stayed pending final resolution of the appeal or other appellate review.

11. Status Conference Request

12.1 In the event this Settlement Agreement fails to become effective in accordance with its material terms, the Settling Parties shall, within two weeks of such cancellation, jointly request a status conference with the Court to be held on the Court's first available date. At such status conference, the Settling Parties shall ask the Court's assistance in scheduling proceedings in the Class-PAGA Action.

12. Limitations on Use of This Settlement Agreement

13.1. No Admission of Liability or Wrongdoing. Defendants deny any and all claims alleged in the Class-PAGA Action and deny all wrongdoing and liability whatsoever. Defendants maintain, among other things, that they have complied at all times with the California Labor Code, and all applicable California and federal law. This Settlement Agreement is not a concession or admission and shall not be used against Defendants as an admission or indication with respect to any claim of any fault, concession, or omission by Defendants. Whether or not the Settlement Agreement is finally approved, neither the Settlement

1 Agreement, nor any document, statement, proceeding or conduct related to this Settlement Agreement,
2 nor any reports or accounts thereof, shall in any event be: (i) construed, offered, or admitted in evidence
3 as, received as, or deemed to be, evidence for any purpose, including, but not limited to, evidence of a
4 presumption, concession, indication or admission by Defendants of any liability, fault, wrongdoing,
5 omission, concession, or damage; or (ii) disclosed or referred to for any purpose, or offered or received in
6 evidence in any further proceeding in this lawsuit, or any other civil, criminal, or administrative action or
7 proceeding against Defendants except for purposes of settling the Class-PAGA Action pursuant to this
8 Settlement Agreement and for obtaining preliminary and final approval thereof. The limitations set forth
9 in this paragraph do not apply to any use of this Settlement Agreement by the Settling Parties to enforce
10 this Settlement.

11 13.2. No Impact on Employee Benefit Plan, Policy or Bonus Program. Defendants state that the amounts
12 paid under this Settlement Agreement will not affect any previously credited hours of service under any
13 employee benefit plan, policy, or bonus program sponsored by Defendants. To the extent permitted by the
14 terms of any plan as exists at the time of the payment, the amounts paid under this Settlement Agreement
15 will not form the basis for additional contributions to, benefits under, or any other monetary entitlement
16 under any Defendants employee benefit plans, policies, or bonus programs. Any payments made under
17 the terms of this Settlement Agreement shall not be applied retroactively, currently, or on a going forward
18 basis as salary, earnings, wages, bonuses, commissions, or any other form of compensation for the
19 purposes of any Defendants employee benefit plan, policy, or bonus program. Defendants retains the right
20 to modify the language of its employee benefit plans, policies, and bonus programs to effect this intent
21 and to make clear that any amounts paid pursuant to this Settlement Agreement are not for “hours worked,”
22 “hours paid,” “hours of service,” or any similar measuring term as defined by applicable plans, policies,
23 and bonus programs for the purpose of eligibility, vesting, benefit accrual or any other purpose, and that
24 additional contributions or benefits are not required by this Settlement Agreement. Neither Defendants
25 nor the Class Representatives are opining on the terms of any such plan.

26 13.3. Use of Defendants’ Data and Documents. Class Representatives and Class Counsel agree that
27 none of the documents provided to them by Defendants during the Class-PAGA Action shall be used for
28 any purpose other than efforts to obtain the Court’s preliminary and final approval of the Settlement.

1 Notwithstanding such restricted use at this juncture in the Class-PAGA Action, nothing shall prevent the
2 parties from utilizing such documents for any and all purposes if and when such documents are obtained
3 in the course discovery subsequent to any denial by the Court to approve the Settlement. Furthermore,
4 should Class Representatives or Class Counsel possess any originals or copies of Defendants' documents,
5 they agree to destroy or return such originals and copies within four (4) years after the Effective Date of
6 the Settlement Agreement.

7 **13. Miscellaneous Provisions**

8 13.1. No Assignment of Rights. Class Representatives warrant and represent that they have not
9 assigned, pledged, transferred, or hypothecated, or purported to assign, pledge, transfer, or hypothecate
10 to any person or entity any of the claims in the Personal Release or any rights, claims, or causes of action
11 arising out of those claims. This warranty and representation of non-assignment shall survive the
12 execution of this Settlement Agreement and entry of Final Judgment in the Class-PAGA Action. No
13 payment shall be made to any person or entity with respect to whom Class Representatives have
14 assigned, transferred, or hypothecated, or purported to assign, transfer, or hypothecate, any of the claims
15 in the Personal Release or any rights, claims, or causes of action arising out of those claims. In addition,
16 Class Representatives shall defend, hold harmless, and indemnify the Released Persons, or any of them,
17 from and against any claims, damages, litigation, causes of action, and expenses, including reasonable
18 attorneys' fees, resulting from any breach by Class Representatives of this warranty and representation,
19 or any breach by Class Representatives of their release of claims in the Personal Release.

20 13.2. The Settling Parties (i) acknowledge that it is their intent to consummate the Settlement Agreement;
21 and (ii) agree to cooperate to the extent necessary to effectuate and implement all terms and conditions of
22 this Settlement Agreement, and to exercise a good faith effort to accomplish the terms and conditions of this
23 Settlement Agreement.

24 13.3. Neither this Settlement Agreement nor the Settlement, any act performed, or document executed
25 pursuant to or in furtherance of either this Settlement Agreement or the Settlement: (i) is or may be deemed
26 to be, or may be used as, an admission, or evidence of the validity of any Released Claims, or of any
27 wrongdoing by or liability of any of the Released Persons, or the accuracy of any allegation made by the
28 Class Representatives or Class Counsel; or (ii) is or may be deemed to be, or may be used as, an admission,

1 or evidence of wrongdoing or liability, or fault or omission of any of the Released Persons in any civil,
2 criminal or administrative proceeding in any court, administrative agency or other tribunal, other than in
3 such proceedings as may be necessary to consummate or enforce this Settlement Agreement, the Settlement
4 or the Judgment.

5 13.4. This Settlement Agreement may be amended or modified only by a written instrument signed by or
6 on behalf of all Settling Parties or their respective successors-in-interest.

7 13.5. This Settlement Agreement constitutes the entire agreement among the Settling Parties, and no
8 representations, warranties or inducements have been made to any party concerning this Settlement
9 Agreement, other than the representations, warranties and covenants contained and memorialized in this
10 Settlement Agreement. This Settlement Agreement formalizes the Memorandum of Understanding
11 previously executed by the Defendants, as well as Class Representatives, both individually and on behalf of
12 the Class. Any and all prior or contemporaneous agreements, understandings, representations, and
13 statements, whether oral or written, and whether by a Settling Party or such Settling Party's legal counsel,
14 are hereby superseded and merged herein. No rights hereunder may be waived except in writing.

15 13.6. If any provision(s) or term(s) of this Settlement Agreement is/are determined to be void or
16 unenforceable, said provision(s) or term(s) shall be stricken from this Settlement Agreement, and the
17 remaining terms and provisions shall remain valid and enforceable.

18 13.7. Unless otherwise specifically provided herein, all notices, demands, or other communications given
19 hereunder shall be in writing and shall be deemed to have been duly given as of the first business day after
20 mailing by United States registered or certified mail, return receipt requested, addressed as follows:

21 **For the Class Representatives and Fellow Class Members:**

22 DENIS & RASI, PC
23 Attn: Paul Denis and Ethan Rasi
24 38 Corporate Park
Irvine, California 92606

25 LAW OFFICE OF ROBERT W. SKRIPKO, JR., PC
26 Attn: Robert W. Skripko, Jr.
27 38 Corporate Park
28 Irvine, California 92606

For Defendants:

LITCHFIELD CAVO LLP

Attn: Jamie O. Norman, Elizabeth M. Sanguinetti

2 North Lake Avenue, Suite 400

Pasadena, California 91101

Law Office of Jonathan C. Stevens, PC

Attn: Jonathan C. Stevens

Columbia Center

701 5th Avenue, Suite 4200

Seattle, Washington 98104

13.8. This Settlement Agreement may be executed in one or more counterparts. All executed counterparts, and each of them, shall be deemed to be one and the same instrument. A complete set of originally executed counterparts shall be filed with the Court. Subject to Court approval, this Settlement Agreement shall be binding on the Settling Parties as of the date and year the Settlement Agreement is fully executed in one or more counterparts. Facsimile and/or electronic PDF copies of the signatures shall be deemed as effective as originals.

13.9. This Settlement Agreement shall be binding upon, and inure to the benefit of, the successors, assigns, heirs, executors, administrators, and related entities of the Settling Parties.

13.10. Pursuant to Code of Civil Procedure § 664.6, the Court shall retain jurisdiction with respect to the interpretation, implementation, and enforcement of the terms of this Settlement Agreement, as well as any and all orders and judgments entered in connection therewith. The Settling Parties specifically agree that following entry of Judgment, this Settlement Agreement shall be enforceable by the Court and the Court shall retain exclusive and continuing jurisdiction of the Class-PAGA Action over the Settling Parties and the Participating Class Members to enforce the terms, conditions, and obligations of the Settlement Agreement.

13.11. This Settlement Agreement may be pleaded or asserted by or on behalf of Defendants as a defense and complete bar to any action or claim that may be brought against or involve Defendants by anyone acting or purporting to act on behalf of Class Representatives and/or the Participating Class Members with respect to any matters within the scope of this Settlement Agreement and excepting only the obligations of the Settling Parties under this Settlement Agreement.

13.12. The Settling Parties acknowledge and agree that this Settlement Agreement and accompanying

1 exhibits were negotiated and drafted jointly by the Settling Parties, that the terms of this Settlement
2 Agreement and accompanying exhibits shall be fairly construed as such, and that any rule of construction
3 to the effect that any ambiguities herein should be resolved against the drafting party shall not be employed
4 in the interpretation of this Settlement Agreement or any amendments, modifications or exhibits hereto or
5 thereto.

6 13.13. The Settling Parties acknowledge and agree that this Settlement Agreement reflects their good faith
7 compromise of the claims raised in the Class-PAGA Action based on their assessment of the mutual risks
8 and costs of further litigation and the assessments of their counsel. The Settling Parties are represented by
9 competent counsel, and they have had an opportunity to consult with counsel prior to execution of this
10 Settlement Agreement.

11 13.14. The Class Representatives acknowledge and agree that: (i) they have been advised of their right to
12 consult an attorney before signing this Settlement Agreement, and are hereby so advised; (ii) they have
13 consulted with Class Counsel; (iii) they fully understand the provisions of this Settlement Agreement and
14 their effect; (iv) Class Counsel has explained all provisions of this Settlement Agreement and their effect;
15 and (v) they are signing this Settlement Agreement voluntarily and free from duress.

16 13.15. The signatories to this Settlement Agreement represent that they are fully authorized to enter into
17 this Settlement Agreement and bind the parties hereto to the terms and conditions hereof.

18 13.16. Because the Class Members are numerous, it is impossible or impractical to have each one execute
19 this Settlement Agreement. The Notice will advise all Class Members of the binding nature of the releases
20 discussed herein and shall have the same force and effect as if this Settlement Agreement was signed by
21 each of them.

22 13.17. In the event a party to this Settlement Agreement institutes any legal action or other proceeding
23 against any other party to enforce the provisions of this Settlement Agreement or to declare rights or
24 obligations under this Settlement Agreement, the prevailing party shall be entitled to recover from the
25 unsuccessful party or parties reasonable attorney's fees and costs, including expert witness fees incurred in
26 connection with any enforcement proceedings.

27 13.18. All terms of this stipulation shall be governed by and interpreted according to the laws of the State
28 of California.

1 IN WITNESS WHEREOF, the parties hereto have caused this Settlement Agreement to be
2 executed.

3
4 February 9, 2022

5 Dated: ~~December~~ 23, 2021

ARELY REYES



Class Representative

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9
10 February 9, 2022

11 Dated: ~~December~~ 23, 2021

ALBERTO BAUTISTA



Class Representative

12
13
14
15 LOS ALTOS FOOD PRODUCTS, INC.; LOS
16 ALTOS FOOD PRODUCTS, LLC



17 Dated: December 23, 2021

Signature

18
19
20 Corin Andrade

Print Name

21
22 C.F.O.

23
24 Title