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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

STATE OF CALIFORNIA ex rel. PAUL VARGAS, as Private Attorney General, Plaintiff, v. ECONO-WEST, INC., and DOES 1-25, inclusive, Defendants.	Case No. 22STCV40464 Date: August 16, 2024 Time: 8:00 am Dept: 78 Judge: Hon. Michelle C. Kim **STIPULATION AND [PROPOSED] ORDER TO APPROVE PAGA SETTLEMENT** Action Filed: December 27, 2022

STIPULATION

WHEREAS, the undersigned are counsel of record to the parties in the action *State of California ex rel. Paul Vargas, as Private Attorney General v. Econo-West, Inc.*, Case No. 22-STCV-40464 (the "Action"), currently pending in Department 78 of the Los Angeles County Superior Court.

WHEREAS, on December 27, 2022, Plaintiff commenced this Action by filing a Complaint seeking civil penalties pursuant to the Private Attorneys General Act of 2004 ("PAGA") for Defendant's alleged violations of California's Labor Code, including misclassification of employees, failure to pay for all hours worked, failure to provide compliant meal and rest periods, inaccurate wage statements, untimely payment of wages, failure to pay wages at termination, failure to keep accurate records of hours worked, failure to reimburse expenses, and retaliation. Defendant denies the allegations, failure to comply, and any and all liability.

WHEREAS, Plaintiff gave timely written notice to the Labor and Workforce Development Agency ("LWDA") prior to filing of this Action and the LWDA failed to intervene and/or investigate.

WHEREAS, on November 7, 2023, the Parties attended a mediation with mediator Henry Bongiovi and reached a settlement.

WHEREAS, on February 21, 2024 and again on May 21, 2024, the Parties attended a hearing on Order to Show Cause Re: Dismissal (Settlement). As the Parties were continuing to finalize and execute the settlement documents, the Court continued the first OSC to May 21, 2024 and the second OSC to August 16, 2024 and requested the Parties file a Stipulation and [Proposed] Order to Approve the PAGA Settlement.

WHEREAS, the Parties have executed a settlement agreement, and request Court approval of the Parties' PAGA settlement. Attached hereto as "**Exhibit A**" is a true and correct copy of the PAGA Settlement Agreement.

WHEREAS, PAGA Counsel has provided notice to the LWDA of this Settlement by electronically serving a copy of the PAGA Settlement Agreement and this Stipulation for PAGA Approval.

WHEREAS, if approved, the aggrieved employees and LWDA will share in a Gross Settlement Amount of Sixty-Seven Thousand Five Hundred Dollars and Zero Cents ($67,500.00). The Net Settlement Amount shall be distributed 75% to the LWDA and 25% to the aggrieved employees after the following amounts (subject to Court approval) are subtracted from the Gross Settlement Amount: (a) Plaintiff's PAGA Counsel's (Tyler D. Kring and Jeffrey T. Green of Kring

& Chung Attorneys, LLP) Attorneys' Fees of forty percent (40%) of the Gross Settlement Amount, currently $27,000.00; (b) Plaintiff's PAGA Counsel's reasonable litigation costs incurrent in the amount of $12,450.45; (c) Plaintiff's Representative Service Award of $8,000.00; and (d) the Administration Expenses Payment for $2,750.00 to Phoenix Class Action Administration Solutions. Attached hereto as "**Exhibit B**" is a true and correct copy of Plaintiff's PAGA Counsel's litigation cost list. Attached hereto as "**Exhibit C**" is a true and correct copy of Phoenix Class Action Administration Solutions' quote for Administration Expenses of the Settlement.

WHEREAS, based on a review of Defendant's records at the time of mediation, the Parties estimate there were 1,430 aggrieved PAGA Pay Periods and approximately 40 aggrieved employees.

WHEREAS, PAGA counsel made an objective evaluation of the proposed settlement and confirms that the relief negotiated on behalf of the Aggrieved Employees and the LWDA is fair, reasonable, and valuable. The Settlement is a product of informed, adversarial, and non-collusive and mediated negotiations between experienced counsel. The proposed Settlement satisfies all criteria for PAGA settlement approval. Accordingly, Plaintiff and PAGA Counsel respectfully request this Court grant approval of the Agreement. Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in in the Operative Complaint and denies any and all liability for the causes of action alleged. The PAGA settlement, PAGA Settlement Agreement, payment of any amount thereunder, and use of aggrieved employees for purposes of this settlement is not an admission of liability or wrongdoing by Defendant or of the appropriateness of any alleged representative group, all of which is not conceded and is denied by Defendant.

WHEREAS, the Parties agree upon entry of Judgment and funding in full of the Settlement by Defendant, the Released Parties shall be entitled to the releases from the State of California, the Aggrieved Employees, and Plaintiff as set forth in the PAGA Settlement Agreement.

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED, in return for the mutual commitments and other consideration provided for in this Stipulation and the PAGA Settlement Agreement, which the Parties acknowledge constitute valuable consideration, and intending to be legally bound, the Parties request that the Court approve the PAGA Settlement Agreement.

IT IS SO STIPULATED.

Dated: June 28, 2024

KRING & CHUNG, LLP

By: ______________________________

Tyler D. Kring
Attorneys for Plaintiff
PAUL VARGAS, as Private Attorney General

Dated: June 28, 2024

MUSICK, PEELER & GARRETT LLP

By: ______________________________

Matthew R. Richardson
Attorneys for Defendant
ECONO-WEST, INC.

[PROPOSED] ORDER

THE COURT, having considered the Stipulation and the PAGA Settlement Agreement, attached as Exhibit A hereto, between the Parties, and good cause appearing therefore,

IT IS HEREBY ORDERED, ADJUDGED and DECREED that:

1. Plaintiff Paul Vargas and Defendant Econo-West, Inc. move for approval of the settlement of Plaintiff's claims under the California Labor Code Private Attorneys General Act ("PAGA"), pursuant to California Labor Code section 2699(l), against Defendant.

2. Plaintiff exhausted all administrative remedies required to bring the PAGA claim asserted in this action and is authorized to act as private attorney general with respect to the PAGA claim being released under the terms of the PAGA Settlement Agreement. The LWDA was provided with notice of the settlement and the stipulation for approval of the settlement via its online process and no objection has been received to the settlement or the stipulation from the LWDA. The Parties seek approval of the settlement of Plaintiff's PAGA claim and the Gross Settlement Amount to be paid as part of the settlement as set forth in the Settlement Agreement. The Settlement provides for a Gross Settlement Amount in the total sum of $67,500, which includes Attorneys' Fees in the amount of $27,000, Attorneys' Costs in the amount of $12,450.45, Plaintiffs' Enhancement Awards of $8,000, and payment to the Settlement Administrator for Administration Costs in the amount of $2,750. The Net Settlement Amount is the amount remaining from the Gross Settlement Amount after the deduction of Attorneys' Fees, Attorneys' Costs, Plaintiffs' Enhancement Awards, and payment to the Settlement Administrator for Administration Costs.

3. The Settlement Administrator will be Phoenix Class Action Administration Solutions. Any check issued to Aggrieved Employees that is not cashed not less than 180 days after the date of mailing will be voided and will be transferred to State Controller's Office, Unclaimed Property Fund, to be held in trust in the name of the Aggrieved Employee. The Court approved the Gross Settlement Amount and the distributions of the Gross Settlement Amount as set forth above.

4. The Court, having reviewed the evidence and papers submitted and argument of counsel, pursuant to Labor Code section 2699(l)(2) hereby GRANTS the Parties' stipulation and approves the Settlement as set forth in the Settlement Agreement and the Gross Settlement Amount, which shall be allocated and paid out as set forth in the Settlement Agreement.

5. The "Aggrieved Employees" are defined as "all alleged hourly current and former employees including but not limited to, those individuals who were classified by Defendant as an independent contractor and performed work as a technician for Defendant in California during the PAGA Period." The PAGA Period is the period from October 20, 2021 to November 7, 2023. Upon entry of Judgment and funding in full of the Settlement by Defendant, the Released Parties shall be entitled to the releases from the State of California, the Aggrieved Employees, and Plaintiff as set forth in the PAGA Settlement Agreement.

6. Neither the Settlement Agreement nor the settlement contained therein, nor any act performed or document executed pursuant to or in furtherance of the Settlement Agreement: (i) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released PAGA Claims; or (ii) is or may be deemed to be or may be sued as an admission of, or evidence of, any fault or omission by Defendant in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. Defendant may file the Settlement Agreement and/or the separate Judgment from this action in any other action that may be brought against it or them in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any theory of claim preclusion or issue preclusion or similar defense of counterclaim. In accordance with California law as stated in *inter alia Arias v. Superior Court* (2009) 46 Cal.4th 969, 985, a judgment in "a representative action brought by an aggrieved employee under the Labor Code Private Attorneys General Act of 2004 … is binding not only on the named employee plaintiff but also on government agencies and any aggrieved employee not a party to the proceeding." Thus, both the named employee plaintiffs and nonparty aggrieved employees (i.e. all Aggrieved Employees) are bound by this Order and Judgment.

7. The Court will retain jurisdiction under Code of Civil Procedure § 664.6 for the purposes of supervising the implementation, enforcement, construction, administration, and interpretation of the PAGA Settlement Agreement and this Order and Judgment.

8. Judgment is hereby entered on the claims asserted under PAGA in this action. After entry of this Order and Judgment, the Court shall retain jurisdiction to construe, interpret, implement, and enforce the Settlement Agreement, to hear and resolve any contested challenge to a claim for settlement benefits, and to supervise and adjudicate any dispute arising from or in connection with the distribution of settlement benefits.

IT IS SO ORDERED AND ADJUDGED. LET JUDGEMENT BE FORTHWITH ENTERED ACCORDINGLY.

Dated: August ____, 2024

____

Hon. Jill Feeney
Judge of the Superior Court of the State of California

EXHIBIT A

PAGA SETTLEMENT AGREEMENT

This PAGA Settlement Agreement ("Agreement") is made by and between plaintiff Paul Vargas ("Plaintiff") and defendant Econo-West, Inc. ("Defendant"). The Agreement refers to Plaintiff and Defendant collectively as "Parties," or individually as "Party."

1 DEFINITIONS.

1.1 "Action" or "Operative Complaint" means the Plaintiff's PAGA lawsuit alleging wage and hour violations against Defendant captioned *State of California ex rel. Paul Vargas, as Private Attorney General v. Econo-West, Inc.,* initiated on December 27, 2022 and pending in Superior Court of the State of California, County of Los Angeles, Case No. 22STCV40464.

1.2 "Administrator" means __________________, the neutral entity the Parties have agreed to appoint to administer the Settlement.

1.3 "Administration Expenses Payment" means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator's "not to exceed" bid submitted to the Court in connection with approval of this Settlement.

1.4 "Aggrieved Employee" means all alleged hourly current and former employees including but not limited to, those individuals who were classified by Defendant as an independent contractor and performed work as a technician for Defendant in California during the PAGA Period.

1.5 "Aggrieved Employee Data" means Aggrieved Employee identifying information in Defendant's possession including the Aggrieved Employee's name, last-known mailing address, Social Security number, and number of PAGA Pay Periods.

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

1.7 "Approval Order" means the proposed Court Order Granting Approval of PAGA Settlement.

1.8 "Court" means the Superior Court of California, County of Los Angeles.

1.9 "Defense Counsel" means Beth Kahn and Matthew Richardson, Musick, Peeler & Garrett LLP.

1.10 "Effective Date" The date on which the Final Award becomes final. For purposes of this Section, the Final Award "becomes final" only after the Court grants the Stipulation or Motion for Final Approval and upon service of the Notice of Entry of Order and/or Judgment, and upon the latter of: (i) if no appeal is filed, the expiration date of the time for the filing or noticing of any appeal from, or other challenge to, the Order Granting Final Approval and/or Judgment (this time period shall not be less than sixty (60) calendar days after the Court's Order is entered); (ii) the date of affirmance of an appeal of the Order Granting Final Approval and/or Judgment becomes final under the California Rules of Court; or (iv) the date of final dismissal of any appeal from the Order Granting Final Approval and/or Judgment or the final dismissal of any proceeding on review of any court of appeal decision relating to the Order Granting Final Approval and/or Judgment.

1.11 "Gross Settlement Amount" means $67,500.00 which is the total amount Defendant agrees to pay under the Settlement. The Gross Settlement Amount will be used to pay Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, payment of Plaintiff's Representative Service Award, and the Administrator's Expenses Payment.

1.12 "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 25% of the PAGA Penalties calculated according to the number of Pay Periods the Aggrieved Employee worked during the PAGA Period.

1.13 "Judgment" means the judgment entered by the Court based upon the Court's approval of the settlement.

1.14 "LWDA" means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).

1.15 "LWDA PAGA Payment" means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).

1.16 "Net Settlement Amount" means the amount remaining to distribute to the LWDA and Aggrieved Employees after the following amounts (subject to Court approval) are subtracted from the Gross Settlement Amount: (a) PAGA Counsel Fees Payment up to forty percent (40%) of the Gross Settlement Amount, currently estimated at $27,000.00; (b) PAGA Counsel Litigation Expenses Payment of not more than $17,000.00; (c) Plaintiff's Representative Service Award of up to $8,000.00; and (d) the Administration Expenses Payment.

1.17 "Notice of PAGA Settlement" means the letter, substantially similar to the form attached hereto as Exhibit A, explaining the Settlement to the Aggrieved Employees, which will accompany each settlement check.

1.18 "PAGA Counsel" means Tyler Kring, Esq. and Jeffrey T. Green, Esq., of Kring & Chung, LLP, the attorneys currently representing the Plaintiff in the Action.

1.19 "PAGA Counsel Fees Payment" and "PAGA Counsel Litigation Expenses Payment" mean the amounts allocated to PAGA Counsel for reimbursement of reasonable attorneys' fees and expenses, respectively, incurred to prosecute the Action. Defendants will not oppose Plaintiff's request for attorneys' fees in the amount of up to forty percent (40%) of the Gross Settlement Amount, currently estimated at $27,000.00, and PAGA Counsel Litigation Expenses Payment of not more than $17,000. In the event the Court approves a payment of less than these amounts, the difference will be added to the Net Settlement Amount. The Administrator will report these payments on IRS Form 1099 issued to PAGA Counsel.

1.20 "PAGA Pay Period" means any Pay Period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.

1.21 "PAGA Period" means the period from October 20, 2021 to November 7, 2023.

1.22 "PAGA" means the Private Attorneys General Act of 2004 (Labor Code §§ 2698. et seq.).

1.23 "PAGA Notice" means Plaintiff's October 20, 2022 letter to Defendant and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a).

1.24 "PAGA Penalties" means the Net Settlement Amount, allocated 25% to the Aggrieved Employees and the 75% to LWDA in settlement of PAGA claims.

1.25 "Plaintiff' means Paul Vargas, the named plaintiff in the Action.

1.26 "Released PAGA Claims" means the claims being released by Plaintiff, Aggrieved Employees, and PAGA Counsel and as described in Paragraph 5 below.

1.27 "Released Parties" means: Defendant and each of its past, present, and future parents, subsidiaries, affiliated companies, agents, managing agents, employees, servants, officers, directors, owners (whether direct or indirect), general partners, limited partners, trustees, representatives, shareholders, stockholders, members, mortgagees or ground lessors, attorneys, parents, subsidiaries, equity sponsors, related companies/corporations and/or partnerships, divisions, assigns, predecessors, successors, insurers, consultants, joint venturers, joint employers, potential and/or alleged joint employers, temporary staffing agencies, dual employers, potential and/or alleged dual employers, co-employers, potential and/or alleged co-employers, common law employers, contractors, affiliates, service providers, alter-egos, potential and/or alleged alter-egos, vendors, affiliated organizations, any person and/or entity with potential or alleged to have joint liability, and all of their respective past, present and future employees, directors, officers, members, owners, agents, representatives, payroll agencies, attorneys, stockholders, fiduciaries, parents, subsidiaries, other service providers, and assigns and any and all persons and/or entities acting under, by, through or in concert with any of them.

1.28 "Representative" means the named Plaintiff in the Action seeking Court approval to serve as a Representative for the Aggrieved Employees.

1.29 "Representative Service Award" means the payment to the Representative for initiating the Action and providing services in support of the Action.

1.30 "Settlement" means the disposition of the Action effected by this Agreement and the Judgment.

1.31 Defendant" means named Defendant Econo-West, Inc.

2 RECITALS.

2.1 On December 27, 2022, Plaintiff commenced this Action by filing a Complaint seeking penalties against Defendant Econo-West, Inc. pursuant to the Private Attorneys General Act, Cal. Labor Code §§ 2698 et seq. ("PAGA") for Econo-West's alleged violations of California employment law; including, but not limited to misclassification of employees, failure to pay for all hours worked, failure to provide compliant meal and rest periods, inaccurate wage statements, untimely payment of wages, failure to pay wages at termination, failure to keep accurate records of hours worked, failure to reimburse expenses, retaliation and penalties pursuant to the Private Attorneys General Act of 2004. The Complaint is the operative complaint in the Action. Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in in the Operative Complaint and denies any and all liability for the causes of action alleged.

2.2 Pursuant to Labor Code section 2699.3, subd.(a), Plaintiff gave timely written notice to the LWDA by sending the PAGA Notice.

2.3 On November 7, 2023, the Parties participated in a mediation with Bongiovi Mediation, which led to this Agreement to settle the Action.

2.4 Prior to mediation, Plaintiff obtained, through informal discovery, a 50% sampling of employees' time and wage records, the number of Aggrieved Employees and applicable pay periods.

2.5 The Parties, PAGA Counsel and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3 MONETARY TERMS.

3.1 Gross Settlement Amount. Defendant promises to pay $67,500.00 and no more as the Gross Settlement Amount. Defendant must pay the Gross Settlement Amount by the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring

Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendant.

3.2 Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Approval Order:

3.2.1 To Plaintiff: Representative Service Award to the Plaintiff as Representative for the Aggrieved Employees of not more than $8,000 (in addition to any Individual PAGA Payment the Class Representative is entitled to receive). Defendant will not oppose Plaintiff's request for a Representative Service Award that does not exceed the amount of $8,000. As part of the motion for PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment, Plaintiff will seek Court approval for any Representative Service Award no later than 16 court days prior to the Approval Hearing or other deadline set by the Court. If the Court approves a Representative Service Award less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Representative Service Award using IRS Form 1099. Plaintiff assumes full responsibility and liability for taxes owed on the Representative Service Award.

3.2.2 To PAGA Counsel: A PAGA Counsel Fees Payment of not more than 40% which is currently estimated to be $27,000.00 and PAGA Counsel Litigation Expenses Payment of not more than $17,000.00. Defendant will not oppose requests for Court approval of these payments provided that they do not exceed these amounts. Plaintiff and/or PAGA Counsel will file a stipulation or motion for PAGA Approval, including for approval of Counsel Fees Payment and PAGA Litigation Expenses Payment. If the Court approves a PAGA Counsel Fees Payment and/or a PAGA Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to PAGA Counsel or any other Plaintiff's Counsel arising from any claim to any portion any PAGA Counsel Fee Payment and/or PAGA Counsel Litigation Expenses Payment. The Administrator will pay the PAGA Counsel Fees Payment and PAGA Counsel Expenses Payment using one or more IRS I099 Forms. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment and holds Defendant harmless, and indemnifies Defendant, from any dispute or controversy regarding any division or sharing of any of these Payments.

3.2.3 To the Administrator: An Administrator Expenses Payment not to exceed $10,000.00 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than $10,000.00, the Administrator will retain the remainder in the Net Settlement Amount.

3.2.4 To the LWDA and Aggrieved Employees: The Net Settlement Amount, the PAGA Penalties, will be distributed 75% to the LWDA PAGA Payment and 25% to the Individual PAGA Payments.

3.2.4.1 The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.4.2 If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS I099 Forms.

4 SETTLEMENT FUNDING AND PAYMENTS.

4.1 Aggrieved Employee Pay Periods. Based on a review of its records at the time of mediation, Defendant estimates there were 1430 PAGA Pay Periods.

4.2 Aggrieved Employee Data. Within 30 calendar days after the Court grants Approval of the PAGA Settlement,, Defendant will simultaneously deliver the Aggrieved Employee Data to the Administrator in the form of a Microsoft Excel spreadsheet. To protect Aggrieved Employee' privacy rights, the Administrator must maintain the Aggrieved Employee Data in confidence, use the Aggrieved Employee Data only for purposes of this Settlement and for no other purpose, and restrict access to the Aggrieved Employee Data to Administrator employees who need access to the Aggrieved Employee Data to effect and perform under this Agreement. Defendant has a continuing duty to immediately notify PAGA Counsel if it discovers that the Aggrieved Employee Data omitted employee identifying information and to provide corrected or updated Aggrieved Employee Data as soon as reasonably feasible. The Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Aggrieved Employee Data.

4.3 Funding of Gross Settlement Amount. Defendant shall fully fund the Gross Settlement Amount by transmitting the funds to the Administrator no later than 14 business days after the Effective Date.

4.4 Payments from the Gross Settlement Amount. Within 14 business days after Defendant funds the Gross Settlement Amount, the Administrator will mail checks for all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the PAGA Counsel Fees Payment, the PAGA Counsel Expenses Payment, and Plaintiff's Representative Service Award. Disbursement of the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment shall not precede disbursement of Individual PAGA Payments.

4.4.1 The Administrator will issue checks for the Individual PAGA Payments and send them to the Aggrieved Employees via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.4.2 The distribution of Individual PAGA Payments shall be accompanied by the Notice of PAGA Settlement

4.4.3 The Administrator must conduct an Aggrieved Employee Address Search for all Aggrieved Employees whose checks are retuned undelivered without USPS forwarding address. Within 7 days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Aggrieved Employee Address Search. The Administrator need not take further steps to deliver checks to Aggrieved Employees whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, requested by the Aggrieved Employee prior to the void date.

4.4.4 For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Aggrieved Employee.

4.4.5 The payment of Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to the Aggrieved Employees (such as 40l(k) contributions or bonuses) beyond those specified in this Agreement.

5 **<u>RELEASES OF CLAIMS</u>**. Effective on the date when Defendant fully funds the entire Gross Settlement Amount, Plaintiff, Aggrieved Employees, and PAGA Counsel will release claims against all Released Parties as follows:

5.1 Release by Plaintiff and Aggrieved Employees:

The State of California and all Aggrieved Employees, including Plaintiff, are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and/or the PAGA Notice, including, but not limited to, misclassification of employees, failure to pay for all hours worked, including off the clock work, minimum wages and overtime, failure to provide compliant meal and rest periods, inaccurate wage statements, untimely payment of wages, failure to pay wages at termination, failure to keep accurate records of hours worked, failure to reimburse expenses, retaliation, Labor Code sections 96, 98, 98.6, 201, 201.3, 201.5, 201.9, 202, 203, 204, 204b, 204.1, 204.2, 205.5, 226, 226.7, 226.8, 512, 558, 1101, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 1682, 2698, 2699 *et seq*., 2699.3, 2775, 2802. and the applicable Industrial Welfare Commission Orders. Plaintiff and the Aggrieved Employees shall be deemed to have acknowledged and agreed that their claims in this Action are disputed, and that the payments to them set forth in this Agreement constitute payment of all sums allegedly due to them.

5.2 Release of Attorneys' Fees:

Plaintiff, the State of California and all Aggrieved Employees release on behalf of themselves and their respective present and former representatives, attorneys, heirs, administrators, employees, agents, successors and assigns, the Released Parties from all claims for the PAGA Counsel Fees Payment and PAGA Counsel Expenses Payment incurred in connection with or any way related to, the Action, the PAGA Period facts stated in the Action, and the PAGA Notice, except for the right to enforce the provisions of settlement providing for the PAGA Counsel Fees Payment and PAGA Counsel Expenses Payment.

6 **<u>MOTION OR STIPULATION FOR APPROVAL OF SETTLEMENT</u>**. The Parties agree to jointly prepare and file an application or motion for approval of this Settlement.

6.1 Plaintiff's Responsibilities. Plaintiff will prepare and deliver to Defense Counsel a stipulation or motion for approval of PAGA Settlement, including all documents necessary for obtaining approval of this Settlement under Labor Code Section 2699, subd. (f)(2)) including (i) a draft proposed Order Granting Approval of PAGA Settlement; (ii) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Aggrieved Employee Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Aggrieved Employees or the LWDA; and the nature and extent of any financial relationship with Plaintiff, PAGA Counsel or Defense Counsel; (iii) a signed declaration from PAGA Counsel attesting to its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Labor Code section 2699, subd. (1)(1)), this Agreement (Labor Code section 2699, subd. (1)(2)); and (iv) all facts relevant to any actual or potential conflict of interest with Aggrieved Employees and/or the Administrator. In their Declarations, Plaintiff and PAGA Counsel shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.

6.2 Responsibilities of PAGA Counsel. PAGA Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the stipulation or motion for approval of this Settlement and, if necessary, obtaining a prompt hearing date for the stipulation or motion and appearing in Court to advocate in favor of the stipulation or motion. PAGA Counsel is responsible for delivering the Court's Order Granting Approval of PAGA Settlement to the Administrator.

6.3 Duty to Cooperate. If the Parties disagree on any aspect of the proposed stipulation or motion for approval of this Settlement and/or the supporting declarations and documents, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant the stipulation or motion for approval of this Settlement or conditions its approval on any material change to this Agreement, PAGA Counsel and Defense Counsel will expeditiously attempt to work together on behalf of the Parties by meeting in person or by telephone, and in good faith, try to modify the Agreement and otherwise satisfy the Court's concerns.

7 SETTLEMENT ADMINISTRATION.

7.1 Selection of Administrator. The Parties have jointly selected __________________ to serve as the Administrator and verified that, as a condition of appointment, _______________ agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

7.2 Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports state and federal tax authorities.

7.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-l.

7.4 Administrator Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

8 AGGRIEVED EMPLOYEE SIZE ESTIMATES AND ESCALATOR CLAUSE

8.1 Based on its records, Defendant estimates that, as of the date of the mediation, there were approximately 1430 Pay Periods during the PAGA Period.

8.2 The Gross Settlement Amount is based on Defendant's estimate that the Aggrieved Employees worked a total of 1430 PAGA Pay Periods during the PAGA Period. If the actual number of PAGA Pay Periods encompassed within the PAGA Period increases by more than 10%, then Defendant at its exclusive discretion shall either (1) end the PAGA Period on the date on which the total number of PAGA Pay Periods is no more than 1573, or (2) increase the Gross Settlement Amount by a pro-rata dollar value for the PAGA Pay Periods in excess of the escalation margin. For example, if the number of PAGA Pay Periods increases by 11%, the Gross Settlement Amount will increase by 1%. Under the first option no additional payment is necessary.

9 **NULLIFICATION OF AGREEMENT**. In the event: (i) the Court does not enter the Approval Order and approve the Released PAGA Claims specified herein; or (ii) the Settlement does not become final for any other reason, this Settlement Agreement shall be null and void. A reduction of the attorneys' fees and expenses and the Plaintiff's Representative Service Award shall not be grounds for nullification of this Settlement. If the Settlement is nullified, any order or judgment entered by the Court in furtherance of this Agreement shall be treated as void from the beginning, and the provisions contained herein shall be of no force or effect, and shall not be treated as an admission by the Parties or their counsel. In such a case, the Parties and any funds to be awarded under this Agreement shall be returned to their respective statuses as of the date and time immediately prior to the execution of this Agreement, and the Parties shall proceed in all respects as if this Agreement had not been executed, except that any fees already incurred by the settlement administrator shall be paid equally by both Parties.

10 **CONTINUING JURISDICTION OF THE COURT**. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

10.1 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment, the Parties, their respective counsel waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If another party appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

10.2 Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Aggrieved Employees), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and try to obtain approval of the Settlement and entry of Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of any payments to PAGA Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.

11 ADDITIONAL PROVISIONS.

11.1 No Admission of Liability or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the Operative Complaint have merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Defendant's defenses in the Action have merit. The Parties agree that representative treatment is for purposes of this Settlement only. If, for any reason the Court does not approve this Settlement, Defendant reserves all available defenses to the claims in the Action, and Plaintiff reserves the right to contest Defendant's defenses. The Settlement, this Agreement and Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement or to support a defense of res judicata, collateral estoppel, release, or other theory of claim or issue preclusion or similar defense as to the claims being released in this PAGA Settlement Agreement).

11.2 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.

11.3 Attorney Authorization. PAGA Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Defendant, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required.

11.4 Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.

11.5 No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.

11.6 No Tax Advice. Neither Plaintiff, PAGA Counsel, Defendant nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

11.7 Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.

11.8 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.

11.9 Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.

11.10 Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

11.11 Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.

11.12 Use and Return of Aggrieved Employee Data. Information provided to PAGA Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the PAGA Data provided to PAGA Counsel by Defendant in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the Administrator discharges its obligation to pay out all Settlement funds, Plaintiff shall destroy all paper and electronic versions of Aggrieved Employee Data received from Defendant unless, prior to the Administrator's payment of all Settlement Funds, Defendant makes a written request to PAGA Counsel for the return, rather than the destructions, of Aggrieved Employee Data.

11.13 Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.

11.14 Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.

11.15 Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff:

Tyler Kring, Esq.
Jeffrey T. Green, Esq.
tkring@kringandchung.com
jgreen@kringandchung.com
Kring & Chung, LLP
38 Corporate Park
Irvine, CA 92606

To Defendant:

Beth Kahn, Esq.
b.kahn@musickpeeler.com
Matthew Richardson, Esq.
m.richardson@musickpeeler.com
MUSICK, PEELER & GARRETT LLP
333 South Hope Street, Suite 2900
Los Angeles, CA 90071

11.16 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

11.17 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to

CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

The Settlement Agreement consists of 15 pages.

Dated: 5.6 24 ______________________________

Plaintiff Paul Vargas

Dated: ______________ ______________________________

for: Defendant Econo-West, Inc.

CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

The Settlement Agreement consists of 15 pages.

Dated: ____________

____
Plaintiff Paul Vargas

Dated: May 7 2024

____
for: ~~Defendant~~ Econo-West, Inc.

EXHIBIT B

Client	Trans Date	Tkpr	H P	Tcode/ Task Code	Stmt # Rate	Amount		Ref #
Expenses								
9300.0815	04/27/2023	KDK	P	5	6,000.000	6,000.00	BONGIOVI MEDIATION - MEDIATION FEES FOR CASE FILE #8965 RE MEDIATION OF PAUL VARGAS ON 11/7/23	1
9300.0815	04/27/2023	KDK	P	120	0.050	300.00	PROCESSING FEE - 5% CHARGE ON COST ADVANCED.	12
9300.0815	04/28/2023	KDK	P	5	7.260	7.26	(KDK VISA) LOS ANGELES SUPERIOR COURT - ONLINE COURT FILING FEES	2
9300.0815	05/24/2023	KDK	P	26	1.000	1.20	POSTAGE/SHIPPING	3
9300.0815	05/25/2023	KDK	P	90	0.200	3.60	DOCUMENT REPRODUCTION 18PP $0.2 EACH	4
9300.0815	06/25/2023	KDK	P	26	1.000	0.60	POSTAGE/SHIPPING	5
9300.0815	06/26/2023	KDK	P	90	0.200	0.40	DOCUMENT REPRODUCTION 2PP $0.2 EACH	6
9300.0815	11/07/2023	KDK	P	5	47.860	47.86	(TDK) SESSIONS WEST COAST DELI - LUNCH FOR MEDIATION	7
9300.0815	11/27/2023	KDK	P	26	1.000	0.63	POSTAGE/SHIPPING	9
9300.0815	11/28/2023	KDK	P	90	0.200	0.80	DOCUMENT REPRODUCTION 4PP $0.2 EACH	8
9300.0815	11/28/2023	KDK	P	5	7.260	7.26	(KDK VISA) LOS ANGELES COUNTY SUPERIOR COURT - ONLINE COURT FILING FEES	13
9300.0815	12/19/2023	KDK	P	1		5,741.50	HEMMING MORSE, LLP - (2312-2380) PROFESSIONAL ACCOUNTING SERVICES FOR NOVEMBER 2023 FOR MEDIATION PREPARATION	10
9300.0815	12/19/2023	KDK	P	120	0.050	287.08	PROCESSING FEE - 5% CHARGE ON COST ADVANCED.	11
9300.0815	02/20/2024	KDK	P	5	7.260	7.26	(KDK VISA) LOS ANGELES COUNTY SUPERIOR COURT - ONLINE COURT FILING FEES	14
9300.0815	05/14/2024	KDK	P	5		25.00	ADMINISTRATIVE FEES RE SETTLEMENT	15
9300.0815	05/14/2024	KDK	P	5		20.00	FILING FEES RE STIPULATION FOR APPROVAL OF PAGA SETTLEMENT	16
Total for Expenses					Billable	12,450.45		

GRAND TOTALS

Billable	12,450.45

EXHIBIT C

PHOENIX
CLASS ACTION ADMINISTRATION SOLUTIONS

CASE ASSUMPTIONS

Aggrieved Members	40
Opt Out Rate	N/A
Opt Outs Received	
Total Aggrieved Claimants	40
Subtotal Admin Only	**$2,750.00**

Not-to-Exceed Total **$2,750.00**

For 40 Aggrieved Members

Pricing Good for Scope of Estimate Only

March 8, 2024
Case: TBD PAGA Admin wTranslation

Phoenix Contact: Jodey Lawrence
Contact Number: 949.566.1455
Email: Jodey@phoenixclassaction.com

Requesting Attorney: Monica Q. Straker
Firm: Musick, Peeler & Garrett LLP
Contact Number:(213) 629-7885
Email: m.straker@musickpeeler.com

Assumptions and Estimate are based on information provided by counsel. If class size changes, PHX will need to adjust this Estimate accordingly. Estimate is based on **40** Aggrieved Members. Class data **Must** be sent in Microsoft Excel or uploaded in the same format. Class Data Must be sent in one spreadsheet, with no additional programming needed. A rate of $150 per hour will be charged for any additional analysis or programming. Pricing good for 90 days.

Case & Database Setup / Toll Free Setup & Call Center / NCOA (USPS)

Administrative Tasks:	Rate	Hours/Units	Line Item Estimate
Programming Manager	$100.00	2	$200.00
Programming Database & Setup	$100.00	2	$200.00
Toll Free Setup*	$25.66	1	$25.66
Call Center & Long Distance	$2.00	13	$26.00
NCOA (USPS)	$25.00	1	$25.00
Language Translation	$250.00	1	$250.00
		Total	**$726.66**

* Up to 120 days after disbursement

Data Merger & Scrub / Notice Packet, Check & Postage

Project Action	Rate	Hours/Units	Line Item Estimate
Notice Packet Formatting	$150.00	1	$150.00
Data Merge & Duplication Scrub	$0.25	40	$10.00
Notice and Check Packet	$1.75	40	$70.00
Estimated Postage (up to 1 oz.)*	$0.64	40	$25.60
		Total	**$255.60**

* Prices good for 90 days. Subject to change with the USPS Rate or change in Notice pages or Translation, if any.

PHOENIX

CLASS ACTION ADMINISTRATION SOLUTIONS

Skip Tracing & Remailing Notice Packets / Tracking & Programming Undeliverables			
Project Action:	**Rate**	**Hours/Units**	**Line Item Estimate**
Case Associate	$50.00	2	$100.00
Skip Tracing Undeliverables	$2.00	6	$12.00
Remail Notice Packets	$1.75	6	$10.50
Estimated Postage	$0.64	6	$3.84
Programming Undeliverables	$50.00	1	$50.00
		Total	**$176.34**

Database Programming			
Project Action:	**Rate**	**Hours/Units**	**Line Item Estimate**
Programming Claims Database	$125.00	1	$125.00
Case Manager	$75.00	1	$75.00
		Total	**$200.00**

Calculation & Disbursement Programming/ Create & Manage QSF/ Mail Checks			
Project Action:	**Rate**	**Hours/Units**	**Line Item Estimate**
Programming Calculations	$100.00	1	$100.00
Disbursement Review	$100.00	1	$100.00
Programming Manager	$95.00	1	$95.00
QSF Bank Account & EIN	$50.00	1	$50.00
Check Run Setup & Printing	$100.00	2	$200.00
		Total	**$545.00**

* Checks are printed on 8.5 x 11 in. sheets with W2/1099 Tax Filing

PHOENIX

CLASS ACTION ADMINISTRATION SOLUTIONS

Tax Reporting & Reconciliation / Re-Issuance of Checks / Conclusion Reports and Declarations			
Project Action:	**Rate**	**Hours/Units**	**Line Item Estimate**
Case Supervisor	$100.00	1	$100.00
Remail Undeliverable Checks (Postage Included)	$1.50	8	$11.40
Case Associate	$50.00	1	$50.00
Reconcile Uncashed Checks	$85.00	1	$85.00
Conclusion Reports	$100.00	1	$100.00
Case Manager Conclusion	$75.00	1	$75.00
Final Reporting & Declarations	$100.00	1	$100.00
QSF Annual Tax Reporting * (State Tax Reporting Included)	$325.00	1	$325.00
		Total	**$846.40**

* All applicable California State & Federal taxes, which include SUI, ETT, and SDI, and FUTA filings. Additional taxes are Defendant's responsibilty.

Estimate Total:	**$2,750.00**

PHOENIX

CLASS ACTION ADMINISTRATION SOLUTIONS

TERMS AND CONDITIONS

Provisions: The case estimate is in good faith and does not cover any applicable taxes and fees. The estimate does not make any provision for any services or class size not delineated in the request for proposal or stipulations. Proposal rates and amounts are subject to change upon further review, with Counsel/Client, of the Settlement Agreement. Only pre-approved changes will be charged when applicable. No modifications may be made to this estimate without the approval of PSA (Phoenix Settlement Administrators). All notifications are mailed in English language only unless otherwise specified. Additional costs will apply if translation into other language(s) is required. Rates to prepare and file taxes are for Federal and California State taxes only. Additional charges will apply if multiple state tax filing(s) is required. **Pricing is good for ninety (90) days.**

Data Conversion and Mailing: The proposal assumes that data provided will be in ready-to-use condition and that all data is provided in a single, comprehensive Excel spreadsheet. PSA cannot be liable for any errors or omissions arising due to additional work required for analyzing and processing the original database. A minimum of two (2) business days is required for processing prior to the anticipated mailing date with an additional two (2) business days for a National Change of Address (NCOA) update. Additional time may be required depending on the class size, necessary translation of the documents, or other factors. PSA will keep counsel apprised of the estimated mailing date.

Claims: PSA's general policy is to not accept claims via facsimile. However, in the event that facsimile filing of claims must be accepted, PSA will not be held responsible for any issues and/or errors arising out of said filing. Furthermore, PSA will require disclaimer language regarding facsimile transmissions. PSA will not be responsible for any acts or omissions caused by the USPS. PSA shall not make payments to any claimants without verified, valid Social Security Numbers. All responses and class member information are held in strict confidentiality.

Payment Terms: All postage charges and 50% of the final administration charges are due at the commencement of the case and will be billed immediately upon receipt of the data and/or notice documents. PSA bills are due upon receipt unless otherwise negotiated and agreed to with PSA by Counsel/Client. In the event the settlement terms provide that PSA is to be paid out of the settlement fund, PSA will request that Counsel/Client endeavor to make alternate payment arrangements for PSA charges that are due at the onset of the case. The entire remaining balance is due and payable at the time the settlement account is funded by Defendant, or no later than the time of disbursement. Amounts not paid within thirty (30) days are subject to a service charge of 1.5% per month or the highest rate permitted by law.

Tax Reporting Requirements

PSA will file the necessary tax returns under the EIN of the QSF, including federal and state returns. Payroll tax returns will be filed if necessary. Under the California Employment Development Department, all taxes are to be reported under the EIN of the QSF with the exception of the following taxes: Unemployment Insurance (UI) and Employment Training Tax (ETT), employer-side taxes, and State Disability Insurance (SDI), an employee-side tax. These are reported under Defendant's EIN. Therefore, to comply with the EDD payroll tax filing requirements we will need the following information:

1. Defendant's California State ID and Federal EIN.

2. Defendant's current State Unemployment Insurance (UI) rate and Employment Training Tax (ETT) rate. This information can be found in the current year DE 2088, Notice of Contribution Rates, issued by the EDD.

3. Termination dates of the class members, or identification of current employee class members, so we can account for the periods that the wages relate to for each class member.

4. An executed Power of Attorney (Form DE 48) from Defendant. This form is needed so that we may report the UI, SDI, and ETT taxes under Defendant's EIN on their behalf. If this form is not provided we will work with the EDD auditors to transfer the tax payments to Defendant's EIN.

5. Defendant is responsible for reporting the SDI portion of the settlement payments on the class member's W-2. PSA will file these forms on Defendant's behalf for an additional fee and will issue an additional W-2 for each class member under Defendant's EIN, as SDI is reported under Defendant's EIN rather than the EIN of the QSF. The Power of Attorney (Form DE 48) will be needed in order for PSA to report SDI payments.