

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

2 This Joint Stipulation of Class Action and PAGA Settlement (“Settlement,” “Agreement,” or
3 “Settlement Agreement”) is made and entered into by and between Plaintiff Yinan Zhang (“Plaintiff”
4 or “Class Representative”), individually, and on behalf of all others similarly situated and on behalf
5 of the State of California with respect to aggrieved employees, and Defendant Halrec, Inc. dba Stevens
6 Creek Toyota (“Defendant”) (together, Plaintiff and Defendant are referred to as “Parties” and
7 individually as “Party”).

8 This Settlement Agreement shall be binding on Plaintiff, Settlement Class Members (as
9 defined herein), the State of California as to the employment of PAGA Employees (as defined herein),
10 and Defendant, subject to the terms and conditions hereof and the approval of the Court.

11 **RECITALS**

12 1. On April 14, 2025, Plaintiff provided written notice to the Labor and Workforce
13 Development Agency (“LWDA”) by online submission and to Defendant by U.S. Certified Mail,
14 pursuant to California Labor Code Section 2699.3, of the specific provisions of the California Labor
15 Code alleged to have been violated by Defendant (“PAGA Letter”).

16 2. On April 17, 2025, Plaintiff filed a Class Action Complaint in the action entitled *Yinan*
17 *Zhang v. Halrec, Inc. dba Stevens Creek Toyota*, Santa Clara County Superior Court Case No.
18 25CV463865 (the “Class Action” or “Action”), thereby commencing a putative class action against
19 Defendant. The causes of action in the Class Action include 1) failure to pay minimum wages owed,
20 2) conversion, 3) breach of contract, 4) failure to pay overtime wages owed, 5) failure to provide one
21 day's rest in seven, 6) failure to provide meal breaks, 7) failure to provide rest breaks, 8) failure to pay
22 timely wages, 9) failure to provide accurate itemized wage statements, 10) failure to pay wages owed
23 upon termination, 11) failure to reimburse business expenses, and 12) violations of California’s Unfair
24 Competition Law, Business & Professions Code section 17200.

25 3. On June 20, 2025, Plaintiff filed a Complaint for Enforcement Action Under the Private
26 Attorneys General Act, Cal. Labor Code §§ 2698 *Et Seq.* in the action entitled *Yinan Zhang v. Halrec,*
27 *Inc. dba Stevens Creek Toyota*, Santa Clara County Superior Court Case No. 25CV468580 (the
28 “PAGA Action”), which alleged one cause of action under the Private Attorneys General Act of 2004

1 pursuant to California Labor Code Section 2698 *et seq.* ("PAGA") against Defendant.

2 4. On June 2, 2026, Plaintiff filed a First Amended Class and Representative Action
3 Complaint ("Operative Complaint") in the Action, adding the PAGA claims alleged in the PAGA
4 Action. Together, the Class Action and the PAGA Action are referred to as the "Actions."

5 5. The Operative Complaint alleges thirteen (13) causes of action for violations of the
6 California Labor Code for failure to pay minimum wages, conversion, breach of contract, failure to
7 pay overtime wages, failure to provide one day's rest in seven, failure to provide compliant meal
8 periods and premium payments in lieu thereof, failure to provide compliant rest periods and premium
9 payments in lieu thereof, failure to timely pay wages during employment, failure to provide compliant
10 wage statements, failure to timely pay wages upon termination, and failure to reimburse necessary
11 business expenses, for violations of California Business & Professions Code Section 17200, *et seq.*
12 based on the aforementioned California Labor Code violations, and for civil penalties under PAGA
13 based on the aforementioned California Labor Code violations.

14 6. Defendant denies all material allegations set forth in the Actions and has asserted
15 numerous affirmative defenses. Notwithstanding, in the interest of avoiding further litigation,
16 Defendant desires to fully and finally settle the Actions, Released Class Claims (as defined herein),
17 and Released PAGA Claims (as defined herein).

18 7. Class Counsel diligently investigated the class and PAGA claims against Defendant,
19 including any and all applicable defenses and the applicable law. The investigation included, *inter*
20 *alia*, the exchange of information, data, and documents, and review of corporate policies and practices.
21 The Parties have engaged in sufficient formal and informal discovery and investigation to assess the
22 relative merits of the claims and contentions of the Parties.

23 8. On January 27, 2026, the Parties participated in mediation with Brandon McKelvey
24 (the "Mediator"), a respected mediator of complex wage and hour actions, and with the assistance of
25 the Mediator's evaluations, the Parties reached the settlement that is memorialized herein. The Parties'
26 settlement discussions were conducted at arms' length, and the Settlement is the result of an informed
27 and detailed analysis of Defendant's potential liability and exposure in relation to the costs and risks
28 associated with continued litigation. Based on Class Counsel's investigation and evaluation, Class

1 Counsel believes that the settlement with Defendant for the consideration and on the terms set forth in
2 this Settlement Agreement is fair, reasonable, and adequate and is in the best interest of the Class
3 Members, State of California, and PAGA Employees in light of all known facts and circumstances,
4 including the risk of significant delay and uncertainty associated with litigation and various defenses
5 asserted by Defendant.

6 9. The Parties expressly acknowledge that this Settlement Agreement is entered into
7 solely for the purpose of compromising significantly disputed claims and that nothing herein is an
8 admission of liability or wrongdoing by Defendant. If for any reason this Settlement Agreement is
9 not approved, it will be of no force or effect, and the Parties shall be returned to their original respective
10 positions.

11 **DEFINITIONS**

12 10. The following definitions are applicable to this Settlement Agreement. Definitions
13 contained elsewhere in this Settlement Agreement will also be effective.

14 a. "Attorneys' Fees and Costs" means attorneys' fees approved by the Court for
15 Class Counsel's litigation and resolution of the Actions and all actual costs and expenses incurred and
16 to be incurred by Class Counsel in connection with the Actions, as set forth in Paragraph 14.

17 b. "Class" or "Class Member(s)" means all current and former hourly-paid and/or
18 non-exempt employees who worked for Defendant in the State of California at any time during the
19 Class Period.

20 c. "Class Counsel" means Jonathan M. Genish, Ryan A. Quadrel, Joe Marshall,
21 Shelby L. Miner, and Alexandra Rose, of Blackstone Law, APC, who will seek to be appointed counsel
22 for the Class.

23 d. "Class List" means a complete list of all Class Members that Defendant will
24 diligently and in good faith compile from its records and provide to the Settlement Administrator. The
25 Class List will be formatted in a readable Microsoft Office Excel spreadsheet containing the following
26 information for each Class Member: (1) full name; (2) last known mailing address; (3) Social Security
27 number; (4) dates worked for Defendant during the Class Period; and (5) such other information as is
28 necessary for the Settlement Administrator to calculate Workweeks and Pay Periods.

1 e. "Class Notice" means the Notice of Class Action Settlement, substantially in
2 the form attached hereto as "**Exhibit A.**"

3 f. "Class Period" means the period from April 17, 2021, through March 28, 2026.

4 g. "Class Settlement" means the settlement and resolution of all Released Class
5 Claims.

6 h. "Court" means the Superior Court of the State of California for the County of
7 Santa Clara.

8 i. "Defendant's Counsel" means Michael R. Mauge and Michael R. Goldstein of
9 Musick, Peeler & Garrett LLP.

10 j. "Dispute" means a letter submitted by a Class Member disputing the number of
11 Workweeks and/or Pay Periods which have been credited to them, which must: (a) contain the case
12 name and number of the Action; (b) contain the Class Member's full name and signature; (c) clearly
13 state that the Class Member disputes the number of Workweeks and/or Pay Periods credited to the
14 Class Member and what the Class Member contends is the correct number; and (d) be returned by mail
15 to the Settlement Administrator at the specified address, postmarked on or before the Response
16 Deadline.

17 k. "Effective Date" means the following: (i) if no Settlement Class Member
18 objects to the Class Settlement, then the Effective Date will be the date of Final Approval; or (ii) if
19 any Settlement Class Member objects to the Class Settlement, the Effective Date will be the sixty-first
20 (61st) calendar day after the date of Final Approval, provided no appeal is initiated by an objector; or
21 (iii) if a timely appeal is initiated by an objector, then the Effective Date will be the day after final
22 resolution of that appeal (including any requests for rehearing and/or petitions for certiorari), resulting
23 in final judicial approval of the Settlement.

24 l. "Employer Taxes" means the employer's share of taxes and contributions in
25 connection with the wages portion of Individual Settlement Shares, which shall be paid by Defendant
26 in addition to the Gross Settlement Amount.

27 m. "Enhancement Payment" means the amount to be paid to Plaintiff, in
28 recognition of his effort and work in prosecuting the Actions on behalf of Class Members and PAGA

1 Employees, and general release of claims, as set forth in Paragraph 15.

2 n. "Final Approval" means the determination by the Court that the Settlement is
3 fair, reasonable, and adequate, and entry of the Final Approval Order and Judgment based thereon.

4 o. "Final Approval Hearing" means the hearing at which the Court will consider
5 and determine whether the Settlement should be granted Final Approval.

6 p. "Final Approval Order and Judgment" means the order granting final approval
7 of the Settlement and entering judgment thereon, in a form and content mutually agreed to by the
8 Parties, and subject to approval by the Court.

9 q. "Gross Settlement Amount" means the amount of One Million Six Hundred
10 Ninety Thousand Dollars and Zero Cents (\$1,690,000.00) to be paid by Defendant in full satisfaction
11 of the Actions, Released Class Claims, and Released PAGA Claims. The Gross Settlement Amount
12 will be used to pay Individual Settlement Shares, Individual PAGA Payments, the LWDA Payment,
13 the Attorneys' Fees and Costs, the Enhancement Payment, and the Settlement Administration Costs.
14 The Gross Settlement Amount is non-reversionary; no portion of the Gross Settlement Amount will
15 return to Defendant. The Gross Settlement Amount is subject to increase, as provided in Paragraph
16 18.

17 r. "Individual PAGA Payment" means the *pro rata* share of the PAGA Employee
18 Amount that a PAGA Employee may be eligible to receive under the PAGA Settlement, to be
19 calculated in accordance with Paragraph 19.

20 s. "Individual Settlement Payment" means the net payment of each Settlement
21 Class Member's Individual Settlement Share, after reduction for the employee's share of taxes and
22 withholdings with respect to the wages portion of the Individual Settlement Share, as provided in
23 Paragraph 21.

24 t. "Individual Settlement Share" means the *pro rata* share of the Net Settlement
25 Amount that a Class Member may be eligible to receive under the Class Settlement, to be calculated
26 in accordance with Paragraph 19.

27 u. "LWDA Payment" means the amount of Fifty-Eight Thousand Five Hundred
28 Dollars and Zero Cents (\$58,500,00), i.e., 65% of the PAGA Amount, that the Parties have agreed to

1 pay to the LWDA under the PAGA Settlement, as set forth in Paragraph 16.

2 v. "Net Settlement Amount" means the portion of the Gross Settlement Amount
3 that is available for distribution to Settlement Class Members, which is the Gross Settlement Amount
4 less the Court-approved Attorneys' Fees and Costs, Enhancement Payment, PAGA Amount, and
5 Settlement Administration Costs.

6 w. "Notice of Objection" means a Settlement Class Member's written objection to
7 the Class Settlement, which must: (a) contain the case name and number of the Action; (b) contain the
8 objector's full name and signature; (c) contain a written statement of all grounds for the objection
9 accompanied by any legal support for such objection; (d) contain copies of any papers, briefs, or other
10 documents upon which the objection is based; and (e) be returned by mail to the Settlement
11 Administrator at the specified address, postmarked on or before the Response Deadline.

12 x. "PAGA Amount" means the allocation of Ninety Thousand Dollars and Zero
13 Cents (\$90,000.00) from the Gross Settlement Amount for the PAGA Settlement. Sixty-five percent
14 (65%) of the PAGA Amount, or \$58,500.00, will be paid to the LWDA (i.e., the LWDA Payment)
15 and the remaining thirty-five percent (35%), or \$31,500.00, will be distributed to the PAGA
16 Employees (i.e., the PAGA Employee Amount).

17 y. "PAGA Employee(s)" means all current and former hourly-paid and/or non-
18 exempt employees who worked for Defendant in the State of California at any time during the PAGA
19 Period.

20 z. "PAGA Employee Amount" means the amount of Thirty-One Thousand Five
21 Hundred Dollars and Zero Cents (\$31,500.00), i.e., 35% of the PAGA Amount, to be distributed to
22 PAGA Employees on a *pro rata* basis based on their Pay Periods.

23 aa. "PAGA Period" means the period from April 14, 2024, through March 28,
24 2026.

25 bb. "PAGA Settlement" means the settlement and resolution of all Released PAGA
26 Claims.

27 cc. "Pay Periods" means the number of pay periods each PAGA Employee worked
28 for Defendant as an hourly-paid and/or non-exempt employee in California during the PAGA Period.

1 Pay Periods will be calculated by the Settlement Administrator.

2 dd. "Preliminary Approval" means the date on which the Court enters the
3 Preliminary Approval Order.

4 ee. "Preliminary Approval Order" means the order granting preliminary approval
5 of the Settlement, in a form and content mutually agreed to by the Parties, and subject to approval by
6 the Court.

7 ff. "Released Class Claims" means any and all claims which were alleged or which
8 could have been reasonably alleged based on the factual allegations in the Operative Complaint,
9 arising during the Class Period, which shall specifically include claims for Defendant's alleged failure
10 to pay overtime and minimum wages, provide all accrued commission wages (including Defendant's
11 alleged breach of contract regarding commission wages), provide one day's rest in seven, provide
12 compliant meal and rest periods and associated premium payments, timely pay wages during
13 employment and upon termination, provide accurate wage statements, and reimburse necessary
14 business-related expenses in violation of California Labor Code Sections 201, 202, 203, 204, 210, 221,
15 226(a), 226.7, 510, 512(a), 551, 552, 1194, 1197, 1197.1, 1198, 2800, and 2802, the applicable
16 Industrial Welfare Commission Wage Order, and California Business and Professions Code sections
17 17200, *et seq.*

18 gg. "Released PAGA Claims" means any and all claims which were alleged or
19 could have been reasonably alleged based on any of the factual allegations in the PAGA Letter and
20 Operative Complaint, arising during the PAGA Period, for civil penalties under the Private Attorneys
21 General Act of 2004, California Labor Code Sections 2698 *et seq.*, which shall specifically include
22 claims for Defendant's alleged failure to pay overtime and minimum wages, provide all accrued
23 commission wages, provide one day's rest in seven, provide compliant meal and rest periods and
24 associated premium payments, timely pay wages during employment and upon termination, provide
25 compliant wage statements, maintain complete and accurate payroll records, and reimburse necessary
26 business-related expenses in violation of California Labor Code Sections 201, 202, 203, 204, 210, 221,
27 226(a), 226.7, 510, 512(a), 551, 552, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802, and the
28 applicable Industrial Welfare Commission Wage Order.

1 hh. “Released Parties” means Defendant and its current and former officers,
2 directors, members, insurers, shareholders, subsidiaries, affiliates, predecessors, successors, and
3 assigns.

4 ii. “Request for Exclusion” means a letter submitted by a Class Member indicating
5 a request to be excluded from the Class Settlement, which must: (a) contain the case name and number
6 of the Action; (b) contain the Class Member’s full name and signature; (c) clearly state that the Class
7 Member does not wish to be included in the Class Settlement; and (d) be returned by mail to the
8 Settlement Administrator at the specified address, postmarked on or before the Response Deadline.

9 jj. “Response Deadline” means the deadline by which Class Members must submit
10 a Request for Exclusion, Notice of Objection, and/or Dispute, which shall be the date that is sixty (60)
11 calendar days from the initial mailing of the Class Notice by the Settlement Administrator to Class
12 Members, unless the 60th day falls on a Sunday or Federal holiday, in which case the Response
13 Deadline will be extended to the next day on which the United States Postal service is open. The
14 Response Deadline may also be extended by express agreement between Class Counsel and
15 Defendant’s Counsel. In the event that a Class Notice is re-mailed to a Class Member, the Response
16 Deadline for that Class Member shall be extended fifteen (15) calendar days from the original
17 Response Deadline.

18 kk. “Settlement Administrator” means Phoenix Settlement Administrators, or any
19 other third-party class action settlement administrator agreed to by the Parties and approved by the
20 Court for purposes of administering the Settlement. The Parties and their counsel each represent that
21 they do not have any financial interest in the Settlement Administrator or otherwise have a relationship
22 with the Settlement Administrator that could create a conflict of interest.

23 ll. “Settlement Administration Costs” means the costs payable from the Gross
24 Settlement Amount to the Settlement Administrator for administering the Settlement, as set forth in
25 Paragraph 17.

26 mm. “Settlement Class” or “Settlement Class Member(s)” means all Class Members
27 who do not submit a timely and valid Request for Exclusion.

28 nn. “Workweeks” means the number of weeks each Class Member worked for

1 Defendant as an hourly-paid and/or non-exempt employee in California during the Class Period.
2 Workweeks will be calculated by the Settlement Administrator.

3 **CLASS CERTIFICATION**

4 11. For the purposes of this Settlement only, the Parties stipulate to the certification of the
5 Class.

6 12. The Parties agree that certification for the purpose of settlement is not an admission
7 that certification is proper under Section 382 of the California Code of Civil Procedure. Should, for
8 whatever reason, the Court not grant Final Approval, the Parties' stipulation to class certification as
9 part of the Settlement shall become null and void ab initio and shall have no bearing on, and shall not
10 be admissible in connection with, the issue of whether or not certification would be inappropriate in a
11 non-settlement context.

12 **TERMS OF THE AGREEMENT**

13 NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements set
14 forth herein, the Parties agree, subject to the Court's approval, as follows:

15 13. Gross Settlement Amount: Except as otherwise provided in Paragraph 18 below,
16 Defendant promises to pay One Million Six Hundred Ninety Thousand Dollars and Zero Cents
17 (\$1,690,000.00) as the Gross Settlement Amount, and to separately pay any and all employer payroll
18 taxes owed on the wage portions of the Individual Settlement Shares. Defendant has no obligation to
19 pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Paragraph 37
20 of this Agreement. The Settlement Administrator will disburse the entire Gross Settlement Amount
21 without asking or requiring Settlement Class Members or PAGA Employees to submit any claim as a
22 condition of payment. None of the Gross Settlement Amount will revert to Defendant.

23 14. Attorneys' Fees and Costs. Defendant agrees not to oppose or impede any application
24 or motion by Class Counsel for attorneys' fees in the amount up to Thirty-Five Percent (35%) of the
25 Gross Settlement Amount (i.e., \$591,500.00 if the Gross Settlement Amount is \$1,690,000.00) and
26 reimbursement of actual costs and expenses associated with Class Counsel's litigation and settlement
27 of the Actions, in an amount not to exceed Thirty Thousand Dollars and Zero Cents (\$30,000.00), both
28 of which will be paid from the Gross Settlement Amount. These amounts will cover any and all work

1 performed and any and all costs incurred by Class Counsel in connection with the litigation of the
2 Actions, including without limitation all work performed and costs incurred to date, and all work to
3 be performed and all costs to be incurred in connection with obtaining the Court's approval of this
4 Settlement Agreement, including any objections raised and any appeals necessitated by those
5 objections. Class Counsel shall be solely and legally responsible for correctly characterizing this
6 compensation for tax purposes and for paying any taxes on the amounts received. The Settlement
7 Administrator shall issue an IRS Form 1099 to Class Counsel for the Attorneys' Fees and Costs. Any
8 portion of the requested Attorneys' Fees and Costs that is not awarded by the Court to Class Counsel
9 shall be reallocated to the Net Settlement Amount for the benefit of the Settlement Class Members.

10 15. Enhancement Payment. Defendant agrees not to oppose or impede any application or
11 motion by Plaintiff for an Enhancement Payment in the amount up to Ten Thousand Dollars and Zero
12 Cents (\$10,000.00). The Enhancement Payment, which will be paid from the Gross Settlement
13 Amount, subject to Court approval, will be in addition to their Individual Settlement Payment as a
14 Settlement Class Member and Individual PAGA Payment as a PAGA Employee. Plaintiff shall be
15 solely and legally responsible for correctly characterizing this compensation for tax purposes and for
16 paying any taxes on the amounts received. The Settlement Administrator shall issue an IRS Form
17 1099 to Plaintiff for the Enhancement Payment. Any portion of the requested Enhancement Payment
18 that is not awarded by the Court to Plaintiff shall be reallocated to the Net Settlement Amount for the
19 benefit of the Settlement Class Members.

20 16. PAGA Amount. Subject to approval by the Court, the Parties agree that the amount of
21 Ninety Thousand Dollars and Zero Cents (\$90,000.00) shall be allocated from the Gross Settlement
22 Amount toward penalties under the Private Attorneys General Act, California Labor Code Section
23 2698, *et seq.* (i.e., the PAGA Amount), of which sixty-five percent (65%), or \$58,500.00 will be paid
24 to the LWDA (i.e., the LWDA Payment) and thirty-five percent (35%), or \$31,500.00, will be
25 distributed to PAGA Employees (i.e., the PAGA Employee Amount) on a *pro rata* basis, based on the
26 total number of Pay Periods worked by each PAGA Employee during the PAGA Period (i.e., the
27 Individual PAGA Payments).

28 17. Settlement Administration Costs. The Settlement Administrator will be paid for the

1 reasonable costs of administration of the Settlement and distribution of payments under the Settlement,
2 which is currently estimated not to exceed Eight Thousand Dollars and Zero Cents (\$8,000.00). These
3 costs, which will be paid from the Gross Settlement Amount, subject to Court approval, will include,
4 *inter alia*, printing, distributing, and tracking Class Notices and other documents for the Settlement,
5 calculating and distributing payments due under the Settlement, issuing of 1099 and W-2 IRS Forms
6 and all required tax reporting, filings, withholdings, and remittances, providing necessary reports and
7 declarations, and other duties and responsibilities set forth herein to process the Settlement, and as
8 requested by the Parties. To the extent the actual Settlement Administrator's costs are greater than the
9 estimated amount stated herein, such excess amount will be deducted from the Gross Settlement
10 Amount, subject to approval by the Court. Any portion of the estimated, designated, and/or awarded
11 Settlement Administration Costs which are not in fact required to fulfill payment to the Settlement
12 Administrator to undertake the required settlement administration duties shall be reallocated to the Net
13 Settlement Amount for the benefit of the Settlement Class Members.

14 18. Escalator Clause. Based on its records, Defendant estimates that there are
15 approximately 469 Class Members during the Class Period and that the Class Members worked a total
16 of approximately 39,000 Workweeks during the Class Period. If it is determined by the Settlement
17 Administrator that the total number of Workweeks worked by the Class Members during the Class
18 Period actually exceeds 39,000 by more than 10% (i.e., if the Workweeks exceed 42,900), then the
19 Gross Settlement Amount will be increased on a *pro rata* basis equal to the percentage increase in the
20 number of Workweeks worked by the Class Members above 10%. For example, if the number of
21 Workweeks increases by 11% to 43,290 Workweeks, then the Gross Settlement Amount will increase
22 by 1% to \$1,706,900.00.

23 19. Individual Settlement Share Calculations. Individual Settlement Shares will be
24 calculated and apportioned from the Net Settlement Amount based on the Class Members' number of
25 Workweeks, as follows:

26 a. After Preliminary Approval, the Settlement Administrator will divide the Net
27 Settlement Amount by the Workweeks of all Class Members to yield the "Estimated Workweek
28 Value," and multiply each Class Member's individual Workweeks by the Estimated Workweek Value

1 to yield each Class Member's estimated Individual Settlement Share that the Class Member may be
2 entitled to receive under the Class Settlement.

3 b. After Final Approval, the Settlement Administrator will divide the final Net
4 Settlement Amount by the Workweeks of all Settlement Class Members to yield the "Final Workweek
5 Value," and multiply each Settlement Class Member's individual Workweeks by the Final Workweek
6 Value to yield each Settlement Class Member's final Individual Settlement Share.

7 c. Non-Settlement Class Members will not receive any Individual Settlement
8 Payments. The Settlement Administrator will retain amounts equal to their Individual Settlement
9 Payments in the Net Settlement Amount for distribution to Settlement Class Members on a pro rata
10 basis.

11 20. Individual PAGA Payment Calculations. Individual PAGA Payments will be
12 calculated and apportioned from the PAGA Employee Amount based on the PAGA Employees'
13 number of Pay Periods, as follows: The Settlement Administrator will divide the PAGA Employee
14 Amount, i.e., 35% of the PAGA Amount, by the Pay Periods of all PAGA Employees to yield the
15 "Pay Period Value," and multiply each PAGA Employee's individual Pay Periods by the Pay Period
16 Value to yield each PAGA Employee's Individual PAGA Payment.

17 21. Tax Treatment of Individual Settlement Shares and Individual PAGA Payments. Each
18 Individual Settlement Share will be allocated as follows: twenty percent (20%) wages and eighty
19 percent (80%) penalties, interest, and non-wage damages. The portion allocated to wages will be
20 reported on an IRS Form W-2 and the portions allocated to penalties, interest, and non-wage damages
21 will be reported on an IRS Form 1099 (if applicable) by the Settlement Administrator. The Settlement
22 Administrator will withhold the employee's share of taxes and withholdings with respect to the wages
23 portion of the Individual Settlement Shares, and issue checks to Settlement Class Members for their
24 Individual Settlement Payments (i.e., payment of their Individual Settlement Share net of these taxes
25 and withholdings). The Employer Taxes will be paid separately and in addition to the Gross
26 Settlement Amount. Each Individual PAGA Payment will be allocated as one hundred percent (100%)
27 penalties and will be reported on an IRS Form 1099 (if applicable) by the Settlement Administrator.

28 22. Administration of Taxes by the Settlement Administrator. The Settlement

1 Administrator will be responsible for issuing to Plaintiff, Settlement Class Members, PAGA
2 Employees, and Class Counsel any tax forms (i.e., IRS Forms W-2, IRS Forms 1099, etc.) as may be
3 required by law for all amounts paid pursuant to this Settlement Agreement. The Settlement
4 Administrator will also be responsible for calculating the Employer Taxes and forwarding all payroll
5 taxes and other legally required withholdings to the appropriate government authorities.

6 23. Tax Liability. Plaintiff, Class Counsel, Defendant, and Defendant's Counsel do not
7 intend anything contained in this Settlement Agreement to constitute advice regarding taxes or
8 taxability, nor shall anything in this Settlement Agreement be relied on as such. Plaintiff, Settlement
9 Class Members, and PAGA Employees are not relying on any statement, representation, or calculation
10 by Defendant, the Settlement Administrator, or Class Counsel in this regard. Plaintiff, Settlement
11 Class Members, and PAGA Employees understand and agree that Plaintiff, Settlement Class
12 Members, and PAGA Employees will be solely responsible for the payment of any taxes and penalties
13 assessed on the payments described in this Settlement Agreement. Plaintiff, Settlement Class
14 Members, and PAGA Employees should consult with their tax advisors concerning the tax
15 consequences of any payment they receive under the Settlement.

16 24. Circular 230 Disclaimer. EACH PARTY TO THIS SETTLEMENT AGREEMENT
17 (FOR PURPOSES OF THIS SECTION, THE "ACKNOWLEDGING PARTY" AND EACH PARTY
18 TO THIS SETTLEMENT AGREEMENT OTHER THAN THE ACKNOWLEDGING PARTY, AN
19 "OTHER PARTY") ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS
20 SETTLEMENT AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE
21 BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISORS, IS
22 OR WAS INTENDED TO BE, NOR WILL ANY SUCH COMMUNICATION OR DISCLOSURE
23 CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE
24 MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART
25 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY
26 UPON HIS, HER, OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE
27 (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS SETTLEMENT AGREEMENT, (B)
28 HAS NOT ENTERED INTO THIS SETTLEMENT AGREEMENT BASED UPON THE

1 RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY
2 OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR
3 DISCLOSURE BY ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY TO AVOID ANY
4 TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO
5 ATTORNEY OR ADVISOR TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION
6 THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISOR'S
7 TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY
8 BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX
9 TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY
10 TRANSACTION CONTEMPLATED BY THIS SETTLEMENT AGREEMENT.

11 25. Settlement Awards Do Not Trigger Additional Benefits. All payments made under the
12 Settlement shall be deemed to be paid to the payee solely in the year in which such payments actually
13 are issued to the payee. It is expressly understood and agreed that payments made under this
14 Settlement shall not in any way entitle Plaintiff, Settlement Class Members, or any PAGA Employee
15 to additional compensation or benefits under any new or additional compensation or benefits, or any
16 bonus, contest, or other compensation or benefit plan or agreement in place during the Class Period,
17 nor will it entitle Plaintiff, Settlement Class Members, or any PAGA Employee to any increased
18 retirement, 401K benefits or matching benefits, or deferred compensation benefits (notwithstanding
19 any contrary language or agreement in any benefit or compensation plan document that might have
20 been in effect during the Class Period).

21 26. Duties of the Parties with Respect to Obtaining Preliminary Approval of the Settlement.
22 Plaintiff will obtain a hearing date from the Court for Plaintiff's motion for preliminary approval of
23 the Settlement, which Class Counsel will be responsible for drafting, and submit this Settlement
24 Agreement to the Court in support of said motion. Class Counsel will provide Defendant's Counsel
25 with all documents necessary for obtaining preliminary approval, including: (i) a draft of the notice
26 and memorandum in support of the Motion for Preliminary Approval that includes an analysis of the
27 Settlement under Dunk/Kullar and a request for approval of the PAGA Settlement under Labor Code
28 section 2699, subdivision (f)(2); (ii) a draft proposed Preliminary Approval Order; (iii) a draft

1 proposed Class Notice; (iv) a signed declaration from the Settlement Administrator attaching its “not
2 to exceed” bid for administering the Settlement and attesting to its willingness to serve; competency;
3 operative procedures for protecting the security of Class List; amounts of insurance coverage for any
4 data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential
5 conflicts of interest with Class Members; and the nature and extent of any financial relationship with
6 Plaintiff, Class Counsel, or Defendant’s Counsel; (v) a signed declaration from Plaintiff confirming
7 willingness and competency to serve and disclosing all facts relevant to any actual or potential
8 conflicts of interest with Class Members or the Settlement Administrator; (vi) a signed declaration
9 from Class Counsel attesting to its competency to represent the Class Members; and its timely
10 transmission to the LWDA of all necessary PAGA documents (PAGA Notice (Lab. Code, § 2699.3,
11 subd. (a)), Operative Complaint (Lab. Code, § 2699, subd. (1)(1)), and the Agreement (Lab. Code, §
12 2699, subd. (1)(2)); and (vii) all facts relevant to any actual or potential conflict of interest with Class
13 Members or the Settlement Administrator. Defendant agrees not to oppose the motion for preliminary
14 approval of the Settlement consistent with this Settlement Agreement. By way of said motion, Plaintiff
15 will apply for the entry of the Preliminary Approval Order seeking the following:

- 16 a. Conditionally certifying the Class for settlement purposes only;
- 17 b. Granting Preliminary Approval of the Settlement;
- 18 c. Preliminarily appointing Plaintiff as the representative of the Class;
- 19 d. Preliminarily appointing Class Counsel as counsel for the Class;
- 20 e. Approving as to form and content, the mutually-agreed upon and proposed
21 Class Notice and directing its mailing by First Class U.S. Mail;
- 22 f. Approving the manner and method for Class Members to request exclusion
23 from or object to the Class Settlement as contained herein and within the Class Notice; and
- 24 g. Scheduling a Final Approval Hearing at which the Court will determine whether
25 Final Approval of the Settlement should be granted.

26 27. Notice of Settlement to the LWDA. Pursuant to California Labor Code § 2699(s)(2),
27 Class Counsel shall notify the LWDA of the Settlement.

28 28. Delivery of Class List. Within fourteen (14) calendar days of Preliminary Approval,

1 Defendant will provide the Class List to the Settlement Administrator. To protect Class Members'
2 privacy rights, the Settlement Administrator must maintain the Class List in confidence, use the Class
3 List only for purposes of this Settlement and for no other purpose, and restrict access to the Class List
4 to Settlement Administrator employees who need access to effect and perform under this Agreement.
5 Defendant has a continuing duty to immediately notify Class Counsel if it discovers that the Class List
6 omitted Class Member identifying information and to provide corrected or updated Class List as soon
7 as reasonably feasible. Without any extension of the deadline by which Defendant must send the Class
8 List to the Settlement Administrator, the Parties and their counsel will expeditiously use best efforts,
9 in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class List
10 information. No later than three (3) business days after receipt of the Class List, the Settlement
11 Administrator shall notify Class Counsel that the list has been received and state the number of Class
12 Members, PAGA Employees, Workweeks, and Pay Periods contained in the Class List.

13 29. Notice by First-Class U.S. Mail.

14 a. Within ten (10) business days after receiving the Class List from Defendant, the
15 Settlement Administrator will perform a search based on the National Change of Address Database or
16 any other similar services available, such as provided by Experian, for information to update and
17 correct for any known or identifiable address changes, and will mail a Class Notice in English (in the
18 form attached as **Exhibit A** to this Settlement Agreement) to all Class Members via First-Class U.S.
19 Mail, using the most current, known mailing addresses identified by the Settlement Administrator.

20 b. Any Class Notice returned to the Settlement Administrator as undeliverable on
21 or before the Response Deadline will be sent promptly via First-Class U.S. Mail to the forwarding
22 address affixed thereto and the Settlement Administrator will indicate the date of such re-mailing on
23 the Class Notice. If no forwarding address is provided, the Settlement Administrator will promptly
24 attempt to determine the correct address using a skip-trace or other search, using the name, address,
25 and/or Social Security number of the Class Member, and perform a single re-mailing within five (5)
26 calendar days.

27 c. Compliance with the procedures described herein above shall constitute due and
28 sufficient notice to Class Members of the Settlement and shall satisfy the requirements of due process.

1 Nothing else shall be required of or done by the Parties, Class Counsel, or Defendant's Counsel to
2 provide notice of the Settlement.

3 30. Disputes Regarding Workweeks and/or Pay Periods. Class Members will have an
4 opportunity to dispute the number of Workweeks and/or Pay Periods which have been credited to
5 them, as reflected in their respective Class Notices, by submitting a timely and valid Dispute to the
6 Settlement Administrator, by mail, postmarked on or before the Response Deadline. The date of the
7 postmark on the return mailing envelope will be the exclusive means to determine whether a Dispute
8 has been timely submitted. Absent evidence rebutting the accuracy of Defendant's records and data
9 as they pertain to the number of Workweeks and/or Pay Periods to be credited to a disputing Class
10 Member, Defendant's records will be presumed to be correct and determinative of the dispute.
11 However, if a Class Member produces information and/or documents to the contrary, the Settlement
12 Administrator will evaluate the materials submitted by the Class Member and the Settlement
13 Administrator will resolve and determine the number of eligible Workweeks and/or Pay Periods that
14 the disputing Class Member should be credited with under the Settlement. The Settlement
15 Administrator's decision on such disputes will be final and non-appealable.

16 31. Requesting Exclusion from the Class Settlement. Any Class Member wishing to be
17 excluded from the Class Settlement must submit a timely and valid Request for Exclusion to the
18 Settlement Administrator, by mail, postmarked on or before the Response Deadline. The date of the
19 postmark on the return mailing envelope will be the exclusive means to determine whether a Request
20 for Exclusion has been timely submitted. The Settlement Administrator will certify jointly to Class
21 Counsel and Defendant's Counsel the number of timely and valid Requests for Exclusion that are
22 submitted, and also identify the individuals who have submitted a timely and valid Request for
23 Exclusion in a declaration that is to be filed with the Court in advance of the Final Approval Hearing.
24 At no time will any of the Parties or their counsel seek to solicit or otherwise encourage Class Members
25 to request exclusion from the Class Settlement. Any Class Member who submits a Request for
26 Exclusion is prohibited from making any objection to the Class Settlement. Any Class Member who
27 submits a timely and valid Request for Exclusion will not be bound by the Class Settlement and will
28 not be issued an Individual Settlement Payment. Any Class Member who does not affirmatively

1 request exclusion from the Class Settlement by submitting a timely and valid Request for Exclusion
2 will be bound by all of the terms of the Class Settlement, including and not limited to those pertaining
3 to the Released Class Claims, as well as any judgment that may be entered by the Court if it grants
4 Final Approval to the Settlement. Notwithstanding the above, all PAGA Employees will be bound to
5 the PAGA Settlement and will be issued their Individual PAGA Payment, irrespective of whether they
6 submit a Request for Exclusion.

7 32. Objecting to the Class Settlement. To object to the Class Settlement, Settlement Class
8 Members must submit a timely and complete Notice of Objection to the Settlement Administrator, by
9 mail, postmarked on or before the Response Deadline. The date of the postmark on the return mailing
10 envelope will be the exclusive means to determine whether a Notice of Objection has been timely
11 submitted. The Settlement Administrator will certify jointly to Class Counsel and Defendant's
12 Counsel the number of Notices of Objection that are submitted (specifying which ones were timely
13 and complete and which were not), and also attach them to a declaration that is to be filed with the
14 Court in advance of the Final Approval Hearing. At no time will any of the Parties or their counsel
15 seek to solicit or otherwise encourage Settlement Class Members to object to the Class Settlement or
16 appeal from the Final Approval Order and Judgment. Settlement Class Members, individually or
17 through counsel, may also present their objection orally at the Final Approval Hearing, regardless of
18 whether they have submitted a Notice of Objection.

19 33. Reports by the Settlement Administrator. The Settlement Administrator shall provide
20 weekly reports to counsel for the Parties providing: (a) the number of undeliverable and re-mailed
21 Class Notices; (ii) the number of Class Members who have submitted Disputes; (iii) the number of
22 Class Members who have submitted Requests for Exclusion; and (iv) the number of Settlement Class
23 Members who have submitted Notices of Objection. Additionally, the Settlement Administrator will
24 provide to counsel for the Parties any updated reports regarding the administration of the Settlement
25 Agreement as needed or requested, and immediately notify the Parties when it receives a request from
26 an individual or any other entity regarding inclusion in the Class and/or Settlement or regarding a
27 Dispute.

28 34. Defendant's Right to Rescind. If more than ten percent (10%) of the Class Members

1 submit timely and valid Requests for Exclusion, Defendant may elect to rescind the Settlement
2 Agreement. Defendant must exercise this right of rescission in writing that is provided to Class
3 Counsel within seven (7) calendar days of the Settlement Administrator notifying the Parties of the
4 number of Class Members who have submitted timely and valid Requests for Exclusion following the
5 Response Deadline. If Defendant exercises this option, Defendant shall pay any costs of settlement
6 administration owed to the Settlement Administrator incurred up to that date.

7 35. Certification of Completion. Upon completion of administration of the Settlement, the
8 Settlement Administrator will provide a written declaration under oath to certify such completion to
9 the Court and counsel for all Parties.

10 36. Duties of the Parties with Respect to Obtaining Final Approval of the Settlement. After
11 the Response Deadline, and not later than sixteen (16) court days before the Final Approval Hearing,
12 Plaintiff will file in Court, a motion for final approval of the Settlement that includes a request for
13 approval of the PAGA settlement under Labor Code section 2699, subd. (l), a proposed Final Approval
14 Order and Judgment (collectively "Motion for Final Approval"). Plaintiff shall provide drafts of these
15 documents to Defendant's Counsel not later than seven (7) calendar days prior to filing the Motion for
16 Final Approval. Class Counsel and Defendant's Counsel will expeditiously meet and confer, and in
17 good faith, to resolve any disagreements concerning the Motion for Final Approval. By way of said
18 motion, Plaintiff will apply for the entry of the Final Approval Order and Judgment, which will provide
19 for, in substantial part, the following:

20 a. Approval of the Settlement as fair, reasonable, and adequate, and directing
21 consummation of its terms and provisions;

22 b. Certification of the Settlement Class;

23 c. Approval of the application for Attorneys' Fees and Costs to Class Counsel;

24 d. Approval of the application for Enhancement Payment to Plaintiff;

25 e. Directing Defendant to fund all amounts due under the Settlement Agreement
26 and ordered by the Court; and

27 f. Entering judgment in the Action, while maintaining continuing jurisdiction, in
28 conformity with California Rules of Court 3.769 and the Settlement Agreement.

Each Party retains the right to respond to any objection raised by a Settlement Class Member, including the right to file responsive documents in Court no later than five (5) court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

37. Funding of the Gross Settlement Amount. No later than five (5) business days after the Effective Date, Defendant will deposit the Gross Settlement Amount and Employer Taxes into a Qualified Settlement Fund ("QSF") within the meaning of Treasury Regulation Section 1.468B-1, *et seq.*, to be established by the Settlement Administrator. Defendant shall provide all information necessary for the Settlement Administrator to calculate necessary payroll taxes including its official name, 8-digit state unemployment insurance tax ID number, and other information requested by the Settlement Administrator, no later than five (5) business days after the Effective Date.

38. Distribution of the Gross Settlement Amount. Within ten (10) business days of the funding of the Gross Settlement Amount, the Settlement Administrator will issue the Individual Settlement Payments to Settlement Class Members, Individual PAGA Payments to PAGA Employees, LWDA Payment to the LWDA, Enhancement Payment to Plaintiff, Attorneys' Fees and Costs to Class Counsel, and Settlement Administration Costs to itself. The Settlement Administrator shall also set aside the Employer Taxes and all employee-side payroll taxes, contributions, and withholding, and timely forward these to the appropriate government authorities.

39. Settlement Checks. The Settlement Administrator will be responsible for undertaking appropriate deductions, required tax reporting, and issuing the Individual Settlement Payments by way of check to the Settlement Class Members and the Individual PAGA Payments by way of check to the PAGA Employees in accordance with this Settlement Agreement. When issuing payments, the Settlement Administrator may combine the Individual Settlement Payment and Individual PAGA Payment into one check if the intended recipient for both payments is one individual. Settlement Class Members and PAGA Employees are not required to submit a claim to be issued an Individual Settlement Payment and/or Individual PAGA Payment. Each Individual Settlement Payment and Individual PAGA Payment check will be valid and negotiable for one hundred and eighty (180) calendar days from the date the checks are issued, and thereafter, shall be canceled. Any funds associated with such canceled checks shall be distributed by the Settlement Administrator to the State of California's Unclaimed Property Division in the name of the Settlement Class Member and/or

1 PAGA Employee. The Parties agree that this disposition results in no “unpaid residue” under
2 California Civil Procedure Code Section 384, as the entire Net Settlement Amount will be paid out to
3 Settlement Class Members, whether or not they cash their settlement checks. Therefore, Defendant
4 will not be required to pay any interest on such amounts. The Settlement Administrator shall undertake
5 amended and/or supplemental tax filings and reporting required under applicable local, state, and
6 federal tax laws that are necessitated due to the cancelation of any Individual Settlement Payment
7 and/or Individual PAGA Payment checks. Settlement Class Members whose Individual Settlement
8 Payment checks are canceled shall, nevertheless, be bound by the Class Settlement, and PAGA
9 Employees whose Individual PAGA Payment checks are canceled shall, nevertheless, be bound by the
10 PAGA Settlement.

11 40. Class Settlement Release. Upon the Effective Date and full funding of the Gross
12 Settlement Amount, all Settlement Class Members, on behalf of themselves and their respective
13 former and present representatives, agents, attorneys, heirs, administrators, successors and assigns,
14 release the Released Parties from the Released Class Claims. Settlement Class Members do not release
15 any other claims, including claims for vested benefits, wrongful termination, violation of the Fair
16 Employment and Housing Act, unemployment insurance, disability, social security, or workers’
17 compensation or claims based on events occurring outside the Class Period.

18 41. PAGA Settlement Release. Upon the Effective Date and full funding of the Gross
19 Settlement Amount, all PAGA Employees, on behalf of themselves and their respective former and
20 present representatives, agents, attorneys, heirs, administrators, successors and assigns, release the
21 Released Parties from the Released PAGA Claims.

22 42. Plaintiff’s General Release. Upon the Effective Date and full funding of the Gross
23 Settlement Amount, Plaintiff, individually and on behalf of his respective former and present
24 representatives, agents, attorneys, administrators, successors, and assigns generally, release and
25 discharge the Released Parties from all claims, transactions, or occurrences that occurred during the
26 Class Period and PAGA Period, including, but not limited to: (a) all claims that were, or reasonably
27 could have been, alleged, based on the facts contained in the Operative Complaint and (b) all PAGA
28 claims that were, or reasonably could have been, alleged, based on the facts contained in the Operative

1 Complaint and PAGA Letter ("Plaintiff's Release"). The Plaintiff's Release does not extend to any
2 claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment
3 benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any
4 time, or based on occurrences outside the Class Period. Plaintiff acknowledges that Plaintiff may
5 discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or
6 believes to be true but agrees, nonetheless, that the Plaintiff's Release shall be and remain effective in
7 all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them. It is
8 agreed that this is a general release and is to be broadly construed as a release of all claims, provided
9 that, notwithstanding the foregoing, this Paragraph expressly does not include a release of any claims
10 that cannot be released hereunder by law. Any and all rights granted under any state or federal law or
11 regulation limiting the effect of the Settlement Agreement, including the provisions of Section 1542
12 of the California Civil Code, ARE HEREBY EXPRESSLY WAIVED. Plaintiff expressly waives and
13 relinquishes the provisions, rights, and benefits, if any, of section 1542 of the Civil Code, which reads:

14 **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR**
15 **OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER**
16 **FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM**
17 **OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH**
18 **THE DEBTOR OR RELEASED PARTY.**

19 43. Final Approval Order and Judgment. The Parties shall provide the Settlement
20 Administrator with a copy of the Final Approval Order and Judgment once it is entered by the Court,
21 and the Settlement Administrator shall post the Final Approval Order and Judgment on its website for
22 sixty (60) calendar days. No individualized notice of the Final Approval Order and Judgment to the
23 Class will be required.

24 44. Continued Jurisdiction. After entry of the judgment pursuant to the Settlement, the
25 Court will have continuing jurisdiction pursuant to Rule 3.769 of the California Rules of Court and
26 Section 664.6 of the California Code of Civil Procedure, for purposes of addressing: (a) the
27 interpretation and enforcement of the terms of the Settlement, (b) settlement administration matters,
28 and (c) such post-judgment matters as may be appropriate under court rules or as set forth in this

1 Settlement Agreement.

2 45. Effects of Termination or Rescission of Settlement. Termination or rescission of the
3 Settlement Agreement shall have the following effects:

4 a. The Settlement Agreement shall be void and shall have no force or effect, and
5 no Party shall be bound by any of its terms;

6 b. In the event the Settlement Agreement is terminated, Defendant shall have no
7 obligation to make any payments to any Party, Class Member, or attorney, except that the terminating
8 Party shall pay the Settlement Administrator for services rendered up to the date the Settlement
9 Administrator is notified that the Settlement has been terminated;

10 c. The Preliminary Approval Order and Final Approval Order and Judgment,
11 including any order certifying the Class, shall be vacated;

12 d. The Settlement Agreement and all negotiations, statements, and proceedings
13 relating thereto shall be without prejudice to the rights of any of the Parties, all of whom shall be
14 restored to their respective positions in the Actions prior to the execution of the Settlement Agreement;

15 e. Neither this Settlement Agreement, nor any ancillary documents, actions,
16 statements, or filings in furtherance of the Settlement (including all matters associated with the
17 mediation) shall be admissible or offered into evidence in the Action or any other action for any
18 purpose whatsoever; and

19 f. Any documents generated to bring the Settlement into effect, will be null and
20 void, and any order or judgment entered by the Court in furtherance of this Settlement Agreement will
21 likewise be treated as void from the beginning.

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

26 47. Exhibits Incorporated by Reference. The terms of this Settlement include the terms set
27 forth in any attached exhibits, which are incorporated by this reference as though fully set forth herein.
28 Any exhibits to this Settlement Agreement are an integral part of the Settlement.

48. Entire Agreement. This Settlement Agreement and any attached exhibits constitute the

1 entirety of the Parties' agreement relating to the settlement and transaction completed thereby, and all
2 prior or contemporaneous agreements, understandings, representations, and statements, whether oral
3 or written and whether by a Party or such Party's legal counsel, are merged herein. No other prior or
4 contemporaneous written or oral agreements may be deemed binding on the Parties. The Parties
5 expressly recognize California Civil Code Section 1625 and California Code of Civil Procedure
6 Section 1856(a), which provide that a written agreement is to be construed according to its terms and
7 may not be varied or contradicted by extrinsic evidence, and the Parties agree that no such extrinsic
8 oral or written representations or terms will modify, vary, or contradict the terms of this Settlement
9 Agreement.

10 49. Interim Stay of Proceedings. The Parties agree to hold in abeyance all proceedings in
11 the Actions (including with respect to California Code of Civil Procedure Section 583.310), except
12 such proceedings necessary to implement and complete this Settlement Agreement, pending the Final
13 Approval Hearing to be conducted by the Court.

14 50. Amendment or Modification. Prior to the filing of the motion for preliminary approval
15 of the Settlement, the Parties may not amend or modify any provision of this Settlement Agreement
16 except by written agreement signed by counsel for all Parties. After the filing of the motion for
17 preliminary approval of the Settlement, the Parties may not amend or modify any provision of this
18 Settlement Agreement except by written agreement signed by counsel for all the Parties and subject
19 to Court approval. A waiver or amendment of any provision of this Settlement Agreement will not
20 constitute a waiver of any other provision.

21 51. Authorization to Enter into Settlement Agreement. Counsel for all Parties warrant and
22 represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement
23 Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant
24 to this Settlement Agreement to effectuate its terms and to execute any other documents required to
25 effectuate the terms of this Settlement Agreement. The Parties warrant that they understand and have
26 full authority to enter into this Settlement Agreement, and further intend that this Settlement
27 Agreement will be fully enforceable and binding on all Parties, and agree that it will be admissible
28 and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation
confidentiality provisions that otherwise might apply under state or federal law.

52. Signatories. It is agreed that because the members of the Class are so numerous, it is

1 impossible or impractical to have each Settlement Class Member or PAGA Employee execute this
2 Settlement Agreement. The Class Notice will advise all Class Members of the binding nature of the
3 Class Settlement as to the Settlement Class Members and the binding nature of the PAGA Settlement
4 as to the PAGA Employees, and the releases provided for by this Settlement Agreement shall have
5 the same force and effect as if this Settlement Agreement were executed by each Settlement Class
6 Member and PAGA Employee.

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

9 54. California Law Governs. All terms of this Settlement Agreement and attached exhibits
10 hereto will be governed by and interpreted according to the laws of the State of California.

11 55. Execution and Counterparts. This Settlement Agreement is subject only to the
12 execution of all Parties. However, this Settlement Agreement may be executed in one or more
13 counterparts. All executed counterparts and each of them, including facsimile, electronic, and scanned
14 copies of the signature page, will be deemed to be one and the same instrument.

15 56. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe this
16 Settlement Agreement is a fair, adequate, and reasonable settlement of the Actions and have arrived
17 at this Settlement after arm's length negotiations and in the context of adversarial litigation, taking
18 into account all relevant factors, present and potential. The Parties further acknowledge that they are
19 each represented by competent counsel and that they have had an opportunity to consult with their
20 counsel regarding the fairness and reasonableness of this Settlement Agreement. In addition, if
21 necessary to obtain approval of the Settlement, the Mediator may execute a declaration supporting the
22 Settlement and the reasonableness of the Settlement and the Court may, in its discretion, contact the
23 Mediator to discuss the Settlement and whether or not the Settlement is objectively fair and reasonable.

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

28 58. Enforcement Action. In the event that one or more of the Parties institutes any legal
action or other proceeding against any other Party or Parties to enforce the provisions of this

1 Settlement Agreement or to declare rights and/or obligations under this Settlement, the successful
2 Party or Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorneys'
3 fees and costs, including expert witness fees, in connection with any enforcement actions.

4 59. Plaintiff's Cooperation. Plaintiff agrees to sign this Settlement Agreement and, by
5 signing this Settlement Agreement, is hereby bound by the terms herein and agrees to fully cooperate
6 to implement the Settlement.

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

21 61. Captions. The captions and paragraph numbers in this Settlement Agreement are
22 inserted for the reader's convenience, and in no way define, limit, construe, or describe the scope or
23 intent of the provisions of this Settlement Agreement.

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

1 Settlement Agreement.

2 63. Use and Return of Class List. Information provided to Class Counsel pursuant to
3 Evidence Code section 1152, and all copies and summaries of the Class List, or any portions thereof,
4 provided to Class Counsel by Defendant in connection with the mediation, other settlement
5 negotiations, or the Settlement, may be used only with respect to this Settlement and for no other
6 purpose, and may not be used in any way that violates any existing contractual agreement, statute or
7 the California Rules of Court. Not later than ninety (90) calendar days after the date when the Court
8 discharges the Settlement Administrator's obligation to provide a declaration confirming the final pay
9 out of all Settlement funds, Plaintiff shall destroy all paper and electronic versions of the Class List
10 received from Defendant unless, before the Court's discharge of the Settlement Administrator's
11 obligation, Defendant makes a written request to Class Counsel for the return, rather than the
12 destruction, of the Class List.

13 64. Representation By Counsel. The Parties acknowledge that they have been represented
14 by counsel throughout all negotiations that preceded the execution of this Settlement Agreement, and
15 that this Settlement Agreement has been executed with the consent and advice of counsel, and
16 reviewed in full.

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

19 66. Notices. All notices, demands, and other communications to be provided concerning
20 the Settlement Agreement shall be in writing and deemed to have been duly given as of the third
21 business day after mailing by First Class U.S. Mail, or the day sent by email or messenger, addressed
22 as follows:

23 To Plaintiff and Class Counsel:

24 Jonathan M. Genish

25 jgenish@blackstonepc.com

26 Ryan A. Quadrel

27 rquadrel@blackstonepc.com

28 Joe Marshall

jmarshall@blackstonepc.com

Shelby L. Miner

sminer@blackstonepc.com

Alexandra Rose

1 arose@blackstonepc.com
2 **BLACKSTONE LAW, APC**
3 8383 Wilshire Boulevard, Suite 745
4 Beverly Hills, California 90211
5 Tel: (310) 622-4278 / Fax: (855) 786-6356

6 To Defendant:
7 Michael R. Goldstein
8 m.goldstein@musickeeler.com
9 Michael R. Mauge
10 m.mauge@musickeeler.com
11 **MUSICK, PEELER & GARRETT LLP**
12 2801 Townsgate Road, Suite 200
13 Westlake Village, California 91361
14 Tel: (805) 418-3100 / Fax: (805) 418-3101

15 67. Cooperation and Execution of Necessary Documents. All Parties and their counsel will
16 cooperate with each other in good faith and use their best efforts to implement the Settlement,
17 including and not limited to, executing all documents to the extent reasonably necessary to effectuate
18 the terms of this Settlement Agreement. If the Parties are unable to reach agreement on the form or
19 content of any document needed to implement the Settlement Agreement, or on any supplemental
20 provisions that may become necessary to effectuate the terms of this Settlement Agreement, the Parties
21 may seek the assistance of the Mediator and then the Court to resolve such disagreement.

22 **IN WITNESS WHEREOF**, the Parties hereto knowingly and voluntarily executed this Joint
23 Stipulation of Class Action and PAGA Settlement between Plaintiff and Defendant:
24

25 **IT IS SO AGREED.**

26 **PLAINTIFF YINAN ZHANG**

27 *Yinan Zhang*

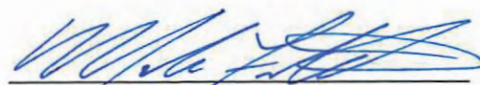
28 Dated: 08/13/2026

Plaintiff Yinan Zhang

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**DEFENDANT HALREC, INC. DBA
STEVENS CREEK TOYOTA**

Dated: 8/7/2026



Full Name: Mark Feldman

Title: CEO
On behalf of Defendant Halrec, Inc. dba Stevens
Creek Toyota

EXHIBIT A

NOTICE OF CLASS ACTION SETTLEMENT

Yinan Zhang v. Halrec, Inc. dba Stevens Creek Toyota
Superior Court of California for the County of Santa Clara, Case No. 25CV463865

PLEASE READ THIS CLASS NOTICE CAREFULLY.

You have received this Class Notice because Defendant's records indicate that you may be eligible to take part in the class action settlement reached in the above-referenced case.

You do not need to take any action to receive a settlement payment.

This Class Notice is designed to advise you of your rights and options with respect to the settlement, and how you can request to be excluded from the Class Settlement, object to the Class Settlement, and/or dispute the number of Workweeks and/or Pay Periods that you are credited with, if you so choose.

YOU ARE NOTIFIED THAT: A class and representative action settlement has been reached between Plaintiff Yinan Zhang ("Plaintiff") and Defendant Halrec, Inc. dba Stevens Creek Toyota ("Defendant") (Plaintiff and Defendant are collectively referred to as the "Parties") in the case entitled *Yinan Zhang v. Halrec, Inc. dba Stevens Creek Toyota*, Santa Clara County Superior Court, Case No. 25CV463865 ("Action"), which may affect your legal rights. On [date of Preliminary Approval], the Court granted preliminary approval of the settlement and scheduled a hearing on [hearing date] at [hearing time] ("Final Approval Hearing") to determine whether or not the Court should grant final approval of the settlement.

I. IMPORTANT DEFINITIONS

"Class" or "Class Member(s)" means all current and former hourly-paid and/or non-exempt employees who worked for Defendant in the State of California at any time during the Class Period.

"Class Period" means the period from April 17, 2021, through March 28, 2026.

"Class Settlement" means the settlement and resolution of all Released Class Claims.

"PAGA Employee(s)" means all current and former hourly-paid and/or non-exempt employees who worked for Defendant in the State of California at any time during the PAGA Period.

"PAGA Period" means the period from April 14, 2024, through March 28, 2026.

"PAGA Settlement" means the settlement and resolution of all Released PAGA Claims.

II. BACKGROUND OF THE ACTION

On April 14, 2025, Plaintiff provided written notice to the California Labor and Workforce Development Agency ("LWDA") and Defendant of the specific provisions of the California Labor Code that Plaintiff contends were violated ("PAGA Letter"). On April 17, 2025, Plaintiff commenced a putative class action lawsuit by filing a Class Action Complaint in the Action. On June 2, 2026, Plaintiff filed a First Amended Class and Representative Action Complaint ("Operative Complaint") in the Action.

Plaintiff contends that Defendant failed to properly pay minimum and overtime wages, provide all accrued commission wages, provide one day's rest in seven, provide compliant meal and rest breaks and associated premiums, timely pay wages during employment and upon termination of employment and associated waiting-time penalties, provide accurate wage statements, and reimburse business expenses, and thereby engaged in unfair business practices in violation of the California Business and Professions Code section 17200, *et seq.*, and conduct that gives rise to penalties under the Private Attorneys General Act of 2004 pursuant to California Labor Code Section 2698, *et seq.* ("PAGA"). Plaintiff seeks, among other things, recovery of unpaid wages and meal and rest period premiums, unreimbursed business expenses, restitution, penalties, interest, and attorneys' fees and costs.

Defendant denies all of the allegations in the Action or that it violated any law.

The Parties participated in mediation with a respected class action mediator, and as a result, the Parties reached a settlement. The Parties have since entered into a Joint Stipulation of Class Action and PAGA Settlement (“Settlement” or “Settlement Agreement”).

On [Date of Preliminary Approval], the Court entered an order preliminarily approving the Settlement. The Court has appointed Phoenix Settlement Administrators as the administrator of the Settlement (“Settlement Administrator”), Plaintiff Yinan Zhang as representative of the Class (“Class Representative”), and the following Plaintiff’s attorneys as counsel for the Class (“Class Counsel”):

Jonathan M. Genish
Ryan A. Quadrel
Joe Marshall
Shelby L. Miner
Alexandra Rose
Blackstone Law, APC
8383 Wilshire Boulevard, Suite 745
Beverly Hills, California 90211
Tel: (310) 622-4278 / Fax: (855) 786-6356

If you are a Class Member, you need not take any action to receive an Individual Settlement Payment, but you have the opportunity to request exclusion from the Class Settlement (in which case you will not receive an Individual Settlement Payment), object to the Class Settlement, and/or dispute the Workweeks and/or Pay Periods credited to you, if you so choose, as explained more fully in Sections III and IV below. If you are a PAGA Employee, you do not need to take any action to receive an Individual PAGA Payment; you will not have the opportunity to object or seek exclusion from the PAGA Settlement and all PAGA Employees will be bound to the PAGA Settlement if the Court grants final approval of the Settlement.

The Settlement represents a compromise and settlement of highly disputed claims. Nothing in the Settlement is intended or will be construed as an admission by Defendant that the claims in the Action have merit or that Defendant has any liability to Plaintiff, Class Members, or PAGA Employees. Plaintiff and Defendant, and their respective counsel, have concluded and agree that, in light of the risks and uncertainties to each side of continued litigation, the Settlement is fair, reasonable, and adequate, and is in the best interests of the Class Members, the State of California, and PAGA Employees.

III. SUMMARY OF THE PROPOSED SETTLEMENT

A. Settlement Formula

The total gross settlement amount is One Million Six Hundred Ninety Thousand Dollars and Zero Cents (\$1,690,000.00) (the “Gross Settlement Amount”). The portion of the Gross Settlement Amount that is available for payment to Class Members is referred to as the “Net Settlement Amount.” The Net Settlement Amount will be the Gross Settlement Amount less the following payments which are subject to approval by the Court: (1) attorneys’ fees, in an amount not to exceed Thirty-Five Percent (35%) of the Gross Settlement Amount (i.e., \$591,500.00, and reimbursement of litigation costs and expenses, in an amount not to exceed Thirty Thousand Dollars and Zero Cents (\$30,000.00) to Class Counsel; (2) Enhancement Payment in an amount not to exceed Ten Thousand Dollars and Zero Cents (\$10,000.00) to Plaintiff for his services in the Action; (3) the amount of Ninety Thousand Dollars and Zero Cents (\$90,000.00) allocated toward civil penalties under the Private Attorneys General Act (“PAGA Amount”), of which the LWDA will be paid 65% (\$58,500.00) (“LWDA Payment”) and the remaining 35% (\$31,500.00) will be distributed to PAGA Employees (“PAGA Employee Amount”); and (4) Settlement Administration Costs in an amount not to exceed Eight Thousand Dollars and Zero Cents (\$8,000.00) to the Settlement Administrator.

Class Members are eligible to receive payment under the Class Settlement of their *pro rata* share of the Net Settlement Amount (“Individual Settlement Share”) based on the number of weeks each Class Member worked for Defendant as an hourly-paid and/or non-exempt employee in California during the Class Period (“Workweeks”). The Settlement Administrator has divided the Net Settlement Amount by the Workweeks of all Class Members to yield the “Estimated Workweek Value,” and multiplied each Class Member’s individual Workweeks by the Estimated Workweek Value to yield an estimated Individual Settlement Share that each Class Member may be entitled to receive under the Class Settlement

(which is listed in Section III.C below). Class Members who do not submit a timely and valid Request for Exclusion (“Settlement Class Members”) will be issued their final Individual Settlement Payment.

Each Individual Settlement Share will be allocated as twenty percent (20%) as wages, which will be reported on an IRS Form W-2, and eighty percent (80%) as penalties, interest, and non-wage damages, which will be reported on an IRS Form 1099 (if applicable). Each Individual Settlement Share will be subject to reduction for the employee’s share of payroll taxes and withholdings with respect to the wages portion of the Individual Settlement Shares resulting in a net payment to the Settlement Class Member (“Individual Settlement Payment”). The employer’s share of taxes and contributions in connection with the wages portion of Individual Settlement Shares (“Employer Taxes”) will be paid by Defendant separately and in addition to the Gross Settlement Amount.

PAGA Employees are eligible to receive payment under the PAGA Settlement of their *pro rata* share of the PAGA Employee Amount (“Individual PAGA Payment”) based on the number of pay periods each PAGA Employee worked for Defendant as an hourly-paid and/or non-exempt employee in California during the PAGA Period (“Pay Periods”). The Settlement Administrator had divided the PAGA Employee Amount, i.e., 25% of the PAGA Amount, by the Pay Periods of all PAGA Employees to yield the “PAGA Pay Period Value,” and multiplied each PAGA Employee’s individual Pay Periods by the Pay Period Value to yield each PAGA Employee’s Individual PAGA Payment.

Each Individual PAGA Payment will be allocated as one hundred percent (100%) penalties, will not be subject to taxes or withholdings, and will be reported on IRS Form 1099 (if applicable).

If the Court grants final approval of the Settlement, Individual Settlement Payments will be mailed to Settlement Class Members and Individual PAGA Payments will be mailed to PAGA Employees at the address that is on file with the Settlement Administrator. **If the address to which this Class Notice was mailed is not correct, or if you move after you receive this Class Notice, you must provide your correct mailing address to the Settlement Administrator as soon as possible to ensure you receive any payment that you may be entitled to under the Settlement.**

B. Your Workweeks and Pay Periods (if applicable) Based on Defendant’s Records

According to Defendant’s records:

- **From April 17, 2021 through March 28, 2026 (i.e., the Class Period), you are credited as having worked [REDACTED] Workweeks.**
- **From April 14, 2024 through March 28, 2026 (i.e., the PAGA Period), you are credited as having worked [REDACTED] Pay Periods.**

If you wish to dispute the Workweeks and/or Pay Periods credited to you, you must submit your dispute in writing to the Settlement Administrator (“Dispute”). The Dispute must: (a) contain the case name and number of the Action (*Yinan Zhang v. Halrec, Inc. dba Stevens Creek Toyota*, Case No. 25CV463865); (b) contain your full name and signature; (c) clearly state that you dispute the number of Workweeks and/or Pay Periods credited to you and what you contend is the correct number; and (d) be returned by mail to the Settlement Administrator at the specified address listed in Section IV.B below, postmarked **on or before [Response Deadline]**.

C. Your Estimated Individual Settlement Share and Individual PAGA Payment (if applicable)

As explained above, your estimated Individual Settlement Share and Individual PAGA Payment (if applicable) is based on the number of Workweeks and Pay Periods (if applicable) credited to you.

Under the terms of the Settlement, your Individual Settlement Share is estimated to be \$ [REDACTED]. The Individual Settlement Share is subject to reduction for the employee’s share of taxes and withholdings with respect to the wages portion of the Individual Settlement Share and will only be distributed if the Court approves the Settlement and after the Settlement goes into effect.

Under the terms of the Settlement, your Individual PAGA Payment is estimated to be \$ [REDACTED] and will only be distributed if the Court approves the Settlement and after the Settlement goes into effect.

The settlement approval process may take multiple months. Your Individual Settlement Share and Individual PAGA Payment (if applicable) reflected in this Class Notice is only an estimate. Your actual Individual Settlement Payment and Individual PAGA Payment (if applicable) may be higher or lower.

D. Release of Claims

Upon the Effective Date and full funding of the Gross Settlement Amount, all Settlement Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors and assigns, release the Released Parties from the Released Class Claims. Settlement Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, or workers' compensation or claims based on events occurring outside the Class Period

Upon the Effective Date and full funding of the Gross Settlement Amount, all PAGA Employees, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors and assigns, release the Released Parties from the Released PAGA Claims.

"Released Class Claims" means any and all claims which were alleged or which could have been reasonably alleged based on the factual allegations in the Operative Complaint, arising during the Class Period, which shall specifically include claims for Defendant's alleged failure to pay overtime and minimum wages, provide all accrued commission wages (including Defendant's alleged breach of contract regarding commission wages), provide one day's rest in seven, provide compliant meal and rest periods and associated premium payments, timely pay wages during employment and upon termination, provide accurate wage statements, and reimburse necessary business-related expenses in violation of California Labor Code Sections 201, 202, 203, 204, 210, 221, 226(a), 226.7, 510, 512(a), 551, 552, 1194, 1197, 1197.1, 1198, 2800, and 2802, the applicable Industrial Welfare Commission Wage Order, and California Business and Professions Code sections 17200, et seq.

"Released PAGA Claims" means any and all claims which were alleged or could have been reasonably alleged based on any of the factual allegations in the PAGA Letter and Operative Complaint, arising during the PAGA Period, for civil penalties under the Private Attorneys General Act of 2004, California Labor Code Sections 2698 et seq., which shall specifically include claims for Defendant's alleged failure to pay overtime and minimum wages, provide all accrued commission wages, provide one day's rest in seven, provide compliant meal and rest periods and associated premium payments, timely pay wages during employment and upon termination, provide compliant wage statements, maintain complete and accurate payroll records, and reimburse necessary business-related expenses in violation of California Labor Code Sections 201, 202, 203, 204, 210, 221, 226(a), 226.7, 510, 512(a), 551, 552, 1174(d), 1194, 1197, 1197.1, 1198, 2800, and 2802, and the applicable Industrial Welfare Commission Wage Order.

"Released Parties" means Defendant and its current and former officers, directors, members, insurers, shareholders, subsidiaries, affiliates, predecessors, successors, and assigns.

E. Attorneys' Fees and Costs to Class Counsel

Class Counsel will seek attorneys' fees in an amount not to exceed thirty-five percent (35%) of the Gross Settlement Amount (i.e., \$591,500.00) and reimbursement of litigation costs and expenses in an amount not to exceed Thirty Thousand Dollars and Zero Cents (\$30,000.00) (collectively, "Attorneys' Fees and Costs"), subject to approval by the Court. The Attorneys' Fees and Costs granted by the Court will be paid from the Gross Settlement Amount. Class Counsel has been prosecuting the Action on behalf of Plaintiff, Class Members, and PAGA Employees on a contingency fee basis (that is, without being paid any money to date) and has been paying all litigation costs and expenses.

F. Enhancement Payment to Plaintiff

Plaintiff will seek the amount of Ten Thousand Dollars and Zero Cents (\$10,000.00) ("Enhancement Payment"), in recognition of his services in connection with the Action. The Enhancement Payment will be paid from the Gross Settlement Amount, subject to approval by the Court, and if awarded, it will be paid to Plaintiff in addition to his Individual Settlement Payment and Individual PAGA Payment that he is entitled to under the Settlement.

G. Settlement Administration Costs to Settlement Administrator

Payment to the Settlement Administrator is estimated not to exceed Eight Thousand Dollars and Zero Cents (\$8,000.00) (“Settlement Administration Costs”) for the costs of the notice and settlement administration process, including and not limited to, the expense of notifying the Class Members of the Settlement, processing Requests for Exclusion, Notices of Objection, and Disputes, calculating Individual Settlement Shares, Individual Settlement Payments, and Individual PAGA Payments, and distributing payments and tax forms under the Settlement, and shall be paid from the Gross Settlement Amount, subject to approval by the Court.

IV. WHAT ARE YOUR RIGHTS AND OPTIONS AS A CLASS MEMBER?

A. Participate in the Settlement

If you want to participate in the Class Settlement and receive money from the Class Settlement, you do not have to do anything. You will automatically be included in the Class Settlement and issued your Individual Settlement Payment unless you decide to exclude yourself from the Class Settlement.

Unless you elect to exclude yourself from the Class Settlement and if the Court grants final approval of the Settlement, you will be bound by the terms of the Class Settlement and any judgment that may be entered by the Court based thereon, and you will release the Released Class Claims against the Released Parties as described in Section III.D above.

If you are a PAGA Employee and the Court grants final approval of the Settlement, you will automatically be included in the PAGA Settlement and issued your Individual PAGA Payment. This means you will be bound by the terms of the PAGA Settlement and any judgment that may be entered by the Court based thereon, and you will release the Released PAGA Claims against the Released Parties as described in Section III.D above.

As a Class Member and PAGA Employee (if applicable), you will not be separately responsible for the payment of attorney’s fees or litigation costs and expenses, unless you retain your own counsel, in which event you will be responsible for your own attorney’s fees and expenses.

B. Request Exclusion from the Class Settlement

Class Members may request to be excluded from the Class Settlement by submitting a letter (“Request for Exclusion”) to the Settlement Administrator, at the following address:

[Settlement Administrator]
[Mailing Address]

A Request for Exclusion must: (a) contain the case name and number of the Action (*Yinan Zhang v. Halrec, Inc. dba Stevens Creek Toyota*, Case No. 25CV463865); (b) contain your full name and signature; (c) clearly state that you do not wish to be included in the Class Settlement; and (d) be returned by mail to the Settlement Administrator at the specified address above, postmarked **on or before** [Response Deadline].

If the Court grants final approval of the Settlement, any Class Member who submits a timely and valid Request for Exclusion will not be issued an Individual Settlement Payment, will not be bound by the Class Settlement (and the release of Released Class Claims described in Section III.D above), and will not have any right to object to, appeal, or comment on the Class Settlement. Class Members who do not submit a timely and valid Request for Exclusion will be deemed Settlement Class Members and will be bound by all terms of the Class Settlement, including those pertaining to the release of claims described in Section III.D above, as well as any judgment that may be entered by the Court based thereon. PAGA Employees will be bound to the PAGA Settlement (and the release of Released PAGA Claims described in Section III.D above) and will still be issued an Individual PAGA Payment, irrespective of whether they submit a Request for Exclusion.

C. Object to the Class Settlement

You can object to the Class Settlement as long as you have not submitted a Request for Exclusion by submitting a written objection (“Notice of Objection”).

The Notice of Objection must: (a) contain the case name and number of the Action (*Yinan Zhang v. Halrec, Inc. dba Stevens Creek Toyota*, Case No. 25CV463865); (b) contain your full name and signature; (c) contain a written statement of all

grounds for the objection accompanied by any legal support for such objection; (d) contain copies of any papers, briefs, or other documents upon which the objection is based; (e) be returned by mail to the Settlement Administrator at the specified address listed in Section IV.B above, postmarked **on or before [Response Deadline]**.

You may also appear at the Final Approval Hearing at your expense, either in person, remotely via the Court's website, or through an attorney, provided you notify the Court of your intention to do so, and present your objection orally, regardless of whether you have submitted a Notice of Objection.

V. FINAL APPROVAL HEARING

The Court will hold a Final Approval Hearing in Department 22 of the Santa Clara County Superior Court, located at 161 N. First Street, San Jose, California 95113, on **[date]**, at **[time]**, to determine whether the Settlement should be finally approved as fair, reasonable, and adequate. The Court also will be asked to approve and grant the Attorneys' Fees and Costs to Class Counsel, Enhancement Payment to Plaintiff, and Settlement Administration Costs to the Settlement Administrator.

The Final Approval Hearing may be continued without further notice to the Class Members and PAGA Employees. It is not necessary for you to appear at the Final Approval Hearing, although you may appear if you wish to.

Although Class Members may appear in person, the judge overseeing this case encourages remote appearances. (As of August 12, 2022, the Court's remote platform is Microsoft Teams.) Class Members who wish to appear remotely should contact Class Counsel at least three (3) days before the hearing if possible. Instructions for appearing remotely are provided at the link below, and should be reviewed in advance of the hearing:

https://www.sccscourt.org/general_info/ra_teams/video_hearings_teams.shtml

Class Members may appear remotely using the Microsoft Teams link for Department 22 (Afternoon Session) or by calling the toll-free conference call number for Department 22. .

VI. ADDITIONAL INFORMATION

The above is a summary of the basic terms of the Settlement. For the precise terms and conditions of the Settlement, you are referred to the detailed Settlement Agreement, which is on file with the Clerk of the Court. The pleadings and other records in this litigation, including the Settlement Agreement, may be examined (a) online on the Superior Court of California, County of Santa Clara's Electronic Filing and Service Website at <https://portal.sccscourt.org/> or (b) in person at Records, Superior Court of California, County of Santa Clara, 191 N. 1st Street, San Jose, California 95113, between the hours of 8:30 a.m. and 4:00 p.m., Monday through Friday, excluding Court holidays and closures, or you may contact Class Counsel or the Settlement Administrator.

PLEASE DO NOT TELEPHONE THE COURT OR DEFENDANT'S COUNSEL FOR INFORMATION REGARDING THIS SETTLEMENT.

IF YOU HAVE ANY QUESTIONS, YOU MAY CALL THE SETTLEMENT ADMINISTRATOR AT THE FOLLOWING TOLL-FREE NUMBER: **[INSERT], OR YOU MAY ALSO CONTACT CLASS COUNSEL.**