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Attorneys for Claimant and other Associates

DANIEL FLAHERTY, individually and on
behalf of other Associates,

Claimant,

v.

COLEMAN RESEARCH GROUP,

Respondent.

DEMAND FOR ARBITRATION

HUNTER HUGHES, ARBITRATOR

Claimant Daniel Flaherty (“Claimant”), on behalf of himself and other Associates, by and through his attorneys Outten & Golden LLP, complaining of the conduct of Coleman Research Group, Inc. (“Coleman” or “Respondent”), upon personal knowledge as to himself, and upon information and belief as to other matters, alleges as follows:

PRELIMINARY STATEMENT

1. This lawsuit seeks to recover unpaid overtime compensation and other damages for Claimant and the 25 individuals who were employed by Respondent as exempt-classified Associates, Client Management Analysts, Client Management Associates, and Client Associates in California between June 14, 2021, and September 14, 2022 (collectively, “Associates”).

2. Coleman is an expert research network firm.

3. Coleman connects companies in need of expert advice with experts capable of providing that advice.

4. The primary duties of Associates are non-exempt. These primary duties did not vary significantly from one Associate to another.

5. The primary duties of Associates do not fall under any of the exemptions to federal overtime laws.

6. Claimant and Associates have worked overtime hours, as defined by applicable federal law, and are entitled to premium compensation at the appropriate rate for all overtime hours worked.

7. During the relevant period, it has been Coleman’s policy to uniformly classify Associates, including Claimant, as exempt from federal overtime provisions and not to pay Associates any overtime wages, in violation of the Fair Labor Standards Act (“FLSA”), 29 U.S.C. § 201, et seq., and related state and local laws.

8. Claimant bring this action on behalf of himself and other Associates pursuant to the FLSA.

9. Claimant seeks permission to give notice of this action pursuant to 29 U.S.C. § 216(b) to the Associates.

10. Claimant also brings this action on behalf of himself and other Associates (“PAGA

Members”), to recover penalties pursuant to California’s Private Attorneys General Act, Cal. Labor Code §§ 2698 *et seq.* (“PAGA”).

JURISDICTION & VENUE

11. Section 2.4 of the Settlement Agreement provides that this matter will be arbitrated before Hunter Hughes. *See Exhibit A (Settlement Agreement).*

12. Notice of the claims alleged herein was provided to the California Labor & Workforce Development Agency (“LWDA”) and Respondent on October 12, 2022. The LWDA has not taken any action with regard to the claims, including providing notice of an intent to pursue the claims.

THE PARTIES

Claimant Daniel Flaherty

13. Claimant is a resident of Washington, D.C.

14. Claimant was employed by Coleman in its Los Angeles, California office as a Client Associate from approximately November 2021 through approximately March 2022.

15. At all times relevant to the Demand, Claimant was an “employee” within the meaning of all applicable statutes.

16. Claimant regularly worked more than 40 hours in a workweek and 8 hours in a day but was not paid for all hours he worked over 40 per week or 8 in a day.

17. A written consent form signed by Claimant is attached hereto as **Exhibit B**.

Respondent Coleman Research Group

18. Upon information and belief, Coleman is a corporation formed under the laws of the State of Delaware with a principal place of business in New York, New York and an office in Los Angeles, California.

19. Upon information and belief, Coleman has maintained control, oversight, and direction over its operations and employment practices.

20. At all times hereinafter mentioned, Coleman was Claimant's "employer" within the meaning of all applicable statutes.

21. At all relevant times, Coleman maintained control, oversight, and direction over Claimant and other Associates, including timekeeping, payroll, and other employment practices that applied to them.

22. Coleman has applied the same employment policies, practices, and procedures to all Associates in California, including policies, practices, and procedures with respect to payment of overtime compensation.

23. Coleman's annual gross volume of business is not less than \$500,000 within the meaning of 29 U.S.C. § 203(s)(A)(ii).

FLSA COLLECTIVE ACTION ALLEGATIONS

24. Claimant brings the First Cause of Action pursuant to the FLSA, 29 U.S.C. § 216(b), on behalf of himself and other Associates who elect to opt-in to this action ("Participating Associates").

25. Upon information and belief, there are current and former Associates who are similarly situated to Claimant and were denied overtime compensation.

26. Claimant is acting on behalf of Coleman's current and former Associates' interests as well as his own interests in bringing this action.

27. Coleman required Claimant and all individuals employed as Associates to work in excess of 40 hours per week without paying them overtime compensation at a rate of at least one and one-half times their regular hourly rate for all overtime hours worked.

28. Coleman was aware or should have been aware that the law required it to pay non-exempt employees, including Claimant and the Associates, an overtime premium of one and one-half times their regular rate of pay for all work-hours Coleman suffered or permitted them to work in excess of 40 per workweek.

29. Upon information and belief, Coleman applied the same policies and practices to all Associates.

30. The Associates are readily identifiable and can be located through Coleman's records. The Associates should be notified of and allowed to opt in to this action pursuant to 29 U.S.C. § 216(b). Unless the Arbitrator promptly issues such a notice, the Associates, who have been deprived of overtime pay in violation of the FLSA, will be unable to secure compensation to which they are entitled, and which has been withheld from them by Coleman.

FACTUAL ALLEGATIONS

31. Associates' primary duties were non-exempt duties.

32. Throughout their employment, Claimant and the Associates worked more than 40 hours per week and 8 hours per day.

33. Coleman was aware that Claimant and the Associates worked more than 40 hours per workweek and 8 hours per day, yet Coleman failed to pay them any overtime compensation.

34. Coleman did not keep accurate records of hours worked by Claimant. That is, Claimant's hours were not accurately recorded on pay stubs, and Claimant was never required to clock in or out, or otherwise record his time.

35. All of the work performed by Claimant and the Associates was assigned by Coleman and Coleman was aware that Claimant and the Associates worked overtime hours.

36. Coleman failed to pay Claimant and the Associates time and one-half for all hours worked over 40 in a workweek in violation of the FLSA.

37. Coleman's policy and pattern or practice includes but is not limited to:

- a. misclassifying Claimant and the Associates as exempt from the protections of federal overtime laws;
- b. failing to record the time that its employees, including Claimant and the Associates, worked for the benefit of Coleman;
- c. failing to keep payroll records as required by the FLSA;
- d. failing to timely pay wages as required by the FLSA; and
- e. failing to pay its employees, including Claimant and the Associates, overtime wages for all of the overtime hours that they worked.

38. Coleman was or should have been aware that the FLSA requires it to pay their Associates overtime compensation for all hours worked in excess of 40 per week.

FIRST CAUSE OF ACTION

FLSA – Overtime Wages

29 U.S.C. §§ 201, *et seq.*

(Brought by Claimant Individually and on Behalf of the Associates)

39. Claimant realleges and incorporate by reference all allegations in all preceding paragraphs.

40. Coleman violated the FLSA, as described in this Demand.

41. Claimant has consented in writing to be a party to this action, pursuant to 29 U.S.C. § 216(b).

42. At all relevant times, Claimant and the Associates were engaged in commerce and/or the production of goods for commerce within the meaning of 29 U.S.C. § 207(a).

43. The overtime wage provisions set forth in §§ 201, *et seq.* of the FLSA apply to Coleman.

44. Coleman is an employer engaged in commerce and/or the production of goods for commerce within the meaning of 29 U.S.C. §§ 206(a) and 207(a).

45. At all times relevant, Claimant and the Associates were employees within the meaning of 29 U.S.C. §§ 203(e) and 207(a).

46. Coleman failed to pay Claimant and the Associates the overtime wages to which they were entitled under the FLSA.

47. Coleman's violations of the FLSA, as described in this Collective Action Complaint, were willful.

48. Claimant and the Associates suffered damages by being denied overtime wages in accordance with 29 U.S.C. §§ 201, *et seq.*

49. As a result of the acts of Coleman, Claimant and the Associates were deprived of overtime compensation and other wages in amounts to be determined at arbitration, and are entitled

to recovery of such amounts, liquidated damages, prejudgment interest, attorneys' fees, costs, and other compensation pursuant to 29 U.S.C. § 216(b).

SECOND CAUSE OF ACTION
California Wage Laws – Overtime Wages
California Wage Order Nos. 4-2001 & 7-2001; Cal. Lab. Code §§ 510, 1194
(Brought by Claimant Individually)

50. Claimant realleges and incorporates by reference all allegations in all preceding paragraphs.

51. California law requires employers, such as Coleman, to pay overtime compensation to all non-exempt employees for all hours worked over 40 per workweek and over 8 per day, and to pay double the regular rate of pay for work performed in excess of 12 hours per day.

52. Claimant is a non-exempt employee entitled to be paid overtime compensation for all overtime hours worked.

53. At all relevant times, Claimant worked in excess of 40 hours in a workweek, in excess of 8 hours in a workday, and in excess of 12 hours in a workday.

54. At all relevant times, Respondent failed to pay Claimant proper overtime compensation for all of his overtime hours worked.

55. As a direct and proximate result of Respondent's conduct, as set forth herein, Claimant has sustained damages, including loss of earnings for hours of overtime worked for the benefit of Respondent in an amount to be established at arbitration, prejudgment interest, and costs and attorneys' fees, pursuant to statute and other applicable laws.

THIRD CAUSE OF ACTION
California Wage Laws – Wage Statement Violations
California Wage Order Nos. 4-2001 & 7-2001; Cal. Lab. Code §§ 226, 1174, & 1174.5
(Brought by Claimant Individually)

56. Claimant realleges and incorporates by reference all allegations in all preceding paragraphs.

57. Respondent failed to provide timely, accurate, itemized wage statements including, *inter alia*, all hours worked, to Claimant in accordance with California Wage Order Nos. 4-2001 and 7-2001 and California Labor Code § 226(a). Such failure caused injury to Claimant, by, among other things, impeding him from knowing the amount of wages to which he was entitled. At all times relevant herein, Respondent has failed to maintain accurate records of hours worked by Claimant as required under Labor Code § 1174(d).

58. Claimant is entitled to and seeks remedies under California Labor Code §§ 226(a) and 1174(d), including but not limited to the amount provided under California Labor Code §§ 226(e) and 1174.5, including the greater of all actual damages or fifty dollars (\$50) for the initial pay period in which a violation occurs and one hundred dollars (\$100) for each violation in a subsequent pay.

FOURTH CAUSE OF ACTION
California Wage Laws – Wage Payment Provisions
Cal. Lab. Code §§ 201, 202, & 203
(Brought by Claimant Individually)

59. Claimant realleges and incorporates by reference all allegations in all preceding paragraphs.

60. California Labor Code §§ 201 and 202 require Respondent to pay their employees all wages due upon termination within the time specified by law. California Labor Code § 203 provides that if an employer willfully fails to timely pay such wages, the employer must continue to pay the subject employees' wages until the back wages are paid in full or an action is commenced, up to a maximum of thirty (30) days of wages.

61. Claimant, who has ceased employment with Respondent, is entitled to unpaid compensation, but to date has not received such compensation.

62. More than thirty (30) days have passed since Claimant left Respondent's employ.

63. Claimant seeks waiting time penalties pursuant to California Labor Code § 203, attorneys' fees and costs, and such other relief as the Arbitrator deems just and proper.

FIFTH CAUSE OF ACTION

California Wage Laws – Unfair Competition California Business & Professions Code §§ 17200, *et seq.* (Brought by Claimant Individually)

64. Claimant realleges and incorporates by reference all allegations in all preceding paragraphs.

65. The foregoing conduct, as alleged, violates the California Unfair Competition Law ("UCL"). The UCL prohibits unfair competition by prohibiting, *inter alia*, any unlawful or unfair business acts or practices.

66. Beginning at a date unknown to Claimant, prior to the filing of this action, Respondent committed, and continued to commit, acts of unfair competition, as defined by the UCL, by, among other things, engaging in the acts and practices described herein. Respondent's conduct as alleged herein has injured Claimant by denying him earned wages, and therefore was injurious to him.

67. Respondent engaged in unfair competition in violation of the UCL by violating, *inter alia*, each of the following laws. Each of these violations constitutes an independent and separate violation of the UCL:

- a. FLSA, 29 U.S.C. §§ 201, *et seq.*;
- b. Cal. Lab. Code §§ 201-204;
- c. Cal. Lab. Code § 226; and
- d. Cal. Lab. Code § 510.

68. Respondent's course of conduct, acts, and practices in violation of the California laws mentioned in the above paragraph constitute a separate and independent violation of the UCL. Respondent's conduct described herein violates the policy or spirit of such laws or otherwise significantly threatens or harms competition.

69. The unlawful and unfair business practices and acts of Respondent, described above, have injured Claimant in that he was denied the payment of earned overtime wages.

70. Claimant seeks recovery of attorneys' fees and costs of this action to be paid by Respondent, as provided by the UCL and California Labor Code §§ 218, 218.5, and 1194.

71. Claimant seeks restitution in the amount of the respective unpaid wages earned and due, including for unpaid overtime at a rate not less than one and one-half times the regular rate of pay for work performed in excess of 40 hours in a workweek, or 8 hours in a day, and double the regular rate of pay for work performed in excess of 12 hours per day.

SIXTH CAUSE OF ACTION

Private Attorneys General Act

Cal. Lab. Code §§ 2698, *et seq.*

(Brought by Claimant Individually and on Behalf of PAGA Members)

72. Claimant, on behalf of himself and all PAGA Members, realleges and incorporates by reference all other paragraphs as if they were set forth again herein.

73. Claimant is a PAGA Member, as he was employed by Respondent during the applicable period and suffered one or more of the California Labor Code violations set forth herein. Accordingly, he seeks to recover on behalf of himself and all other PAGA Members, the civil penalties provided by PAGA, plus reasonable attorney's fees and costs.

74. Claimant seeks civil penalties pursuant to PAGA for violations of the following California Labor Code provisions:

- a. Failure to pay overtime wages in violation of California Labor Code §§ 510,

558, 1994 and 1998 and Wage Order Nos. 4-2001 & 7-2001;

- b. Failure to provide itemized wage statements in violation of California Labor Code §§ 226 and 226.3; and
- c. Failure to provide prompt payment of wages during employment and upon termination and resignation in violation of California Labor Code §§ 201, 202, 203, and 204.

PRAYER FOR RELIEF

WHEREFORE, Claimant, individually and on behalf of other Associates, requests the following relief:

- A. Issuance of notice pursuant to 29 U.S.C. § 216(b) to the Associates, apprising them of the pendency of this action, and permitting them to assert timely FLSA claims in this action by filing individual Consent to Join forms pursuant to 29 U.S.C. § 216(b);
- B. An award of damages, according to proof, including liquidated damages, to be paid by Coleman;
- C. Appropriate equitable and injunctive relief;
- D. Reasonable service award for Claimant to compensate him for the time he has spent and will spend attempting to recover wages for the FLSA Collective and for the risks he took and will take in doing so;
- E. Costs of the action incurred herein;
- F. Attorneys' fees, including fees pursuant to 29 U.S.C. § 216;
- G. Post-judgment interest, as provided by law;
- H. Civil penalties provided per violation, under the California Private Attorneys General Act, California Labor Code §§ 2698, *et seq.*; and

I. Such other relief as this Arbitrator deems necessary, just, and proper.

WHEREFORE, Claimant individually requests the following relief:

- A. An award of damages, liquidated damages, and restitution, to be paid by Coleman according to proof;
- B. Appropriate statutory penalties;
- C. Appropriate equitable and injunctive relief;
- D. Attorneys' fees and costs of suit;
- E. Pre- and post-judgment interest, as provided by law; and
- F. Such other relief as the Arbitrator deems necessary, just, and proper.

WHEREFORE, Claimant, on behalf of himself and on behalf of the PAGA Members, requests the following relief:

- A. Civil penalties provided, per violation, under the California Private Attorneys General Act, California Labor Code §§ 2698, *et seq.*
- B. Pre-judgment and post-judgment interest, as provided by law;
- C. Attorneys' fees pursuant to Labor Code § 2698(g)(1);
- D. Costs of suit, including expert fees and costs;
- E. An appropriate service payment to Claimant for his service as a PAGA representative; and
- F. Such other and further relief as the Arbitrator deems just and proper.

Dated: New York, New York
January 13, 2023

Respectfully submitted,

By: /s/ Melissa Stewart

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*Attorneys for Claimant, other Associates,
and PAGA Members*

Exhibit A

CONFIDENTIAL SETTLEMENT AGREEMENT AND RELEASE

Claimant Daniel Flaherty (“Claimant”) and Respondent Coleman Research Group, Inc. (“Coleman” or “Respondent”) (collectively with Participating Associates (defined below), the “Parties”) hereby enter into this Settlement Agreement and Release (the “Agreement”) to resolve the wage and hour claims of Claimant and other Associates (as set forth more fully below).

RECITALS

WHEREAS, on May 17, 2022, Claimant’s counsel sent Coleman a letter asserting that Coleman denied its Associates proper overtime pay, and invited Coleman to engage in settlement negotiations;

WHEREAS, thereafter the Parties agreed to engage in discussions regarding the possibility of a resolution of these claims through a mediation process and agreed to toll the limitations period on those claims, which was memorialized in two tolling agreements;

WHEREAS, thereafter the Parties entered into a Confidentiality Agreement, in connection with the exchange of information as part of the resolution discussions and related mediation, to which the Parties and their counsel agree to remain bound;

WHEREAS, on September 14, 2022, the Parties participated in a full-day mediation session with the assistance of experienced wage and hour class and collective action mediator Timothy Long, and were unable to reach a resolution of the claims, but agreed to continue settlement discussions;

WHEREAS, with the continued assistance of Mr. Long, the Parties agreed to a resolution of this matter based on a mediator’s proposal on October 24, 2022, and agreed on a settlement in principle with a memorandum of understanding dated November 16, 2022;

WHEREAS, Coleman and its parents, subsidiaries, affiliates, and employees (and all other released parties as set forth below) deny all liability to Claimant and to any other Associates;

WHEREAS, the purpose of this Agreement is to settle fully and finally the unpaid overtime and other claims raised by Claimant and all other claims that were or could have been raised in the arbitration or arbitrations by other Associates in California (as set forth below); and

WHEREAS, Claimant’s Counsel analyzed and evaluated the merits of Claimant’s and other California Associates’ claims; obtained and reviewed documents relating to Coleman’s policies; and analyzed payroll and timekeeping data; and based upon their analysis and evaluation of a number of factors, and recognizing the substantial risks of litigation, including the possibility that the claims, if not settled now, might not result in any recovery or might result in a recovery less favorable, and that in the event of a recovery it would not occur for several years, Claimant’s Counsel are satisfied that the terms and conditions of this Agreement are fair, reasonable, and adequate, and that this Agreement is in the best interests of Claimant and the other covered Associates;

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth in this Agreement, as well as the good and valuable consideration provided for herein, the Parties agree to a full and complete settlement of the claims on the following terms and conditions:

1. DEFINITIONS

The defined terms set forth in this Agreement have the meanings ascribed to them below.

- 1.1** “Agreement” means this Settlement Agreement and Release and the exhibits hereto, which the Parties understand and agree set forth all material terms and conditions of the Settlement between them, and which is subject to Arbitrator approval.
- 1.2** “Approval Award” means an Award to be entered by the Arbitrator which gives approval to the Settlement and this Agreement.
- 1.3** “Arbitrator” means Hunter Hughes, Esq.
- 1.4** “Associates” means the 25 individuals identified in the pre-mediation data produced by Coleman and employed by Coleman in the exempt-classified job titles of Associates, Client Management Analysts, Client Management Associates, and Client Associates in California between June 14, 2021 and September 14, 2022. All Associates are also “PAGA Members.”
- 1.5** “Claimant” means Daniel Flaherty.
- 1.6** “Claimant’s Counsel” means Outten & Golden LLP.
- 1.7** “Claimed Liability Period” means June 14, 2018, through September 14, 2022.
- 1.8** “Effective Date” means the date of the Arbitrator’s entry of the Approval Award.
- 1.9** “Eligible Workweek” means each calendar week worked by an Associate during the Claimed Liability Period.
- 1.10** “Eligible PAGA Workweek” means each calendar week during which Respondent employed a PAGA Member during the relevant PAGA Period.
- 1.11** “Employer Payroll Taxes” means all taxes and withholdings an employer is required to make pursuant to federal, state, and/or local law arising out of or based upon the payment of employment compensation in this Action, including but not limited to FICA, FUTA, and SUTA obligations. Coleman shall pay Employer Payroll Taxes in addition to the Total Settlement Amount in accordance with the terms of this Agreement.
- 1.12** “Funding Date” means seven (7) days after the Arbitrator’s approval of the Settlement.
- 1.13** “Gross Fund” means Two Hundred Ninety Thousand Dollars (\$290,000.00), which is the amount that Respondent has agreed to pay to fully resolve and settle these claims (subject to the terms of Paragraph 4.5) which includes Arbitrator-approved Claimant’s attorneys’ fees and costs; any and all amounts to be paid to Participating Associates; the PAGA Fund;

the cost of settlement administration; the cost of arbitration; any Arbitrator-approved Service Award; all interest; and all liquidated damages. The Gross Fund does not include Employer Payroll Taxes, which Respondent shall pay separately from the Gross Fund.

- 1.14** “Last Known Contact Information” means the most recently recorded personal mailing address and personal email address for an Associate as shown in Respondent’s records; if necessary to discharge its duties, the Settlement Administrator can request the personal telephone number for a specific Associate and Coleman will produce the last known number, provided that the Settlement Administrator agrees to keep all telephone numbers that it receives confidential.
- 1.15** “Mediator” means Timothy Long, Esq.
- 1.16** “Net Fund” means the remainder of the Gross Fund after deductions/payments for: (i) Settlement Administration fees and costs; (ii) Arbitrator-approved Claimant’s Counsel’s attorneys’ fees and costs, as provided for in Section 5.2; (iii) Arbitrator-approved Service Award to Claimant, as provided for in Section 5.3; (iv) any applicable arbitration fees and costs, as set forth under Section 2.5 below; and (v) the PAGA Fund.
- 1.17** “Notice” means the Arbitrator-approved Official Notice of Settlement, as authorized by the Arbitrator, substantially in the form of Exhibit A.
- 1.18** “Opt-in Period” shall mean the later of: (i) the one hundred and twenty (120) calendar day period beginning immediately after the Settlement Administrator first sends the Notice and Settlement Checks to the Associates; or (ii) one hundred and twenty (120) calendar days from the Settlement Administrator’s re-mailing of a Settlement Check that was returned as undeliverable by U.S. Mail, provided that no Associate’s Settlement Check will be reissued more than once, unless good cause (as determined by the Settlement Administrator) can be shown, and no later than the 120th day of the original period, but each such reissuance will occur on a rolling basis as the Settlement Administrator becomes aware that a given Associate’s original Settlement Check was undeliverable (“Re-Mailing Opt-in Period”).¹
- 1.19** “PAGA Check Enclosure Letter” means the letter attached hereto as Exhibit C, which the Settlement Administrator shall mail to PAGA Members together with the Settlement Check for the PAGA Member’s portion of the PAGA Payment.
- 1.20** “PAGA Fund” means Twenty Thousand Dollars (\$20,000.00) of the Total Settlement Amount that is attributed to the settlement of the PAGA claims of PAGA Members. Seventy-five percent (75%) of the PAGA Fund, or Fifteen Thousand Dollars (\$15,000.00) shall be paid to the California Labor and Workforce Development Agency (“LWDA”) (“LWDA Payment”) and twenty-five percent (25%), or Five Thousand Dollars (\$5,000.00) of the PAGA Fund shall be paid to the PAGA Members (“PAGA Payment”) as set forth in Section 5.4 below.

¹ All time periods provided by this Agreement are stated in calendar days, not business days, unless otherwise specifically identified.

- 1.21** “PAGA Period” means the period June 14, 2021 through September 14, 2022.
- 1.22** “Participating Associates” means each Associate who opts in to the settlement by cashing a Settlement Check and signing a release within the deadline set forth by the Parties and/or the Arbitrator.
- 1.23** “Parties” collectively means Claimant and Respondent.
- 1.24** “Proposed Award” means a proposed award to be submitted to the Arbitrator to approve this Agreement.
- 1.25** “Qualified Settlement Fund” or “QSF” means the account maintained by the Settlement Administrator.
- 1.26** “Releasees” means Respondent and all affiliated parties and entities (including their past and present affiliates, parents, subsidiaries, predecessors, owners, successors, shareholders, divisions, and each of these entities’ past and present directors, officers, employees, partners, benefit plans, shareholders and representatives).
- 1.27** “Reminder Notice” means the document entitled “Important Reminder Regarding Coleman Overtime Settlement,” to be approved by the Arbitrator in a form substantially similar to Exhibit B.
- 1.28** “Respondent” or “Coleman” means Coleman Research Group, Inc.
- 1.29** “Respondent’s Counsel” means Morgan Lewis & Bockius LLP.
- 1.30** “Service Award” means the award the Arbitrator approves to be paid to Claimant Daniel Flaherty of up to seven thousand five hundred dollars (\$7,500.00) in recognition for his service as named plaintiff and PAGA representative.
- 1.31** “Settlement” means the settlement between the Parties embodied and contained in this Agreement.
- 1.32** “Settlement Administrator” means ILYM, the third-party settlement administrator selected by Claimant’s Counsel to administer this settlement and approved by Respondent’s Counsel.
- 1.33** “Settlement Check” means the check issued to Participating Associates for their proportionate share of the Net Fund calculated in accordance with this Agreement, and checks issued to PAGA Members for their share of the PAGA Payment, calculated in accordance with this Agreement.
- 1.34** “Settlement Notice” or “Notice” means the document entitled “Official Notice of Settlement,” to be approved by the Arbitrator in a form substantially similar to Exhibit A.
- 1.35** “Settlement Packet” means the Settlement Notice (including PAGA Check Enclosure Letter) and Settlement Check (including respective portion of PAGA Payment).

2. BINDING AGREEMENT AND AGREEMENT TO ARBITRATE SETTLEMENT APPROVAL

- 2.1** This Agreement is a binding agreement and contains all material terms.
- 2.2** Agreement to Arbitrate. The Parties hereby agree to submit this Settlement for collective approval to the Arbitrator. The Parties will ask the Arbitrator to approve this Settlement by entering the Approval Award as specified in this Agreement. Claimant and Respondent do not agree to arbitrate any matters other than the approval and implementation of this Settlement Agreement and issues related to that process as set forth in this Agreement. This Agreement to Arbitrate does not apply to any matter other than the approval and implementation of this Settlement, and has no effect on any existing arbitration agreements between Respondent and any of its employees. Respondent agrees to settle this matter in a group manner as a compromise, but does not waive its right to enforce any class, collective, and representative action waiver provisions in arbitration agreements it has with Participating Associates outside of this settlement and, similarly, the Participating Associates and their counsel agree that they will not argue that this Settlement constitutes a waiver of any such provisions. The parties have agreed to waive their right to seek to vacate any award of the Arbitrator.
- 2.3** Arbitration Demand. Within ten (10) days after the execution of this Agreement by Claimant and Respondent, Claimant's Counsel will file a Demand for Arbitration on behalf of Claimant and Associates to initiate the Arbitration. The Demand shall specifically seek enforcement of this Settlement Agreement and shall limit the Arbitrator's jurisdiction accordingly.
- 2.4** Appointment of Arbitrator. The Parties agree to the appointment of the Hunter Hughes to act as the Arbitrator.
- 2.5** Costs of Arbitration. Reasonable arbitration fees for the Arbitrator shall be paid from the Total Settlement Amount.

3. APPLICATION FOR SETTLEMENT APPROVAL

- 3.1** Claimant's Counsel shall submit the Approval Motion, together with the Arbitration Demand, to Arbitrator Hunter Hughes within ten (10) days of the date this Agreement is fully executed. With the Approval Motion, Claimant's Counsel also will submit the Agreement and Settlement Notice (Exhibit A). Among other things, the Approval Motion will ask the Arbitrator to: (i) enter the Approval Award approving the Settlement as fair, adequate, and reasonable, (ii) approve the proposed Settlement Notice to be sent to Associates, (iii) incorporate the terms of this Settlement, (iv) enter an Award dismissing the case with prejudice; and (v) retain jurisdiction to enforce the Agreement.
- 3.2** Effect of Arbitrator's Failure to Approve Settlement. If the Arbitrator fails to enter the Approval Award, the Parties will proceed as if this Agreement had never been executed, unless the parties jointly agree to: (1) seek reconsideration of the Arbitrator's decision; or (2) renegotiate the settlement and seek Arbitrator approval of the renegotiated settlement. If reconsideration is denied, or a mutually agreed-upon settlement is not approved, the

Parties will be in the same positions as if settlement approval had not been attempted and all settlement documents and communications will remain confidential.

4. SETTLEMENT ADMINISTRATION AND NOTICE TO ASSOCIATES

- 4.1** Duties of the Settlement Administrator. The Settlement Administrator will be responsible for establishing a QSF account; preparing, printing, and disseminating to the Claimant and Associates the Notice Packet and PAGA Enclosure Letter via e-mail and mail, with the mailed version including Settlement Checks, with “back-of-the-check releases” and the e-mail version notifying Associates regarding the payment; updating addresses with the U.S. Postal Service’s National Change of Address (“NCOA”) database; maintaining an email address which Associates can use to make inquiries and provide address updates; making commercially reasonable searches for new contact information for Associates whose Notices are returned as undeliverable with no forwarding address; making diligent efforts in locating all Associates, including calling Associates, if necessary to discharge duties (and provided that the Settlement Administrator agrees to keep all telephone numbers that it receives confidential); determining the amount of payments allocated to each Associate in accordance with this Agreement, along with the amount of all payroll taxes to be paid and deductions to be withheld; determining the amount of workweeks attributable to the Associates; preparing and mailing Settlement Checks; distributing any approved Service Award and attorneys’ fees and expenses; calculating and paying all appropriate taxes and complying with all applicable tax reporting obligations, including preparing and filing all applicable tax forms; determining the tax characterization of the Service Award; calculating the tax liability of Respondent and advising Respondent of such liability at least ten (10) days prior the tax payment so that it can make a separate payment; remitting required amounts to the LWDA pursuant to the provisions of PAGA; referring to Claimant’s Counsel all inquiries by Associates regarding matters not within the Settlement Administrator’s duties specified herein; retaining and providing a copy of Settlement Checks endorsed by the Participating Associates to Claimant’s and Respondent’s Counsel; timely responding to communications from the Parties and their counsel; reporting on the status of the settlement to the Parties on a weekly basis; handling the California unclaimed property process for any Settlement Check to a PAGA Member not cashed; and such other tasks as set forth herein, or as the Parties mutually agree, or as otherwise determined by the Settlement Administrator as necessary in effectuating its notice duties.
- 4.2** The Settlement Administrator shall indemnify the Parties and counsel regarding any improper handling of its responsibilities, including the handling of any tax-related matters.
- 4.3** The Settlement Administrator was selected by Claimant’s Counsel and approved by Respondent. The Parties will have equal access to the Settlement Administrator and all information related to the administration of the Settlement. The Settlement Administrator will provide regular reports to counsel for the Parties regarding the status of the mailing of the Notice and Settlement Checks, the claims administration process, and the rate of participation.

- 4.4 Respondent agrees to cooperate with the Settlement Administrator and provide accurate information to the extent reasonably available and necessary to calculate the amounts to be distributed pursuant to this Agreement.
- 4.5 No later than seven (7) days after the Effective Date, Respondent will give the Settlement Administrator a list, in electronic form, of the names, Last Known Contact Information, social security numbers, and the dates of employment as an Associate of each Associate during the Claimed Liability Period (“Associate List”). Within five (5) days after the Settlement Administrator receives the list from Respondent, the Settlement Administrator will calculate the number of Eligible Workweeks and will provide the number to the Parties. Should the number of Eligible Workweeks subject to the release increase by more than 2.5 percent, the Gross Fund will increase by a proportionate amount for each additional workweek or the Claimed Liability Period end date will be moved to earlier in time such that work weeks do not exceed the stated amount by more than 2.5 percent, as described in Section 5.1.
- 4.6 Notice will be sent to Associates via email and First Class United States Mail to by the Settlement Administrator within twenty one (21) days after the Effective Date, with the mailed version including a Settlement Check in the amount based on each Associate’s pro rata settlement share. The Settlement Check will include the release set forth in Section 6.1 below.
- 4.7 After sixty (60) days from the issuance of checks, the Settlement Administrator shall issue a reminder postcard and email to the Associates reminding them to cash their checks. The Settlement Administrator will make reasonable efforts to contact by mail and/or email Associates for whom the Settlement Check is returned by the post office as undeliverable and the Settlement Administrator shall attempt a re-mailing to any Associates for whom it obtains more recent contact information.
- 4.8 The proceeds of the Net Fund shall be disbursed (pursuant to Section 5.1 below) to Associates. A settlement check must be cashed within one hundred and twenty (120) days following the issuance of checks to any Associate or one hundred and twenty (120) days from reissuance due to incorrect address. No Associate’s Settlement Check will be reissued more than once unless good cause is shown (as determined by the Settlement Administrator) and no later than the 120th day of the original period, but each such reissuance will occur on a rolling basis as the Settlement Administrator becomes aware that a given Associate’s original Settlement Check was undeliverable. Any checks that remain uncashed after the one hundred and twenty (120)-day period (as extended provided herein) shall be void and the associated monies shall revert to Respondent. Associates who do not cash a settlement check are not Participating Associates (unless otherwise agreed to in writing by the Parties or approved by the Arbitrator) and do not release their claims against the Releasees as described in Section 6 below but do waive their right to receive a payment associated with the Settlement.
- 4.9 The Notice shall inform Associates of their confidentiality obligations if they elect to become a Participating Associate. Participating Associates shall keep the fact of the Settlement, the Settlement Packet, the Settlement Payment, and any other communications

related to the Settlement confidential, except that there shall be no limitation on Participating Associates' right to discuss the Settlement with close family/significant others, attorneys, and tax advisors, provided that the Associates advise such individuals of the confidentiality obligation. Any proven violation of the confidentiality provision will result in a liquidated damages penalty of twenty percent (20 percent) of the Participating Associate's settlement check, which shall constitute full resolution of Coleman's claim for breach.

- 4.10** Claimant's Counsel and Respondent's Counsel have the right to make inquiries and receive any information from the Settlement Administrator related to the claims administration process, except that Respondent's Counsel is not entitled to any contact information for Associates. Respondent's Counsel is entitled to communications between the Settlement Administrator and Associates, except that Claimant's Counsel shall conduct a privilege review of any such communication prior to Respondent's Counsel receiving a copy and shall be entitled to redact any portion of such communication that it determines is subject to attorney-client privilege. The Settlement Administrator will update Claimant's Counsel and Respondent's Counsel weekly regarding the progress of the settlement administration, including returned mailings for which it is unable to obtain corrected addresses.

5. SETTLEMENT TERMS

5.1 Settlement Payments

- i. Respondent agrees to pay a maximum of Two Hundred Ninety Thousand Dollars (\$290,000.00), which shall fully resolve and satisfy any and all amounts to be paid to Participating Associates, any Arbitrator-approved Service Award as more fully set forth herein, the Settlement Administrator's fees and costs, the Arbitrator's fees and costs, and any claim for Claimant's Counsel's fees and costs. This amount does not include the Employer Payroll Taxes, which Respondent will pay separately.
- ii. This Settlement covers and includes no more than 1,120 Eligible Workweeks for the 25 Associates identified by Coleman in the mediation data. Should the total number of workweeks increase by more than 2.5% (i.e., greater than 1,148 Eligible Workweeks), the Gross Fund will increase on a proportionate additional amount for each additional Eligible Workweek above 1,148, or the Claimed Liability Period end date shall be moved to earlier in time so that the total covered and released work weeks do not exceed 1,148.
- iii. Within seven (7) days of the Effective Date, Respondent shall pay the Gross Fund by wire transfer into the QSF.
- iv. Within fourteen (14) days of the Effective Date, the Settlement Administrator will distribute the money in the QSF by making the following payments:

- (a) Paying the Arbitrator-approved costs of Claimant's Counsel's fees, expenses, costs, Arbitration Costs, and Settlement Administration Costs as described in Section 5.2.
 - (b) Paying the Arbitrator-approved Service Award as described in Section 5.3.
- v. Within twenty one (21) days of the end of the Effective Date, the Settlement Administrator will issue Settlement Packets to Associates for their settlement amounts, as described in Section 4.1.

5.2 Settlement Amounts Payable as Attorneys' Fees and Costs.

- i. In the Approval Motion, Claimant's Counsel shall ask the Arbitrator to approve payment of up to one-third of the Gross Fund as an award of attorneys' fees, in addition to an award of reasonable out-of-pocket costs and expenses up to \$7,900. Respondent shall not oppose this application. The amount awarded by the Arbitrator as an award of attorneys' fees shall constitute full satisfaction of any claim for attorneys' fees or costs, and Claimant and Participating Associates agree that they shall not seek, nor be entitled to, any additional attorneys' fees or costs under any theory or from any source, incurred in relation to this case, other than fees and costs incurred in any effort to enforce the terms of this Agreement.
- ii. The substance of Claimant's Counsel's application for attorneys' fees and costs is not part of this Agreement and is to be considered separately from the Arbitrator's consideration of the fairness, reasonableness, adequacy, and good faith of the Settlement and this Agreement. The outcome of any proceeding related to Claimant's Counsel's application for attorneys' fees and costs shall not terminate this Agreement or otherwise affect the Arbitrator's ruling on the Approval Motion.

5.3 Service Award to Claimant.

- i. In the Approval Motion, the Claimant will apply to the Arbitrator to receive seven thousand five hundred dollars (\$7,500) from the Gross Fund for the services he rendered to the Associates. Respondent shall not oppose this application.
- ii. The Service Award and any requirements for obtaining any such payment are separate and apart from, and in addition to, Claimant's recovery from the Net Fund as an Associate. The substance of Claimant's application for a Service Award is not part of this Agreement and is to be considered separately from the Arbitrator's consideration of the fairness, reasonableness, adequacy and good faith of the Settlement and this Agreement. The outcome of the Arbitrator's ruling on the application for a Service Award shall not terminate this Agreement or otherwise affect the

Arbitrator's ruling on the Approval Motion. Any Service Award money not approved by the Arbitrator shall become part of the Net Fund.

- iii. The Claimant agrees to a mutual general release of his claims in exchange for receiving and accepting his Service Award, as described in further detail in Section 6.4.
- iv. The Parties agree that they have come to no determination regarding the tax treatment of the Service Award. The Parties agree that the Settlement Administrator alone will have the discretion to determine the tax treatment of the Service Award.
- v. Unapproved fees, costs or service payments will be reallocated pro rata to the Participating Associates.

5.4 Payments to Participating Associates and PAGA Members.

- i. Payments to Participating Associates will be made from the Net Fund and in accordance with Section 5.1 above. The settlement amount for each Associate will be determined by the Settlement Administrator pursuant to the following formula:
 - (a) Each Associate will receive one (1) point for each Eligible Workweek between June 14, 2018 through September 14, 2022;
 - (b) To calculate each Associate's proportionate settlement amount:
 - 1. Add all points for all Associates together to obtain the "Denominator";
 - 2. For each Associate, divide his or her number of points by the Denominator to obtain his or her "Portion of the Net Fund";
 - 3. Multiply each Associate's Portion of the Net Fund by the Net Fund to determine each Associate's settlement amount.
- ii. Payments to PAGA members will be made from the PAGA Fund and in accordance with Section 5.1 above. PAGA Members' estimated proportionate share of the PAGA Fund shall be determined by the Settlement Administrator pursuant to the following formula:
 - (a) PAGA Members will receive one (1) point for each Eligible PAGA Workweek.
 - (b) To calculate each PAGA Member's proportionate share of the PAGA Fund:

1. Add all points for all PAGA Members together to obtain the “Denominator”;
 2. Divide the number of points for each PAGA Member by the Denominator to obtain each PAGA Member’s “Portion of the PAGA Payment”;
 3. Multiply each PAGA Member’s Portion of the PAGA Payment by the PAGA Fund to determine each PAGA Member’s portion of the PAGA Payment;
- iii. There is a rebuttable presumption that Coleman’s personnel and payroll records are correct, but Associates may, should they disagree with Coleman’s records, provide documentation to show contrary employment dates in the Associate role no later than one hundred and twenty (120) days following the issuance of checks to any Associate or one hundred and twenty (120) days from a reissuance due to incorrect address. Such a dispute shall be directed to the Settlement Administrator, who will notify all Counsel of the individual’s dispute and provide Counsel with a copy of the records provided by the individual and any other pertinent and available records. The Settlement Administrator shall independently attempt to resolve disputes arising under this paragraph and relating to an Associate’s work tenure and relevant work weeks and inform all Counsel of the determination of any such disputes. The Parties will seek input from the mediator if they disagree with the Settlement Administrator’s recommendation, with Respondent responsible for any costs associated with the mediator’s time. In the event that an Associate successfully disputes their allotted weeks, any additional Eligible Workweeks or Eligible PAGA Workweeks as determined by the Settlement Administrator shall be paid from the reversion, using the value per workweek allocated in the original Net Fund. Respondent shall not be responsible for any additional amounts not satisfied by the reversion; it may choose to pay an additional amount to obtain a release of additional work weeks or not; if Respondent does not pay an additional amount, Associate’s release will be modified to reflect which weeks are at issue pursuant to it.
- iv. The Settlement Administrator shall mail to all Associates their Settlement Checks, less proper tax withholdings, as required by Section 4.1 of this agreement. The Settlement Administrator shall use reasonable efforts to make an additional mailing to Associates whose checks are returned because of incorrect addresses. Such efforts shall include: (a) obtaining correct addresses as described in Section 4.1; and/or (b) using social security numbers to obtain better address information.
- v. Associates and PAGA Members shall have one hundred and twenty (120) days following the issuance of Settlement Checks to cash their Settlement

Checks, or one hundred and twenty (120) days following reissuance due to an incorrect address, provided that no Associate's Settlement Check will be reissued more than once unless good cause is shown (as determined by the Settlement Administrator) and no later than the 120th day of the original period, but each such reissuance will occur on a rolling basis as the Settlement Administrator becomes aware that a given Associate's original Settlement Check was undeliverable. All amounts remaining in the QSF except those from the PAGA Fund following one hundred and twenty (120) days after the last reissuance shall revert to Respondent. Any funds remaining in the PAGA Fund shall revert to the state of California under the PAGA Member's name to the California Unclaimed Property Fund.

- vi. Respondent's Payroll Tax Responsibility and Tax Characterization of Payments.
 - (a) One-third (33.33%) of the Settlement Payment pursuant to this Agreement shall be treated as wages and two-thirds (66.67%) of such payment shall be treated as non-wage compensation.
 - (b) One hundred percent (100%) of the PAGA Payment to each PAGA Member shall be treated as 1099 non-wage compensation as statutory penalties.
 - (c) Payments treated as back wages shall be made net of all applicable employment taxes, including, without limitation, federal, state and local income tax withholding and the employee share of the FICA tax, and shall be reported to the Internal Revenue Service ("IRS") and the payee under the payee's name and Social Security number on an IRS Form W-2. The Settlement Administrator shall be responsible for determining the appropriate number of exemptions to be used in calculating payroll tax and withholding, deciding the appropriate tax rate, issuing the Settlement Checks and Service Award and issuing IRS Forms W-2 and Form 1099. Payments of attorneys' fees and costs pursuant to Section 5.2 shall be made without withholding and shall be reported to the IRS and to Claimant's Counsel on an IRS Form 1099.
 - (d) The employee portion of all applicable income and payroll taxes will be the sole responsibility of the individual Participating Associate receiving a Settlement Check or Service Award. The Parties make no representations, and it is understood and agreed that the Parties have made no representations, as to the taxability of any portions of the settlement payments to any Participating Associates or any payments to the Claimant. The Settlement Notice will advise Associates to seek their own tax advice prior to acting in response to that Settlement Notice. Neither Claimant's Counsel nor Respondent's Counsel intend anything contained herein to

constitute legal advice regarding the taxability of any amount paid hereunder, nor will it be relied upon as such.

6. RELEASE OF CLAIMS

- 6.1** Release by Participating Associates. Conditioned upon the Arbitrator's entry of the Approval Award, and in exchange for the monetary consideration recited in this Agreement, each Participating Associate shall execute a "back of the check" release containing a written release that releases and discharges Releasees from the Released Claims. Accordingly, all settlement checks shall contain, on the back of the check, the following limited endorsement.

RELEASE OF CLAIMS:

By signing and/or cashing this check, I consent to participate in the settlement of *Flaherty v. Coleman Research Group, Inc.*, No. [REDACTED] pending before Arbitrator Hunter Hughes. I agree to be bound by the Settlement Agreement in that case.

I waive, release, and forever discharge Coleman Research Group, Inc. and the Releasees from any and all FLSA and state law wage and hour claims alleged in the arbitration demand or that could have been alleged based on the facts alleged, as described in full detail in the Notice and that arose during my employment as an exempt-classified Associate during the Claimed Liability Period, including without limitations, all state and federal claims for unpaid overtime wages, and related claims for interest, liquidated damages, attorneys' fees, costs, and expenses.

- 6.2** The full Release in the Notice shall explain that Participating Associates will release Respondent and all affiliated parties and entities (including their past and present affiliates, parents, subsidiaries, predecessors, owners, successors, shareholders, divisions, and each of these entities' past and present directors, officers, employees, partners, benefit plans, shareholders and representatives) (collectively, "Released Parties"), from any and all wage and hour and wage payment claims, obligations, demands, actions, rights, causes of action, and liabilities (including state statutory and common law claims) that arose during their employment as exempt-classified Associates during the Claimed Liability Period, including: (a) failure to pay overtime; (b) failure to pay minimum wages; (c) failure to timely pay wages during employment; (d) failure to pay final wages on termination; (e) failure to provide accurate itemized wage statements; (f) failure to provide compliant meal and rest periods; (g) failure to pay meal and rest period premiums; (h) failure to pay wages due to discharged and quitting employees; (i) failure to maintain required records; (j) claims that are or were asserted or that could have been asserted based on the facts alleged in Plaintiff's counsel's demand letter; and (k) penalties (including civil and statutory penalties), liquidated damages, punitive damages, interest, attorneys' fees, litigation costs, restitution, equitable relief, or additional damages which allegedly arise from the claims described in (a) through (j) above under any applicable law.

The Notice shall specify that the release specifically includes:

Statutory Claims: any and all claims that were pled or that could have been pled based on the facts alleged in this action arising under the Cal. Labor Code, including, §§ 201-204, 210, 218.6, 221-224, 226, 226.3, 226.7, 510, 512, 558, 1174, 1174.5 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2698-2699.5, Cal. Business & Professions Code §§ 17200, et seq., Cal. Civil Code §§ 3287-3288, and Cal. Code of Civil Procedure §1021.5.

Common Law and/or Equitable Claims: Any and all common law or equitable claims, under any theory whatsoever, to the extent that such claims arise out of the alleged facts, circumstances, and occurrences underlying the allegations as set forth in the Demand.

6.3 PAGA Members shall release any and all claims relating to penalties under California's Private Attorney General Act that arose during their employment as exempt-classified Associates during the PAGA Period and that relate to the claims identified in the Participating Associates' Release.

6.4 Release by Claimant. In the event Claimant receives and accepts a Service Award, which he agrees he will cash, he will additionally waive, release, and discharge Releasees from all demands, claims and actions, whether known or unknown, relating to his employment or the termination of his employment with Respondent, including but not limited to claims under the Americans With Disabilities Act, Fair Labor Standards Act (including but not limited to claims for overtime compensation), Equal Pay Act, Title VII of the Civil Rights Act of 1964, Civil Rights Acts of 1866, 1871 and 1991, Family and Medical Leave Act, Age Discrimination in Employment Act, and any other federal, state or local statute, regulation, and order, and in common law, through the date he signs this Agreement; provided, however, that Claimant does not waive the right to file a charge or complaint with any administrative agency, but does waive any right to recover or receive any damages or other personal relief based on any demand, claim or action waived in this Paragraph brought on his own behalf or by any third party, including as a member of any collective or class action. Claimant does not release any claim or right that cannot be released as a matter of law.

7. PARTIES' AUTHORITY

7.1 The signatories hereto hereby represent that they are fully authorized to enter into this Agreement and to bind the Parties hereto to the terms and conditions hereof.

8. MUTUAL COOPERATION

8.1 The Parties agree to reasonably cooperate with each other and to take all steps necessary and appropriate to obtain the Arbitrator's approval of this Agreement and all of its terms and to effectuate the terms of this Agreement, including but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms of this Agreement. The Parties to this Agreement shall use their commercially reasonable efforts, including all efforts contemplated by this Agreement and any other efforts that may become necessary by award of the Arbitrator, or otherwise, to effectuate this Agreement and the terms set forth herein.

9. NO ADMISSION OF LIABILITY

- 9.1** Respondent and the Released Parties deny all of the allegations made by Claimant and deny that they are liable or owe damages to anyone with respect to the alleged facts or causes of action asserted herein. Nonetheless, without admitting or conceding any liability or damages whatsoever, Respondent has agreed to settle these claims on the terms and conditions set forth in this Agreement, to avoid the burden, expense, and uncertainty of litigation.

10. INTERPRETATION AND ENFORCEMENT/MISCELLANEOUS TERMS

- 10.1** Inadmissibility of Settlement Agreement. Except for purposes of settling this Action, or enforcing its terms (including that claims were settled and released), resolving an alleged breach, or for resolution of other tax or legal issues arising from a payment under this Settlement Agreement, neither this Agreement, nor its terms, nor any document, statement, proceeding or conduct related to this Agreement, nor any reports or accounts thereof, shall be referenced in connection with certification or decertification, construed as, offered or admitted in evidence as, received as, or deemed to be evidence for any purpose adverse to the Parties, including, without limitation, evidence of a presumption, concession, indication or admission by any of the Parties of any liability, fault, wrongdoing, omission, concession or damage.
- 10.2** Further Acts. Each party, upon the request of any other party, agrees to perform such further acts and to execute and deliver such other documents as are reasonably necessary to carry out the provisions of this Agreement.
- 10.3** No Assignment. Claimant represents and warrants that he has not assigned or transferred, or purported to assign or transfer, to any person or entity, any claim or any portion thereof or interest therein, including, but not limited to, any interest in their claims, or any related action, and any attempt to do so shall be of no force or effect.
- 10.4** Entire Agreement. This Agreement constitutes the entire agreement between the Parties with regard to the subject matter contained herein, and all prior and contemporaneous negotiations and understandings between the Parties shall be deemed merged into this Agreement except that the Parties' separate tolling agreement remains in full force and effect until December 9, 2022 and is not merged with this Agreement.
- 10.5** Binding Effect. This Agreement shall be binding upon the Parties and, with respect to Respondent, its affiliates, parents, subsidiaries, predecessors, successors, employees, and agents; and, with respect to Claimant, his spouses, children, representatives, heirs, administrators, executors, beneficiaries, conservators, attorneys, and assigns.
- 10.6** Arms' Length Transaction; Materiality of Terms. The Parties have negotiated all the terms and conditions of this Agreement at arms' length. All terms and conditions of this Agreement in the exact form set forth in this Agreement are material to this Agreement and have been relied upon by the Parties in entering into this Agreement, unless otherwise expressly stated.

- 10.7** Captions. The captions or headings of the Sections and paragraphs of this Agreement have been inserted for convenience of reference only and shall have no effect upon the construction or interpretation of any part of this Agreement.
- 10.8** Construction. The determination of the terms and conditions of this Agreement has been by mutual agreement of the Parties. Each party participated jointly in the drafting of this Agreement, and therefore the terms and conditions of this Agreement are not intended to be, and shall not be, construed against any party by virtue of draftsmanship.
- 10.9** Governing Law. This Agreement shall in all respects be interpreted, enforced and governed by and under the laws of the State of California, without regard to choice of law principles, except to the extent that the law of the United States governs any matter set forth herein, in which case such federal law shall govern.
- 10.10** Continuing Jurisdiction. The Arbitrator shall retain jurisdiction over the interpretation and implementation of this Agreement as well as any and all matters arising out of, or related to, the interpretation or implementation of this Agreement and of the Settlement contemplated thereby.
- 10.11** Waivers, etc. to Be in Writing. No waiver, modification or amendment of the terms of this Agreement, whether purportedly made before or after the Arbitrator's approval of this Agreement, shall be valid or binding unless in writing, signed by or on behalf of all Parties, and then only to the extent set forth in such written waiver, modification or amendment, with any required Arbitrator approval. Any failure by any party to insist upon the strict performance by the other party of any of the provisions of this Agreement shall not be deemed a waiver of future performance of the same provisions or of any of the other provisions of this Agreement, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance of any and all of the provisions of this Agreement.
- 10.12** Confidentiality. The Parties shall keep the fact and terms of Settlement, the Settlement documents, the Settlement negotiations, and all other documents related to settlement and approval of the Settlement confidential, provided that there will be no restriction on Claimant's or Claimant's Counsel's communications with Associates, nor Participating Associates' communications with close family/significant others, tax advisors, and attorneys, provided that the Participating Associates advise such individuals of the confidentiality obligation.
- 10.13** Document Retention. Claimant's counsel shall destroy, delete, or return all information and/or data provided to them by Respondent's counsel in furtherance of Settlement negotiations following the completion of the administration of the Settlement Agreement as required by the parties' August 9, 2022 Confidentiality Agreement.
- 10.14** Counterparts. The Parties may execute this Agreement in counterparts, and execution in counterparts shall have the same force and effect as if all Parties had signed the same original instrument.

- 10.15** Facsimile, Electronic, and E-mail Signatures. Any party may execute this Agreement by signing, including by electronic means, or by causing its counsel to sign on the designated signature block below and transmitting that signature page via facsimile, e-mail, or electronic signature technology to counsel for the other party. Any signature made and transmitted by facsimile, e-mail, or electronic signature technology for the purpose of executing this Agreement shall be deemed an original signature for purposes of this Agreement and shall be binding upon the party whose counsel transmits the signature page by facsimile, e-mail, or electronic signature technology.
- 10.16** Signatories. This Agreement is valid and binding once signed by Respondent's authorized representatives and Claimant.

WE AGREE TO THESE TERMS.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK, SIGNATURES TO THIS AGREEMENT COMMENCE ON THE NEXT PAGE]

By: DR Flaherty
Daniel Flaherty

Dated: 01/06/2023

By: Conrad Gordon
Coleman Research Group, Inc.
Conrad Gordon, its General Counsel

Dated: January 5, 2023

EXHIBIT A (NOTICE)

OFFICIAL NOTICE OF SETTLEMENT

[NAME]

[ADDRESS]

[CITY, STATE ZIP]

You are receiving this notice because you worked as an Associate for Coleman Research Group, Inc. and you are entitled to a payment from a settlement.

An Arbitrator authorized this notice. This is not a solicitation from a lawyer.

A settlement check payable to you is enclosed. Please read this Notice before signing and cashing or depositing the check.

Deadline: The last day to cash the enclosed settlement check is **[INSERT DATE THAT IS 120 DAYS FROM MAILING OR 120 DAYS FROM REMAILING]**. After that date, the enclosed check will be null and void, and you will no longer be eligible for a payment from the settlement.

- The purpose of this Notice is to notify individuals who worked for Coleman Research Group, Inc. as Associates between June 14, 2021 and September 14, 2022 of the settlement of overtime claims.
- Under the allocation formula created by the settlement, you are being offered \$**[INSERT AMOUNT]**, subject to applicable deductions and withholdings.
- A Coleman employee (the “Claimant”) filed an arbitration against Coleman alleging that Coleman violated the law by misclassifying Associates as overtime-exempt, failing to pay overtime to Associates, failing to timely pay wages due, and failing to provide timely and accurate wage statements. Coleman has asserted a variety of defenses, including that Coleman Associates are and have been exempt employees ineligible for overtime based on their duties and compensation, it has denied Claimant’s allegations, and the Arbitrator has not decided who is right.

Your legal rights may be affected, and you have a choice to make now:

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
CASH OR DEPOSIT THE CHECK	By cashing or depositing the enclosed settlement check on or before [insert date that is 120 days from mailing or 120 days from remailing] , you are agreeing to participate in the settlement, and you are releasing the Released Claims discussed in Section 2 below.

DO NOT CASH OR DEPOSIT THE CHECK	If you do not wish to be bound by the settlement, you should not sign, cash, or deposit your settlement check. If you do not cash your settlement check by [insert date that is 120 days from mailing or 120 days from remailing], your check will be cancelled, you will not receive a settlement payment in this case, and you will not release any claims against Coleman. You will not necessarily be entitled to these funds or any other funds in the future. Even if you do not cash or deposit a check, you will still release PAGA claims as described in the separate letter included in this mailing.
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Your legal rights and options – **and the deadlines to exercise them** – are explained below.

BASIC INFORMATION

1. What is this case about?

The case is about whether Coleman misclassified Associates as exempt from state and federal overtime protections, failed to pay proper overtime wages to Associates, failed to timely pay wages due, and failed to provide timely and accurate wage statements. The Arbitrator has not made any ruling on the merits of the claims, and no party has prevailed. The parties have agreed to settle the claims to avoid the expenses and risks of litigation. Coleman has denied all of these claims and all relief demanded for Associates, and there have been no rulings on the merits of any claims or defenses.

The case is *Flaherty v. Coleman Research Group, Inc.*, and is being overseen by Arbitrator Hunter Hughes.

2. What are the terms of the settlement?

Coleman has agreed to pay a single lump sum payment to be allocated (after the deductions for attorneys’ fees, costs, service award, settlement administration costs, the PAGA Fund, arbitration costs, and other Arbitrator-approved expenses) among Associates¹ who worked in California during the period June 14, 2021 through September 14, 2022.

If you cash or deposit the enclosed check, you will join the Settlement and be bound by its terms and conditions. In exchange for collecting this payment, you will release all wage and hour claims against Coleman (including its past and present affiliates, parents, subsidiaries, predecessors, owners, successors, shareholders, divisions, and each of these entities’ past and present directors, officers, employees, partners, benefit plans, shareholders and representatives) from any and all wage and hour and wage payment claims, obligations, demands, actions, rights, causes of action, and liabilities (including state statutory and common law claims) that arose during your employment as an Associate, including: (a) failure to pay overtime; (b) failure to pay minimum wages; (c) failure to timely pay wages during employment; (d) failure to pay final wages on termination; (e) failure to provide accurate itemized wage statements; (f) failure to

¹ “Associate” means Associates, Client Management Analysts, Client Management Associates, and Client Associates.

provide compliant meal and rest periods; (g) failure to pay meal and rest period premiums; (h) failure to pay wages due to discharged and quitting employees; (i) failure to maintain required records; (j) claims that are or were asserted or that could have been asserted based on the facts alleged in Claimant's counsel's demand letter; and (k) penalties (including civil and statutory penalties), liquidated damages, punitive damages, interest, attorneys' fees, litigation costs, restitution, equitable relief, or additional damages which allegedly arise from the claims described in (a) through (j) above under any applicable law.

The release specifically includes:

Statutory Claims: any and all claims that were pled or that could have been pled based on the facts alleged in this action arising under the Cal. Labor Code, including, §§ 201-204, 210, 218.6, 221-224, 226, 226.3, 226.7, 510, 512, 558, 1174, 1174.5 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2698-2699.5, Cal. Business & Professions Code §§ 17200, et seq., Cal. Civil Code §§ 3287-3288, and Cal. Code of Civil Procedure §1021.5.

Common Law and/or Equitable Claims: Any and all common law or equitable claims, under any theory whatsoever, to the extent that such claims arise out of the alleged facts, circumstances, and occurrences underlying the allegations as set forth in the Arbitration Demand.

If you cash the enclosed check, you further agree to keep this Settlement, including the fact of this Settlement, this Notice, the amount of money you received, and any other communications related to this matter, confidential and not share these details with anyone else. You may, however, discuss this Settlement with the Settlement Administrator, Claimant's Counsel (Outten & Golden LLP), your close family/significant other, your attorney, and your tax advisor, provided that you advise those individuals of the confidentiality obligation. If Coleman proves this confidentiality provision is violated, it will be entitled to a damages award from you worth twenty percent of the enclosed check.

3. How is my payment calculated?

Each Associate who participates in the settlement will receive the same dollar amount for each Eligible Collective Workweek the Associate worked in the Collective Period. "Eligible Collective Workweek" means each week (falling between June 14, 2018 through September 14, 2022) worked by an Associate. The Settlement Administrator used information from Coleman's records to calculate your payment. If you have questions about your calculation, you may contact the Settlement Administrator or Claimant's counsel at (XXX) XXX-XXXX or using the information in Section 4 or 7 below.

Based on the allocation formula that has been approved by the Arbitrator, you are receiving a gross settlement payment of \$[AMOUNT]. One third (33.33%) of the settlement payment to each Associate will be treated as wages and will be subject to required withholdings and deductions. The remaining two-thirds (66.67%) will be treated as non-wage compensation and thus taxes will not be withheld.

Claimant's Counsel and Coleman's Counsel do not make any representations concerning the tax consequences of this settlement or your participation in it, and you are advised to seek your own personal tax advice prior to acting in response to this Notice.

4. How do I participate in the settlement?

A check is enclosed. All you have to do to participate in the settlement is sign, and cash or deposit the settlement check prior to **[insert date that is 120 days from mailing or 120 days from remailing]**.

By cashing or depositing the check, you consent and agree to be bound by the terms of the settlement, the confidentiality obligations, and the release approved by the Arbitrator. Finally, you also agree to designate Outten & Golden LLP to represent you in this case.

If you have questions about your settlement check, you may contact the Settlement Administrator at:

[Settlement Administrator contact info]

If you have other questions about the information in this Notice or your rights, you may contact Claimant's Counsel using the contact information listed in Section 7, below.

5. What if I do not want to participate in the settlement?

If you do not want to participate in the Settlement and receive a share of the settlement fund, then you should take no action and you should not cash or deposit the check. Please note that, consistent with the enclosed letter, you cannot exclude yourself from the PAGA settlement.

6. Are there more details about the settlement?

This Notice summarizes the proposed settlement. More details are in the Settlement Agreement. To the extent there is any inconsistency between this Notice and the Settlement Agreement, the provisions in the Settlement Agreement control. You may obtain a copy of the Settlement Agreement by contacting the Settlement Administrator or Claimant's Counsel using the contact information below.

7. Do I have a lawyer in this case?

The Arbitrator has appointed Outten & Golden LLP to represent you and all Associates who participate in the settlement. You will not be charged for services provided by these lawyers. Their fee will be deducted from the settlement as described above and you do not owe them any additional money for their services. You do not need to retain your own attorney to participate, but you are free to do so, at your own expense. The Claimant's lawyers' contact information is:

Melissa L. Stewart
Jennifer Davidson
Outten & Golden LLP
685 Third Avenue, 25th Floor
New York, New York 10017
(212) 245-1000
[insert]@outtengolden.com

DATED: _____, 20__

PLEASE DO NOT CALL OR WRITE THE ARBITRATOR ABOUT THIS NOTICE FOR ANY REASON.

EXHIBIT B (REMINDER POSTCARD)

**IMPORTANT REMINDER REGARDING
COLEMAN OVERTIME SETTLEMENT**

Recently you should have received a Notice advising that you are eligible to participate in the settlement of an arbitration seeking unpaid overtime against Coleman Research Group, Inc., with a settlement check enclosed. Our records reflect that you have not cashed the check sent to you. It is your choice whether to cash the check or not. If you cash it, you will be bound by the release and other obligations in the notice that was sent to you; if not, you will not be bound, except that you will release your PAGA claims whether or not you cash that check.

IMPORTANT DEADLINE: in order to participate in the settlement, you must cash your check on or before [INSERT DATE 120 DAYS FROM MAILING OR 120 DAYS FROM REMAILING FOR UNDELIVERABLES, WHICHEVER IS LATER]. If you did not receive or no longer have the Notice and settlement check, you should contact the Settlement Administrator to request another check.

If you have any questions about the Notice, the case, or your legal rights, you should contact Melissa L. Stewart or Jennifer Davidson at Outten & Golden LLP at **(212) 245-1000** or [\[insert\]@outtengolden.com](mailto:[insert]@outtengolden.com).

Exhibit C (PAGA ENCLOSURE LETTER)

Dear [PAGA Member Name]:

The enclosed check includes your share of the California Private Attorneys General Act (“PAGA”) settlement payment in *Flaherty v. Coleman Research Group, Inc.*. You are receiving this check because you are a member of the settlement’s PAGA Member group, which is defined to include individuals employed by Coleman in California as Associates at any time between June 14, 2021 through September 14, 2022.

Claimant alleged that Coleman misclassified Associates as exempt from the overtime pay requirements of federal and California state law, and consequently failed to pay them overtime pay. Claimant also alleged related claims against Coleman for alleged violations of the California Labor Code, including failure to timely pay wages due, failure to provide timely and accurate wage statements, and penalties. Coleman has asserted a variety of defenses, including that Coleman Associates are and have been exempt employees ineligible for overtime based on their duties and compensation, it has denied Claimant’s allegations, and the Arbitrator has not decided who is right.

The action also included a PAGA claim brought on behalf of the State of California that sought penalties from Coleman for the overtime and other violations Claimants alleged, plus claims for failure to provide compliant meal and rest periods. Coleman denies that it did anything wrong and contends that, among other things, it has complied at all times with all applicable laws.

To settle the PAGA claim, Coleman agreed to pay up to \$20,000.00, which will be distributed according to PAGA’s requirement that 75% be distributed to the California Labor Workforce Development Agency and the remaining 25% be paid to members of the California PAGA Group. Your individual PAGA settlement payment is determined by your proportional share of the \$20,000.00 PAGA Fund, based on the number of weeks you worked between June 14, 2021 through September 14, 2022. This PAGA settlement check is separate from and in addition to the other individual settlement payment you were offered in this case.

Because the State of California has released its PAGA claims through this settlement, you are precluded from bringing claims for penalties under California’s Private Attorney General Act pled in the operative demand(s) or that could have been pled based on the facts alleged in the demand and that accrued during your employment with Coleman in an exempt-classified covered position, relating back to the full extent of the applicable statutes of limitations, including any period tolled by the Parties’ tolling agreement, and continuing through September 14, 2022.

Enclosed you will also find an IRS Form 1099 for 100% of this payment. Please note that neither the Settlement Administrator nor Claimant’s Counsel can provide tax advice. If you have questions about the tax treatment of this payment, we suggest that you consult your tax advisor or accountant.

Please cash or deposit the check on or before its printed void date if you choose to accept the funds, which is your choice. Checks will not be re-issued after the void date and associated funds will revert to the California unclaimed property fund. If you have any questions about the calculation of your payment, please visit contact the Settlement Administrator at XX or XX or Claimant's Counsel, Outten & Golden LLP, at 212-245-1000 or [insert]@outtengolden.com.

Regards,

[SETTLEMENT ADMINISTRATOR]

Exhibit B

CONSENT TO BE A PARTY PLAINTIFF

1. I consent to be a party plaintiff in a lawsuit against Coleman Research ("Defendant"), and/or related entities and individuals in order to seek redress for violations of the Fair Labor Standards Act, pursuant to 29 U.S.C. § 216(b).

2. By signing and returning this consent form, I hereby designate Outten & Golden LLP to represent me in such lawsuit and to make decisions on my behalf concerning the litigation and any settlement. I agree to be bound by any adjudication of this action by a court, whether it is favorable or unfavorable.

3. I also consent to join any separate or subsequent action to assert my claims against Defendant and/or any related entities or persons potentially liable.



Signature

Daniel Flaherty

Print