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Attorneys for Defendant:

B & B SURPLUS, INC.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF KERN

JUAN CARLOS CAUDILLO, individually and on
behalf of all others similarly situated,

Plaintiffs,

v.

B & B SURPLUS, INC.; and DOES 1 through 20,
inclusive,

Defendants.

Case No. BCV-22-102876

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

1 It is hereby stipulated and agreed by and among the undersigned Parties, subject to the
2 approval of the Court pursuant to the California Rules of Court, that the settlement of the above-
3 entitled action (“Action”) shall be effectuated upon and subject to the following terms and conditions.
4 Capitalized terms used herein shall have the meanings set forth in Article I or as defined elsewhere
5 in this Joint Stipulation of Class and Representative PAGA Action Settlement (“Agreement” or
6 “Settlement”).

7 This Agreement is made by and between plaintiff Juan Carlos Caudillo (“Plaintiff”) and
8 defendant B&B Surplus, Inc. (“Defendant”). Plaintiff and Defendant collectively are referred to in
9 this Agreement as “the Parties.”

10 The Parties agree that the Action shall be, and hereby is, ended, settled, resolved, and
11 concluded by agreement of Defendant to pay the settlement amount of Eight Hundred Fifty Thousand
12 Dollars (\$850,000.00) as provided in Section 3.06(a) below (“Gross Settlement Amount”) pursuant
13 to the terms and conditions of this Agreement and for the consideration set forth herein, including
14 but not limited to, a release of all claims by Plaintiff and the Class Members as set forth herein.

15 **ARTICLE I**

16 **DEFINITIONS**

17 Unless otherwise defined herein, the following terms used in this Agreement shall have the
18 meanings ascribed to them as set forth below:

19 a. “Action” means the action described as follows: *Juan Carlos Caudillo, individually*
20 *and on behalf of all others similarly situated v. B&B Surplus, Inc.*, Case No. BCV-22-102876,
21 commenced on October 27, 2022 in the Superior Court of the State of California for the County of
22 Kern.

24 b. “Agreement” means this Joint Stipulation of Class and Representative PAGA Action
25 Settlement, including the attached Exhibit(s).

26 c. “Class” means all current and former non-exempt employees who are or were
27 employed by Defendant in California at any time during the Class Period.

28 d. “Class Counsel” means the attorneys for the Class, who are:

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e. “Class List” means a list based on Defendant’s business records that identifies each Class Member’s name, last known home or mailing address, Social Security number or, as applicable, other taxpayer identification number, dates of employment, and the number of Qualifying Class Workweeks and Qualifying PAGA Pay Periods worked during the Class Period and the PAGA Period.

f. “Class Member(s)” means all members of the Class.

g. “Class Period” means May 3, 2018 through August 31, 2023.

h. “Court” means the California Superior Court for the County of Kern, where the Action is currently pending.

i. “Date of Finality” means the later of the following: (1) the date the Final Order is signed if no objections are filed to the Settlement; (2) if objections are filed and overruled, and no appeal is taken of the Final Order, sixty-five (65) days after the Final Order; or (3) if an appeal or other judicial review is taken from the Court’s overruling of objections to the settlement, ten (10) days after the appeal is withdrawn or after an appellate decision affirming the Final Order becomes final.

j. “Defendant” means Defendant B&B Surplus, Inc.

k. “Defense Counsel” means counsel for Defendant:

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l. “Disposition” means the method by which the Court approves the terms of the Settlement and retains jurisdiction over its enforcement, implementation, construction, administration, and interpretation.

m. “Enhancement Award” means a monetary amount of up to Ten Thousand Dollars (\$10,000.00) for Plaintiff Juan Carlos Caudillo, subject to Court approval, in recognition of his effort and work in prosecuting the Action on behalf of Class Members, and for his general release of claims.

n. “Final Order Approving Settlement of Class Action” or “Final Order” means the final formal court order signed by the Court following the Final Fairness and Approval Hearing in accordance with the terms herein, approving this Agreement.

o. “Gross Settlement Amount” means Eight Hundred Fifty Thousand Dollars (\$850,000.00) to be paid by Defendant as provided by this Agreement to settle this Action. All payments to the Class, administration costs, attorney’s fees and costs, PAGA Settlement Amount, and Enhancement Award, pursuant to Section 3.06(a) below, shall be paid out of the Gross Settlement Amount. The employer’s share of payroll taxes arising from the payments made under this settlement shall be paid by Defendant separate from and in addition to the Gross Settlement Amount. The Gross Settlement Amount is subject to a pro rata increase pursuant to Section 3.04(e) below. No part of the Gross Settlement Amount shall revert to Defendant.

p. “Individual Settlement Payment(s)” means each Participating Class Member’s respective share of the Net Settlement Amount. Individual Settlement Payments will be determined by the calculations provided in this Agreement.

q. “LWDA” means The State of California Labor and Workforce Development Agency.

r. “LWDA Payment” means 75% of the \$20,000.00 allocated to the settlement of PAGA claims which, subject to Court approval, will be paid to the LWDA pursuant to Section 3.06(e) of this Agreement, as provided for below.

s. “Motion for Final Approval” means Plaintiff’s submission of a written motion, including any evidence as may be required for the Court to conduct an inquiry into the fairness of

1 the Settlement as set forth in this Agreement, to conduct a Final Fairness and Approval Hearing, and
2 to enter a Final Order in this Action.

3 t. “Motion for Preliminary Approval” means Plaintiff’s submission of a written motion,
4 including any evidence as may be required for the Court to grant preliminary approval of the
5 Settlement as required by Rule 3.769 of the California Rules of Court.

6 u. “Net Settlement Amount” means the Gross Settlement Amount less Court-approved
7 administration costs, Class Counsels’ attorney’s fees and costs, Enhancement Award, and PAGA
8 Settlement Amount, pursuant to Section 3.06(a)-(f) below.

9 v. “Non-Participating Class Member(s)” means any Class Member(s) who submit to the
10 Settlement Administrator a valid and timely written request to be excluded from the Class pursuant
11 to Section 3.04(b) below.

12 w. “Notice Packet” means the Notice of Proposed Class Action Settlement in a form
13 substantially similar to the Notice Packet attached hereto as **Exhibit A**, subject to Court approval.

14 x. “PAGA” means the California Private Attorneys General Act of 2004, which is
15 codified in California Labor Code §§ 2698 *et seq.*

16 y. “PAGA Settlement Amount” means the portion of the Gross Settlement Amount
17 allocated to the resolution of PAGA Group Members’ claims arising under PAGA. The Parties have
18 agreed that the PAGA Settlement Amount is Twenty Thousand Dollars (\$20,000.00), subject to
19 Court approval. Of the PAGA Settlement Amount, 75% will be considered the LWDA Payment,
20 and the remaining 25% will be distributed to PAGA Group Members.

21 z. “PAGA Group Members” means all Class Members employed by Defendant at any
22 time between May 3, 2021 through August 31, 2023 (“PAGA Period”).

23 aa. “Participating Class Member(s)” is defined as a Class Member who does not timely
24 exclude himself or herself from the Settlement and will therefore receive his or her share of the Net
25 Settlement Amount automatically without the need to return a claim form. Each Participating Class
26 Member will be paid his/her Individual Settlement Payment.

27 bb. “Preliminary Approval Date” means the date the Court preliminarily approves the
28 Settlement embodied in this Agreement.

1 cc. “Qualified Settlement Fund” or “QSF” means a fund within the meaning of Treasury
2 Regulation § 1.468B-1, 26 CFR § 1.468B-1 *et seq.*, that is established by the Settlement
3 Administrator for the benefit of Participating Class Members.

4 dd. “Qualifying Class Workweeks” means the number of weeks that Class Members
5 worked for Defendant as non-exempt employees during the Class Period.

6 ee. “Released Parties” means Defendant B&B Surplus, Inc.

7 ff. “Response Deadline” means the deadline by which Class Members must postmark or
8 fax to the Settlement Administrator requests for exclusion or written notices of objection. The
9 Response Deadline will be sixty (60) calendar days after the initial mailing of the Notice Packet by
10 the Settlement Administrator, unless the sixtieth (60th) calendar day falls on a Sunday or federal
11 holiday, in which case the Response Deadline will be extended to the next day on which the U.S.
12 Postal Service is open. The Response Deadline will be extended as set forth herein if there is a re-
13 mailing.

14 gg. “Settlement Administration Costs” means all costs incurred by the Settlement
15 Administrator in administration of the Settlement, including, but not limited to, mailing of notice to
16 the class, calculation of Individual Settlement Payments, generation of Individual Settlement
17 Payment checks and related tax reporting forms, administration of unclaimed checks, and generation
18 of checks to Class Counsel for attorneys’ fees and costs, to Plaintiff for his Enhancement Award,
19 and to the LWDA. The Settlement Administration Costs shall be paid from the Gross Settlement
20 Amount.

21 hh. “Settlement Administrator” means CPT Group Class Action Administrators, which
22 the Parties have agreed will be responsible for the administration of the Individual Settlement
23 Payments to be made by Defendant from the Gross Settlement Amount and related matters under
24 this Agreement.

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ARTICLE II

CONTINGENT NATURE OF THE AGREEMENT

Section 2.01: Stipulation of Class Certification for Settlement Purposes

Because the Parties have stipulated to the certification of the Class with respect to all causes of action alleged in the Action for settlement purposes only, this Agreement requires preliminary and final approval by the Court. Accordingly, the Parties enter into this Agreement on a conditional basis. This Agreement is contingent upon the approval and certification by the Court. If the Date of Finality does not occur, the fact that the Parties were willing to stipulate for the purposes of this Agreement to a Class shall have no bearing on, nor be admissible in connection with, the issue of certification of the Class with respect to all causes of action alleged in the Action. Defendant does not consent to certification of the Class for any purpose other than to effectuate settlement of the Action. If the Date of Finality does not occur, or if Disposition of this Action is not effectuated, any certification of the Class as to Defendant will be vacated and Plaintiff, Defendant, and the Class will be returned to their positions with respect to the Action as if the Agreement had not been entered into. In the event that the Date of Finality does not occur: (a) any Court orders preliminarily or finally approving certification of any class contemplated by this Agreement shall be null, void, and vacated, and shall not be used or cited thereafter by any person or entity; and (b) the fact of the settlement reflected in this Agreement, the fact that Defendant did not oppose the certification of a Class under this Agreement, or that the Court preliminarily approved the certification of the Class, shall not be used or cited thereafter by any person or entity, including in any manner whatsoever, including without limitation any contested proceeding relating to the certification of any class. If the Date of Finality does not occur, this Agreement shall be deemed null and void, shall be of no force or effect whatsoever, and shall not be referred to or used for any purpose whatsoever. Defendant expressly reserves the right to challenge the propriety of class certification in the Action for any purpose, if the Date of Finality does not occur.

The Parties and their respective counsel shall take all steps that may be requested by the Court relating to the approval and implementation of this Agreement and shall otherwise use their respective best efforts to obtain Court approval and implement this Agreement. If the Court does not

1 grant the Motion for Preliminary Approval and/or the Motion for Final Approval, the Parties agree
2 to meet and confer to address the Court's concerns. If the Parties are unable to agree upon a
3 resolution, the Parties agree to seek the assistance of the Court to resolve the dispute.

4 **ARTICLE III**

5 **PROCEDURE FOR APPROVAL AND IMPLEMENTATION OF THE SETTLEMENT**

6 The procedure for obtaining Court approval of and implementing this Agreement shall be as
7 follows:

8 **Section 3.01: Motion for Conditional Class Certification and Preliminary Approval**

9 Plaintiff will bring a motion before the Court for an order conditionally certifying the Class
10 to include all claims pled in the Action based on the preliminary approval of this Agreement. The
11 date that the Court grants preliminary approval of this Agreement will be the "Preliminary Approval
12 Date."

13 **Section 3.02: The Settlement Administrator**

14 The Parties have chosen CPT Group Class Action Administrators to administer this
15 Settlement and to act as the Settlement Administrator, including but not limited to distributing and
16 responding to inquiries about the Notice Packet, determining the validity of exclusions/opt-outs,
17 calculating the Net Settlement Amount and the Individual Settlement Payments, issuing the
18 Individual Settlement Payment checks and distributing them to Participating Class Members,
19 establishing and maintaining the QSF, and issuing the payment to Class Counsel for attorneys' fees
20 and costs, the Enhancement Award check to Plaintiff, and the employer payroll taxes to the
21 appropriate taxing authorities. The Settlement Administrator shall expressly agree to all of the terms
22 and conditions of this Agreement.

23 All costs of administering the Settlement, including but not limited to all costs and fees
24 associated with preparing, issuing and mailing any and all notices to Class Members and/or
25 Participating Class Members, all costs and fees associated with computing, processing, reviewing,
26 and mailing the Individual Settlement Payments, all costs and fees associated with preparing any tax
27 returns and any other filings required by any governmental taxing authority or agency, all costs and
28 fees associated with preparing any other checks, notices, reports, or filings to be prepared in the

1 course of administering disbursements from the Net Settlement Amount, and any other costs and fees
2 incurred and/or charged by the Settlement Administrator in connection with the execution of its
3 duties under this Agreement (“Settlement Administration Costs”), shall be paid to the Settlement
4 Administrator from the Gross Settlement Amount.

5 **Section 3.03: Notice to Class Members**

6 No later than five (5) business days after the Preliminary Approval Date, Defendant will
7 provide the Settlement Administrator with a “Class List” in electronic format based on its business
8 records, identifying the names of the Class Members, their last known home addresses, Social
9 Security numbers or, as applicable, other taxpayer identification number, their dates of employment
10 and weeks worked during the Class Period.

11 Within ten (10) business days of receiving a Class List from Defendant, the Settlement
12 Administrator will send Class Members, by first-class mail, at their last known address, the Court
13 approved Notice Packet, including notice of this Settlement and of the opportunity to opt out of the
14 Settlement Class. The Notice Packet will include a calculation of the Class Member’s approximate
15 share of the Net Settlement Amount. Class Members will have sixty (60) days from the date of
16 mailing in which to postmark objections or requests for exclusion. Prior to the initial mailing, the
17 Settlement Administrator will check all Class Member addresses against the National Change of
18 Address database and shall update any addresses before mailing. The Settlement Administrator will
19 skip trace and re-mail all returned, undelivered mail within five (5) days of receiving notice that a
20 Notice Packet was undeliverable. If a Class Member’s notice is re-mailed, the Class Member shall
21 have fifteen (15) calendar days from the re-mailing, or sixty (60) calendar days from the date of the
22 initial mailing, whichever is later, in which to postmark objections or requests for exclusion. Class
23 Members shall not be required to submit claim forms in order to receive a proportional share of the
24 Net Settlement Amount.

25 If the Notice Packet is returned with a forwarding address, the Settlement Administrator shall
26 re-mail the Notice Packet to the forwarding address. With respect to those Class Members whose
27 Notice Packet is returned to the Settlement Administrator as undeliverable, the Settlement
28 Administrator shall promptly attempt to obtain a valid mailing address by performing a skip trace or

1 mass search on LexisNexis or comparable databases based on set criteria and, if another address is
2 identified, shall mail the Notice Packet to the newly identified address. It is the intent of the parties
3 that reasonable means be used to locate Class Members and that the Settlement Administrator be
4 given discretion to take steps in order to facilitate notice of the Settlement and delivery of the
5 Individual Settlement Payments to all Participating Class Members.

6 If the Notice Packet is re-mailed, the Settlement Administrator will note for its own records
7 and notify Class Counsel and Defense Counsel of the date of each such re-mailing as part of a weekly
8 status report provided to the Parties.

9 In the event a Class Member's Notice Packet remains undeliverable sixty (60) calendar days
10 after the Notice Packet was initially mailed, the Settlement Administrator will not mail the Class
11 Member's Individual Settlement Payment. The Settlement Administrator will hold the Class
12 Member's Individual Settlement Payment during the check cashing period on behalf of the Class
13 Member. If at the conclusion of the check cashing period the Class Member's Notice Packet and
14 Individual Settlement Payment remain undeliverable and/or unclaimed and uncashed, the Settlement
15 Administrator will distribute the funds from unclaimed/uncashed checks in accordance with the
16 procedures set forth in Section 3.06(g) below.

17 No later than twenty (20) court days prior to the Final Fairness and Approval Hearing, the
18 Settlement Administrator shall provide Defense Counsel and Class Counsel with a declaration
19 attesting to completion of the notice process, including any attempts to obtain valid mailing addresses
20 for and re-sending of any returned Notice Packets, as well as the number of valid requests for
21 exclusion and objections that the Settlement Administrator received.

22 **Section 3.04: Responses to Notice**

23 **a. Class Member Disputes**

24 If any Class Member disagrees with Defendant's records as to his or her Qualifying Class
25 Workweeks and/or Qualifying PAGA Pay Periods as reflected in the Notice Packet, the Class
26 Member shall set forth in writing the Qualifying Class Workweeks he/she claims to have worked
27 during the Class Period and/or the Qualifying PAGA Pay Periods he/she claims to have worked
28 during the PAGA Period and submit such writing to the Settlement Administrator by the Response

1 Deadline, along with any supporting documentation. The Notice will also provide a method for the
2 Class Member to challenge the employment data on which his or her Individual Settlement Payment
3 is based. The Settlement Administrator shall contact the Parties regarding the dispute and the Parties
4 will work in good faith to resolve it. If the Parties are unable to resolve the dispute, the Settlement
5 Administrator will be the final arbiter of the Qualifying Class Workweeks and Qualifying PAGA
6 Pay Periods for each Class Member during the Class Period and/or PAGA Period based on the
7 information provided to it.

8 **b. Requests for Exclusion from Class**

9 In order for any Class Member to validly exclude himself or herself from the Class and this
10 Settlement (*i.e.*, to validly opt out), a written request for exclusion must be signed by the Class
11 Member or his or her authorized representative, and must be sent to the Settlement Administrator,
12 postmarked no later than the Response Deadline (or fifteen (15) days after the Settlement
13 Administrator re-mails the Notice to the Class Member, whichever is later). The Notice Packet shall
14 contain instructions on how to validly exclude himself or herself from the Class and this Settlement
15 (*i.e.*, opt out), including the language to be used in a request for exclusion. The date of the initial
16 mailing of the Notice Packet, and the date the signed request for exclusion was postmarked, shall be
17 conclusively determined according to the records of the Settlement Administrator. Any Class
18 Member who timely and validly requests exclusion from the Class and this Settlement will not be
19 entitled to any Individual Settlement Payment, will not be bound by the terms and conditions of this
20 Agreement, and will not have any right to object, appeal, or comment thereon.

21 Any Class Member who fails to timely submit a request for exclusion shall automatically be
22 deemed a Class Member whose rights and claims with respect to the issues raised in the Action are
23 determined by the Court's Final Order Approving Settlement of Class Action, and by the other
24 rulings in the Action. Thus, said Class Member's rights to pursue any claims covered by the Action
25 and/or released in this Agreement will be extinguished.

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1 **c. Objections to Settlement**

2 For any Class Member to object to this Agreement, or any term of it, the person making the
3 objection must not submit a request for exclusion (*i.e.*, must not opt out), and should send to the
4 Settlement Administrator, postmarked or faxed no later than the Response Deadline (or fifteen (15)
5 days after the Settlement Administrator re-mails the Notice to the Class Member, whichever is later),
6 a written statement of the grounds of objection, signed by the objecting Class Member or his or her
7 attorney, along with all supporting papers. The date of the initial mailing of the Notice Packet, and
8 the date the signed objection was postmarked, shall be conclusively determined according to the
9 records of the Settlement Administrator. The Settlement Administrator shall send any objections it
10 receives to Defense Counsel and Class Counsel within three (3) business days of receipt. Class
11 Members may also appear at the final approval hearing to object as an alternative to or in addition to
12 submitting a written objection. The Court retains final authority with respect to the consideration and
13 admissibility of any Class Member objections.

14 **d. Encouragement of Class Members**

15 The Parties to this Agreement and the counsel representing such Parties shall not, directly or
16 indirectly, through any person, encourage or solicit any Class Member to exclude him or herself from
17 this Settlement (opt out), or to object to it. However, Class Counsel may respond to inquiries from
18 Class Members.

19 **e. Right of Plaintiff to Adjust Gross Settlement Amount**

20 Defendant estimated the number of Class Members to be 132 and the number of Qualifying
21 Class Workweeks to be 20,009. If the number of Class Members exceeds 132 or the number of
22 Qualifying Class Workweeks exceeds 20,009 by 10% or more as of the end of the Class Period, the
23 Gross Settlement Amount will increase pro rata per additional Class Member or additional
24 workweek, whichever is greater. For example, if the number of workweeks increases by 11%, the GSA
25 will increase by 1%.

26 **Section 3.05: Final Fairness and Approval Hearing**

27 On the date set forth in the Order for Preliminary Approval and Notice Packet, a Final
28 Fairness and Approval Hearing shall be held before the Court in order to (1) review this Agreement

1 and determine whether the Court should give it final approval, and (2) consider any objections made
2 and all responses by the Parties to such objections. At the Final Fairness and Approval Hearing, the
3 Parties shall ask the Court to grant final approval to this Agreement and shall submit to the Court a
4 Proposed Final Order Approving Settlement of Class Action.

5 **Section 3.06: Settlement Payment Procedures**

6 **a. Settlement Amount**

7 In exchange for the Released Claims set forth in this Agreement, Defendant agrees to pay the
8 Gross Settlement Amount in the amount of Eight Hundred Fifty Thousand Dollars (\$850,000.00),
9 subject to a pro rata increase under the condition set forth in Section 3.04(e). The Gross Settlement
10 Amount includes all Individual Settlement Amounts to Participating Class Members, all
11 administration costs, Class Counsel's attorney's fees and costs, PAGA Settlement Amount, and the
12 Enhancement Award.

13 Within ten (10) calendar days after the Court signs the Final Order, Defendant shall transfer
14 the Gross Settlement Amount plus Defendant's share of employer-side payroll taxes, as set forth
15 herein, into a QSF established by the Settlement Administrator either directly or by sending the funds
16 to the Settlement Administer to be deposited and distributed. Provided, however, if the Settlement
17 Administrator has not informed Defendant of the amount of Defendant's share of employer-side
18 payroll taxes within ten (10) calendar days of the Final Order, Defendant will have ten (10) calendar
19 days from when that information is received to transfer the payroll tax amount. The Settlement
20 Administrator will use these funds to fund payment of the Individual Settlement Payments to
21 Participating Class Members, Class Counsel's attorneys' fees and costs, the Enhancement Award,
22 the LWDA Payment, and the Settlement Administration Costs.

23 Within ten (10) calendar days after receiving Defendant's payment, funding the Gross
24 Settlement Amount in full, the Settlement Administrator will pay the Individual Settlement Payments
25 to Participating Class Members, Class Counsel's attorneys' fees and costs, LWDA Payment, the
26 Enhancement Award, and employer and employee tax withholdings applicable to the Net Settlement
27 Amount allocated to wages. Prior to this distribution, the Settlement Administrator will perform a
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1 search based on the National Change of Address Database to update and correct for any known or
2 identifiable address changes.

3 **b. Payment of Attorneys' Fees and Costs**

4 Class Counsel shall submit an application for an award of attorneys' fees of up to one-third
5 of the Gross Settlement Amount, which, based on the current Gross Settlement Amount, is Two
6 Hundred Eighty-Three Thousand Three Hundred Thirty-Three Dollars and Thirty-Three Cents
7 (\$283,333.33). Class Counsel shall submit an application for an award of costs not to exceed Twenty-
8 Five Thousand Dollars (\$25,000.00). Such application for attorneys' fees and costs shall be heard
9 by the Court at the Final Fairness and Approval Hearing. Defendant shall not object to or oppose any
10 such application in these amounts. Class Counsel shall serve Defendant with copies of all documents
11 submitted in support of their application for an award of attorneys' fees and costs.

12 Any attorneys' fees and costs awarded to Class Counsel by the Court shall be paid from the
13 Gross Settlement Amount and shall not constitute payment to any Class Member(s). The attorneys'
14 fees and costs for Class Counsel approved by the Court shall encompass all work performed, costs,
15 and expenses related to the investigation, prosecution, and settlement of the Action incurred through
16 the Date of Finality. To the extent that the Court approves less than the amount of attorney's fees
17 and/or costs that Class Counsel requests, the difference between the requested and awarded amounts
18 will be reallocated to the Net Settlement Amount.

19 **c. Payment of Settlement Administration Costs**

20 The Settlement Administration Costs shall be paid out of the Gross Settlement Amount and
21 shall not constitute payment to any Participating Class Member(s). The amount shall not exceed Six
22 Thousand Seven Hundred Fifty Dollars (\$6,750.00).

23 **d. Payment of Enhancement Award to Plaintiff**

24 Subject to Court approval, the Plaintiff shall receive an Enhancement Award of up to Ten
25 Thousand Dollars (\$10,000.00), the request for which Defendant will not object to or oppose. The
26 Enhancement Award shall be paid out of the Gross Settlement Amount and shall not constitute
27 payment to any Participating Class Member(s) other than Plaintiff. To the extent that the Court
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1 approves less than the amount of enhancement award that Class Counsel request, the difference
2 between the requested and awarded amounts will be reallocated to the Net Settlement Amount.

3 Because it is the intent of the Parties that the Enhancement Award represent payment to
4 Plaintiff for his service to the Class Members, and not wages, the Settlement Administrator will not
5 withhold any taxes from the Enhancement Award. The Enhancement Award will be reported on a
6 Form 1099, which the Settlement Administrator will provide to Plaintiff and to the pertinent taxing
7 authorities as required by law.

8 **e. Payment to the Labor and Workforce Development Agency**

9 In consideration of claims made under PAGA, Class Counsel will request that the Court
10 approve allocation of Twenty Thousand Dollars (\$20,000.00) of the Gross Settlement Amount to
11 these claims. Seventy-five percent (75%) of this payment will be paid to the California Labor and
12 Workforce Development Agency ("LWDA Payment"), and twenty-five percent (25%) will be paid
13 to PAGA Group Members. Defendant will not oppose this request. The entire PAGA Settlement
14 Amount will be paid out of the Gross Settlement Amount. The Court's adjustment, if any, of the
15 amount allocated to Plaintiff's PAGA claim in the Action, will not invalidate this Agreement.

16 **f. Payment of Individual Settlement Payments to Participating Class Members**
17 **and PAGA Group Members**

18 The Parties agree that the Net Settlement Amount shall be used to fund Individual Settlement
19 Payments. The Parties agree that the Net Settlement Amount shall be divided between all
20 Participating Class Members in proportion to the number of individual Qualifying Class Workweeks
21 for each Class Member. To calculate the minimum amount each Class Member will receive based
22 on their individual Qualifying Class Workweeks, the Net Settlement Amount will be divided by the
23 total number of Qualifying Class Workweeks by all Class Members during the Class Period and then
24 allocated on a pro rata basis. Each Class Member's approximate Individual Settlement Payment
25 amount will be included in his or her Notice Packet. After final approval by the Court, the Net
26 Settlement Amount will be dispersed to Participating Class Members (those who did not exclude
27 themselves) on a pro rata basis based on the individual Qualifying Class Workweeks worked during
28 the Class Period by each Participating Class Member.

1 The PAGA Settlement Amount to be distributed to PAGA Group Members shall be divided
2 between all PAGA Group Members in proportion to the number of Qualifying PAGA Pay Periods
3 that each PAGA Group Member worked during the PAGA Period. To calculate the minimum amount
4 each PAGA Group Member will receive based on their individual Qualifying PAGA Pay Periods,
5 25% of the PAGA Settlement Amount (or \$5,000.00) will be divided by the total number of
6 Qualifying PAGA Pay Periods by all PAGA Group Members during the PAGA Period and then
7 allocated on a pro rata basis. Each PAGA Group Member's approximate Individual PAGA
8 Settlement Payment Amount will be included in his or her Notice Packet. After final approval by the
9 Court, the PAGA Settlement Amount will be dispersed to all PAGA Group Members on a pro rata
10 basis based on the number of Qualifying PAGA Pay Periods worked during the PAGA Period by
11 each PAGA Group Member.

12 Each Individual Settlement Payment will represent wages and penalties allocated using the
13 following formula: 20% allocated to wages; 80% allocated to interest and penalties. Payments for
14 the PAGA Settlement Amount will be allocated as 100% penalties. The amounts paid as wages shall
15 be subject to all tax withholdings customarily made from an employee's wages and all other
16 authorized and required withholdings and shall be reported by W-2 forms. The employer-side taxes
17 will be paid separate from and in addition to the Gross Settlement Amount. The amounts paid as
18 penalties and interest shall be subject to all authorized and required withholdings other than the tax
19 withholdings customarily made from employees' wages and shall be reported by IRS 1099 forms.

20 No later than ten (10) business days after receiving the Gross Settlement Amount from
21 Defendant, the Settlement Administrator shall prepare and mail the checks for the Individual
22 Settlement Payments to Participating Class Members. Individual Settlement Payments paid from the
23 Net Settlement Amount allocated to wages will be reduced by applicable employer and employee
24 tax withholdings, and the Settlement Administrator will issue a Form W-2 for the wage portion of
25 the Individual Settlement Payments. The Settlement Administrator will issue a Form 1099 to the
26 extent required by law for the interest and penalty portions of the Individual Settlement Payments.
27 Participating Class Members shall have 180 days from the date their Individual Settlement Payment
28 checks are dated to cash their Settlement checks. Any checks that are not cashed upon the expiration

1 of that 180-day time period will be void, and the uncashed funds shall be paid to the proposed cy
2 pres recipient, Court Appointed Special Advocates of Kern County, thereby leaving no unpaid
3 residue pursuant to California Civil Procedure Section 384.

4 If a check is returned to the Settlement Administrator as undeliverable, the Settlement
5 Administrator shall promptly attempt to obtain a valid mailing address by performing a skip trace or
6 a mass search on LexisNexis or a comparable databases based on set criteria and, if another address
7 is identified, the Settlement Administrator shall mail the check to the newly identified address. If the
8 Settlement Administrator is unable to obtain a valid mailing address through this process, the
9 Settlement Administrator will tender the funds from the undeliverable checks to the State Controller
10 Unclaimed Property Fund in the name of the Class Member for whom the funds are designated.

11 **g. Default on Payment.**

12 Defendant's failure to fund the Gross Settlement Amount within ten (10) calendar days after
13 the date that the Court grants final approval of the Settlement shall be considered a default. In the
14 event Defendant fails to timely fund the Gross Settlement Amount, the Settlement Administrator will
15 provide notice to Class Counsel and Defendant's counsel within three (3) business days of the missed
16 payment. Thereafter, Defendant will have seven (7) days to cure the default and tender payment to
17 the Settlement Administrator. In the event Defendant fails to cure the default within the times set
18 forth herein, Plaintiff may elect to enter judgment against Defendant, on an ex parte basis, for the
19 balance of the unpaid Gross Settlement Amount to date, and Plaintiff will be entitled to recover
20 interest at ten percent (10%) per year from the due date for such payment and reasonable attorneys'
21 fees and costs.

22 **h. No Credit Toward Benefit Plans.**

23 The Individual Settlement Payments made to Participating Class Members under this
24 Agreement, as well as any other payments made pursuant to this Agreement, will not be utilized to
25 calculate any additional benefits under any benefit plans to which any Class Members may be
26 eligible, including, but not limited to: profit-sharing plans, bonus plans, 401(k) plans, stock purchase
27 plans, vacation plans, sick leave plans, PTO plans, and any other benefit plan. Rather, it is the Parties'
28

intention that this Agreement will not affect any rights, contributions, or amounts to which any Class Members may be entitled under any benefit plans.

ARTICLE IV

LIMITATIONS ON USE OF THIS SETTLEMENT

Section 4.01: No Admission

Defendant disputes the allegations in the Action and disputes that, but for this Settlement, a Class should not have been certified in the Action. This Agreement is entered into solely for the purpose of settling highly disputed claims. Nothing in this Agreement is intended nor will be construed as an admission of liability or wrongdoing by Defendant.

Section 4.02: Non-Evidentiary Use

Whether or not the Date of Finality occurs, neither this Agreement, nor any of its terms, nor the Settlement itself, will be: (a) construed as, offered, or admitted in evidence as, received as, or deemed to be evidence for any purpose adverse to Defendant or any other of the Released Parties, including but not limited to, evidence of a presumption, concession, indication, or admission by any of the Released Parties of any liability, fault, wrongdoing, omission, concession, or damage, or (b) disclosed, referred to, or offered in evidence against any of the Released Parties in any further proceeding in the Action, except for the purposes of effectuating the Settlement pursuant to this Agreement or for Defendant to establish that a Class Member has resolved any of his or her claims released through this Agreement.

Section 4.03: Nullification

The Parties have agreed to the certification of the Class encompassing all claims alleged in the Action for the sole purpose of effectuating this Agreement. If (a) the Court should for any reason fail to certify this Class for settlement, or (b) the Court should for any reason fail to approve this Settlement, or (c) the Court should for any reason fail to enter the Final Order, or (d) the Final Order is reversed, or declared or rendered void, or (e) the Court should for any reason fail to dispose of the Action in its entirety, then (i) this Agreement shall be considered null and void; (ii) neither this Agreement nor any of the related negotiations or proceedings shall be of any force or effect; (iii) all Parties to this Agreement shall stand in the same position, without prejudice, as if the Agreement had

1 been neither entered into nor filed with the Court; and (iv) the fact that the Parties were willing to
2 stipulate to class certification of all causes of action pled in the Action as part of the Settlement will
3 have no bearing on, and will not be admissible in connection with, the issue of whether the Class
4 should be certified by the Court in a non-settlement context in this Action or any other action, and in
5 any of those events, Defendant expressly reserves the right to oppose certification of the Class.

6 In the event of a timely appeal from the Final Order, the Final Order shall be stayed and the
7 Gross Settlement Amount shall not be distributed pending the completion of the appeal.

8 **ARTICLE V**

9 **RELEASES**

10 **Section 5.01: Released Claims by Class Members**

11 Upon the date of funding the Gross Settlement Amount, Plaintiff and Participating Class
12 Members, release the Released Parties from all claims alleged or that could have been alleged based
13 on the facts alleged in Plaintiff's Operative Complaint, which arose during the Class Period
14 ("Released Claims").

15 **Section 5.02: Released Claims by PAGA Group Members**

16 Upon the date of funding the Gross Settlement Amount, the State of California and PAGA
17 Group Members release the Released Parties from all claims exhausted in Plaintiff's notice(s) sent
18 to the LWDA and alleged in Plaintiff's Operative Complaint, which arose during the PAGA Period,
19 regardless of whether PAGA Group Members opt out of the Settlement.

20 **Section 5.03: Individual Release by Plaintiff Caudillo**

21 In exchange for the Class Representative Enhancement Payment, Plaintiff does hereby, for
22 himself and for his spouse, domestic partner, marital community, children, estates, trusts, attorneys,
23 heirs, successors, beneficiaries, devisees, legatees, executors, administrators, trustees, conservators,
24 guardians, assigns, and representatives, forever completely release and discharge the Released
25 Parties, from the Released Claims described above, and from any and all charges, complaints, claims,
26 liabilities, obligations, promises, agreements, contracts, controversies, damages, actions, causes of
27 action, suits, rights, demands, costs, losses, debts, and expenses (including for back wages, statutory
28 penalties, civil penalties, liquidated damages, exemplary damages, interest, attorneys' fees, and

costs) of any nature whatsoever, from the beginning of time through the execution of this Agreement, whether known or unknown, suspected or unsuspected, concealed or hidden, including but not limited to all claims arising out of, based upon, or relating to those claims raised in the Lawsuit and those arising from or related to Plaintiff's employment with Defendant or the termination thereof, including but not limited to claims arising under any federal, state, or local constitutional, statutory, regulatory, contractual or common law claims for unpaid wages, premium pay, wage deductions, unreimbursed business expenses, waiting-time penalties, or other penalties, for overtime, failure to provide meal period or pay meal period premiums for missed and/or non-compliant meal periods, failure to authorize and permit rest periods or pay rest period premiums for missed and/or non-compliant rest periods, for reimbursement of business expenses, improper wage statements, untimely payment of wages, inaccurate or incomplete recordkeeping, vacation forfeiture, personal day forfeiture, and other wage-and- hour violations; attorney's fees or injunctive relief; claims arising from or dependent on the Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000, *et seq.*; the Americans with Disabilities Act, 42 U.S.C. § 12101, *et seq.*; the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001, *et seq.*; the Fair Labor Standards Act, 29 U.S.C. § 201, *et seq.*; the Civil Rights Act of 1991; 42 U.S.C. § 1981; Executive Order 11246; Executive Order 11141; the Age Discrimination in Employment Act, the Rehabilitation Act of 1973; the Equal Pay Act; the Federal Employee Polygraph Protection Act; the National Labor Relations Act; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the California Fair Employment and Housing Act, including Government Code sections 12900, *et seq.*; the California Family Rights Act; the California Labor Code; any applicable order of the California Industrial Welfare Commission and all of their implementing regulations; claims arising from or dependent on California, federal or local laws or regulations prohibiting discrimination or harassment in employment based on any protected status or otherwise, or enforcing express or implied contracts, requiring employers to deal fairly or in good faith, or restricting an employer's right to terminate employees, wrongful discharge, wrongful termination in violation of public policy, constructive termination, or retaliation; defamation; infliction of emotional distress (intentional or negligent); invasion of privacy; assault, battery, physical or personal injury; emotional distress; fraud, negligent

1 misrepresentation, or misrepresentation; California Business & Professions Code section 17200 *et*
2 *seq.*; or any other tort, or any other law.

3 **Section 5.04: Plaintiff's Release of Unknown Claims**

4 Upon the date of funding the Gross Settlement Amount, Plaintiff, waives, releases, acquits,
5 and forever discharges the Released Parties from any and all claims, actions, charges, complaints,
6 grievances, and causes of action, of any nature arising from Plaintiff's employment with Defendant,
7 whether known or unknown, which exist or may exist as of the Parties' execution of this Agreement.

8 Section 1542 of the California Civil Code provides as follows:

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

13 Plaintiff's general release provided herein is made with an express waiver and relinquishment
14 of any claim, right, or benefit under California Civil Code § 1542.

15 **ARTICLE VI**

16 **MISCELLANEOUS PROVISIONS**

17 **Section 6.01: Amendments or Modification**

18 The terms and provisions of this Agreement may be amended or modified only by an express
19 written agreement that is signed by all the Parties (or their successors-in-interest) and their counsel,
20 and approved by the Court.

21 **Section 6.02: Assignment**

22 None of the rights, commitments, or obligations recognized under this Agreement may be
23 assigned by any Party, Class Member, Class Counsel, or Defense Counsel without the express written
24 consent of each other Party and their respective counsel. The representations, warranties, covenants,
25 and agreements contained in this Agreement are for the sole benefit of the Parties under this
26 Agreement and shall not be construed to confer any right or to avail any remedy to any other person.

1 **Section 6.03: Governing Law**

2 This Agreement shall be governed, construed, and interpreted, and the rights of the Parties
3 shall be determined, in accordance with the laws of the State of California, without regard to conflicts
4 of laws.

5 **Section 6.04: Entire Agreement**

6 This Agreement, including the Exhibits referred to herein, which form an integral part hereof,
7 contains the entire understanding of the Parties with respect to the subject matter contained herein.
8 In case of any conflict between text contained in Articles I through VI of this Agreement and text
9 contained in the Exhibits to this Agreement, the former (*i.e.*, Articles I through VI) shall be
10 controlling, unless the Exhibits are changed by or in response to a Court order. There are no
11 restrictions, promises, representations, warranties, covenants, or undertakings governing the subject
12 matter of this Agreement other than those expressly set forth or referred to herein. This Agreement
13 supersedes all prior agreements and understandings among the Parties with respect to the settlement
14 of the Action, including correspondence between Class Counsel and Defense Counsel and drafts of
15 prior agreements or proposals.

16 **Section 6.05: Waiver of Compliance**

17 Any failure of any Party, Defense Counsel, or Class Counsel hereto to comply with any
18 obligation, covenant, agreement, or condition set forth in this Agreement may be expressly waived
19 in writing, to the extent permitted under applicable law, by the Party or Parties and their respective
20 counsel entitled to the benefit of such obligation, covenant, agreement, or condition. A waiver or
21 failure to insist upon strict compliance with any representation, warranty, covenant, agreement, or
22 condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

23 **Section 6.06: Counterparts and Fax/PDF Signatures**

24 This Agreement, and any amendments hereto, may be executed in any number of counterparts
25 and any Party and/or their respective counsel may execute any such counterpart, each of which when
26 executed and delivered shall be deemed to be an original. All counterparts taken together shall
27 constitute one instrument. A fax or PDF signature on this Agreement shall be as valid as an original
28 signature.

1 **Section 6.07: Meet and Confer Regarding Disputes**

2 Should any dispute arise among the Parties or their respective counsel regarding the
3 implementation or interpretation of this Agreement, a representative of Class Counsel and a
4 representative of Defense Counsel shall meet and confer in an attempt to resolve such disputes prior
5 to submitting such disputes to the Court.

6 **Section 6.08: Agreement Binding on Successors**

7 This Agreement will be binding upon, and inure to the benefit of, the successors in interest
8 of each of the Parties.

9 **Section 6.09: Cooperation in Drafting**

10 The Parties have cooperated in the negotiation and preparation of this Agreement. This
11 Agreement will not be construed against any Party on the basis that the Party, or the Party's counsel,
12 was the drafter or participated in the drafting of this Agreement.

13 **Section 6.10: Fair and Reasonable Settlement**

14 The Parties believe that this Agreement reflects a fair, reasonable, and adequate settlement of
15 the Action and have arrived at this Agreement through arm's-length negotiation and in the context
16 of adversarial litigation, taking into account all relevant factors, current and potential. The Parties
17 further believe that the Settlement is and is consistent with public policy, and fully complies with
18 applicable law.

19 **Section 6.11: Headings**

20 The descriptive heading of any section or paragraph of this Agreement is inserted for
21 convenience of reference only and does not constitute a part of this Agreement and shall not be
22 considered in interpreting this Agreement.

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1 **Section 6.12: Notice**

2 Except as otherwise expressly provided in the Agreement, all notices, demands, and other
3 communications under this Agreement must be in writing and addressed as follows:

4 *To Plaintiff and the Class:*

5 Kashif Haque
6 Samuel A. Wong
7 Jessica L. Campbell
8 Jamie M. Loos
9 AEGIS LAW FIRM, PC
10 9811 Irvine Center Drive, Suite 100
11 Irvine, California 92618
12 Telephone: (949) 379-6250
13 Facsimile: (949) 379-6251

14 And

15 *To Defendants:*

16 **LEBEAU THELEN, LLP**
17 Daniel Klingengerger
18 Mathew M. Brady
19 5001 E. Commercenter Drive, Suite 300
20 P.O. Box 12092
21 Bakersfield, CA 93389
22 Telephone: 661-325-8962
23 Facsimile: 661-325-1127

24 **Section 6.13: Enforcement of Settlement and Continuing Court Jurisdiction**

25 To the extent consistent with class action procedure, this Agreement shall be enforceable by
26 the Court pursuant to California Code of Civil Procedure section 664.6 and California Rule of Court
27 3.769(h). The Final Order entered by the Court will not adjudicate the merits of the Action or the
28 liability of the Parties resulting from the allegations of the Action. Its sole purpose is to adopt the
terms of the Settlement and to retain jurisdiction over its enforcement. To that end, the Court shall
retain continuing jurisdiction over this Action and over all Parties and Class Members, to the fullest
extent to enforce and effectuate the terms and intent of this Agreement. In the event that one or more
of the Parties institutes any legal action or other proceeding against any other Party or Parties to
enforce the provisions of this Settlement, the successful Party or Parties will be entitled to recover

1 from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including expert witness
2 fees incurred in connection with any enforcement actions.

3 **Section 6.14: Mutual Full Cooperation**

4 The Parties agree fully to cooperate with each other to accomplish the terms of this
5 Agreement, including but not limited to the execution of such documents, and the taking of such
6 other action, as may reasonably be necessary to implement the terms of this Agreement. The Parties
7 to this Agreement shall use their best efforts, to effectuate and implement this Agreement and its
8 terms. In the event the Parties are unable to reach agreement on the form or content of any document
9 needed to implement the Settlement, or on any supplemental provisions that may become necessary
10 to effectuate the terms of the Settlement, the Parties agree to seek the assistance of the Court.

11 **Section 6.15: Authorization to Act**

12 Class Counsel warrants and represents that they are authorized by Plaintiff, and Defense
13 Counsel warrants that they are authorized by Defendant, to take all appropriate action required to
14 effectuate the terms of this Agreement, except for signing documents, including but not limited to
15 this Agreement, that are required to be signed by the Parties themselves. Defendant represents and
16 warrants that the individual executing this Agreement on its behalf has the full right, power, and
17 authority to enter into this Agreement and to carry out the transactions contemplated herein.

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1 **Section 6.16: No Reliance on Representations**

2 The Parties have made such investigation of the facts and the law pertaining to the matters
3 described herein and to this Agreement as they deem necessary, and have not relied, and do not rely,
4 on any statement, promise, or representation of fact or law, made by any of the other parties, or any
5 of their agents, employees, attorneys, or representatives, with regard to any of their rights or asserted
6 rights, or with regard to the advisability of entering into and executing this Agreement, or with respect
7 to any other matters. No representations, warranties, or inducements, except as expressly set forth
8 herein, have been made to any party concerning this Agreement.

9 **EXECUTION BY PARTIES AND COUNSEL**

10 The Parties and their counsel hereby execute this Agreement.

11 Dated: 01/24/24

PLAINTIFF JUAN CARLOS CAUDILLO

12

13 By: 
Juan Carlos Caudillo

14

15 Dated: 2-12-24

DEFENDANT B&B SURPLUS, INC.

16

17 By: 
(Signature)

18

Michael Georgino
(Printed Name)

19

V. P.
(Title)

20

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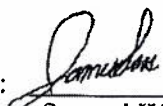
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Dated: 1/25/24

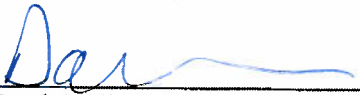
AEGIS LAW FIRM, PC

By: 
Samuel Wong
Jamie M. Loos

Attorneys for Plaintiff Juan Carlos Caudillo

Dated: 2/15/24

LEBEAU THELEN, LLP

By: 
Daniel Klingenberg
Mathew M. Brady

Attorneys for Defendant B&B Surplus, Inc.

EXHIBIT A

COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL

Caudillo v. B&B Surplus, Inc.– Case No. BCV-22-102876

The Superior Court for the State of California authorized this Notice. Read it carefully! It's not junk mail, spam, an advertisement, or solicitation by a lawyer. You are not being sued.

You may be eligible to receive money from an employee class action lawsuit (“Action”) against B&B Surplus, Inc. (hereafter referred to as “Defendant”) for alleged wage and hour violations. The Action was filed by a former employee – Juan Carlos Caudillo (“Plaintiff”) – and seeks payment of (1) back wages and other relief for a class of non-exempt employees (“Class Members”) who worked for Defendants during the Class Period (May 3, 2018 to August 31, 2023) and (2) penalties under the California Private Attorneys General Act (“PAGA”) for all non-exempt who worked for Defendant during the PAGA Period (May 3, 2021 to August 31, 2023) (“Aggrieved Employees”).

The proposed Settlement has two main parts: (1) a Class Settlement requiring Defendant to fund Individual Settlement Payments, and (2) a PAGA Settlement requiring Defendant to fund Individual PAGA Payments and pay penalties to the California Labor and Workforce Development Agency (“LWDA”).

Based on Defendant’s records, and the Parties’ current assumptions, **your Individual Class Settlement Payment is estimated to be \$ [REDACTED] (less withholding) and your Individual PAGA Payment is estimated to be \$ [REDACTED]**. The actual amount you may receive likely will be different and will depend on a number of factors. (If no amount is stated for your Individual PAGA Payment, then according to Defendant’s records you are not eligible for an Individual PAGA Payment under the Settlement because you didn’t work during the PAGA Period.)

The above estimates are based on Defendant’s records showing that **you worked [REDACTED] workweeks** during the Class Period and that **you worked [REDACTED] workweeks** during the PAGA Period. If you believe that you worked more workweeks during either period, you can submit a challenge by the deadline date. See Section 4 of this Notice.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval. Your legal rights are affected whether you act or not act. Read this Notice carefully. You will be deemed to have carefully read and understood it. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement and how much of the Settlement will be paid to Plaintiff and Plaintiff’s attorneys (“Class Counsel”). The Court will also decide whether to enter a judgment which provides that Defendant make payments under the Settlement, and which also provides that Class Members and Aggrieved Employees to give up their rights to assert certain claims against Defendant.

If you worked for Defendant during the Class Period and/or the PAGA Period, you have two basic options under the Settlement:

- (1) **Do Nothing.** You don't have to do anything to participate in the proposed Settlement and be eligible for an Individual Class Payment and/or an Individual PAGA Payment. As a Participating Class Member, though, you will give up your right to assert Class Period wage claims and PAGA Period penalty claims against Defendant.
- (2) **Opt-Out of the Class Settlement.** You can exclude yourself from the Class Settlement (opt-out) by submitting the written Request for Exclusion or otherwise notifying the Administrator in writing. If you opt-out of the Settlement, you will not receive an Individual Class Payment. You will, however, preserve your right to personally pursue Class Period wage claims against Defendant, and, if you are an Aggrieved Employee, remain eligible for an Individual PAGA Payment. You cannot opt-out of the PAGA portion of the proposed Settlement.

Defendants will not retaliate against you for any actions you take with respect to the proposed Settlement.

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don't Have to Do Anything to Participate in the Settlement	If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against Defendant that are covered by this Settlement (Released Claims).
You Can Opt-out of the Class Settlement but not the PAGA Settlement The Opt-out Deadline is [REDACTED]	If you don't want to fully participate in the proposed Settlement, you can opt-out of the Class Settlement by sending the Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section 6 of this Notice. You cannot opt-out of the PAGA portion of the proposed Settlement. Defendant must pay Individual PAGA Payments to all Aggrieved Employees and the Aggrieved Employees must give up their rights to pursue Released Claims (defined below).
Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement	All Class Members who do not opt-out ("Participating Class Members") can object to any aspect of the proposed Settlement. The Court's decision whether to finally approve the Settlement will include a determination of how much will be paid to Class

Written Objections Must be Submitted by 	Counsel and Plaintiff who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiff, but every dollar paid to Class Counsel and Plaintiff reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or Plaintiff if you think they are unreasonable. See Section 7 of this Notice
You Can Participate in the [REDACTED] Final Approval Hearing	The Court's Final Approval Hearing is scheduled to take place on [REDACTED]. You don't have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court's virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.
You Can Challenge the Calculation of Your Paychecks Written Challenges Must be Submitted by [REDACTED]	The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many workweeks you worked during the Class Period and PAGA Period (if any). The number of workweeks you worked during the Class Period and PAGA Period (if any) according to Defendant's records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by [REDACTED]. See Section 4 of this Notice.

1. WHAT IS THE ACTION ABOUT?

Plaintiff is a former employee of Defendant. The Action accuses Defendant of violating California labor laws by allegedly failing (1) to pay minimum wages; (2) to pay overtime wages; (3) to provide compliant meal periods or premium pay in lieu thereof; (4) to provide compliant rest breaks or premium pay in lieu thereof; (5) to reimburse business expenses; (6) to provide accurate itemized wage statements; (7) to pay timely wages during employment; and (8) to pay timely wages upon separation of employment. Based on the preceding claims, Plaintiff also asserted a claim for violation of Business and Professions Code §§ 17200, *et seq.* and for civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698 *et seq.*) ("PAGA"). Plaintiff is represented by attorneys in the Action: Aegis Law Firm, PC ("Class Counsel").

Defendant strongly denies violating any laws or failing to pay any wages and contends it complied with all applicable laws.

2. WHAT DOES IT MEAN THAT THE ACTION HAS BEEN SETTLED?

So far, the Court has made no determination as to whether Defendant or Plaintiff are correct on the merits. In the meantime, Plaintiff and Defendant hired an experienced, neutral mediator in an effort to resolve the Action by negotiating and to end to the case by agreement (settle the case) rather than continuing the expensive and time-consuming process of litigation. The negotiations

were successful. By signing a lengthy written settlement agreement (“Agreement”) and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement, Plaintiff and Defendant have negotiated a proposed Settlement that is subject to the Court’s Final Approval. Both sides agree the proposed Settlement is a compromise of disputed claims. By agreeing to settle, Defendant do not admit any violations or concede the merit of any claims.

Plaintiff and Class Counsel strongly believe the Settlement is a good deal for you because they believe that: (1) Defendant has agreed to pay a fair, reasonable and adequate amount considering the strength of the claims and the risks and uncertainties of continued litigation; and (2) settlement is in the best interests of the Class Members. The Court preliminarily approved the proposed Settlement as fair, reasonable and adequate, authorized this Notice, and scheduled a hearing to determine Final Approval.

3. WHAT ARE THE IMPORTANT TERMS OF THE PROPOSED SETTLEMENT?

1. Defendant Will Pay \$850,000.00 as the Gross Settlement Amount (Gross Settlement). Defendant has agreed to deposit the Gross Settlement into an account controlled by the Administrator of the Settlement. The Administrator will use the Gross Settlement to pay the Individual Class Payments, Individual PAGA Payments, Plaintiff’s Enhancement Award, Class Counsel’s attorney’s fees and expenses, the Administrator’s expenses, and penalties to be paid to the LWDA. Assuming the Court grants Final Approval, Defendant will fund the Gross Settlement not more than 10 days after the Judgment entered by the Court becomes final. The Judgment will be final on the date the Court enters Judgment, or a later date if any Participating Class Member or the LWDA objects to the proposed Settlement or moves to intervene after Judgment to effectively object to the Settlement by seeking to vacate or modify the Judgment, or the Judgment is appealed.
2. Court Approved Deductions from Gross Settlement. At the Final Approval Hearing, Plaintiff and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement, the amounts of which will be decided by the Court at the Final Approval Hearing:
 - A. Up to \$283,333.33 (one-third of the Gross Settlement) to Class Counsel for attorneys’ fees and up to \$25,000.00 for their litigation expenses. To date, Class Counsel have worked and incurred expenses on the Action without payment.
 - B. Up to \$10,000.00 for Plaintiff as an Enhancement Award for filing the Action, working with Class Counsel and representing the Class. An Enhancement Award will be the only monies Plaintiff will receive other than his Individual Class Payment and any Individual PAGA Payment.
 - C. Up to \$6,750.00 to the Administrator for services administering the Settlement.
 - D. Up to \$20,000.00 for PAGA Penalties, allocated 75% to the LWDA PAGA Payment and 25% in Individual PAGA Payments to the Aggrieved Employees based on their

PAGA Period Pay Periods.

Participating Class Members have the right to object to any of these deductions. The Court will consider all objections.

3. Net Settlement Distributed to Class Members and Aggrieved Employees. After making the above deductions in amounts approved by the Court, the Administrator will distribute the rest of the Gross Settlement (the “Net Settlement”) by making Individual Class Payments to Participating Class Members and Aggrieved Employees based on their workweeks worked during the Class Period and PAGA Period (if any).
4. Taxes Owed on Payments to Class Members and Aggrieved Employees. Plaintiff and Defendant are asking the Court to approve an allocation of 20% of each Individual Class Payment to taxable wages (“Wage Portion”) and 80% to interest, penalties, and reimbursements (“Non-Wage Portion.”). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. Defendant will separately pay employer payroll taxes it owes on the Wage Portion. The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments and the Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms.

Although Plaintiff and Defendant have agreed to these allocations, neither side is giving you any advice on whether your Payments are taxable or how much you might owe in taxes. You are responsible for paying all taxes (including penalties and interest on back taxes) on any Payments received from the proposed Settlement. You should consult a tax advisor if you have any questions about the tax consequences of the proposed Settlement.

5. Need to Promptly Cash Payment Checks. The front of every check issued for Individual Class Payments and Individual PAGA Payments will show the date when the check expires (the void date). If you don’t cash it by the void date, your check will be automatically cancelled, and the monies will be held with the State Controller’s Unclaimed Property fund in your name.
6. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you notify the Administrator in writing, not later than [REDACTED], that you wish to opt-out. The easiest way to notify the Administrator is to send a written and signed Request for Exclusion by the [REDACTED] Response Deadline. The Request for Exclusion should be a letter from a Class Member or his/her representative setting forth a Class Member’s name, present address, telephone number, a simple statement electing to be excluded from the Settlement, and signed by the Class Member. Excluded Class Members (i.e., Non-Participating Class Members) will not receive Individual Class Payments, but will preserve their rights, if any, to personally pursue wage and hour claims against Defendant if they so choose.

You cannot opt-out of the PAGA portion of the Settlement. Class Members who exclude themselves from the Class Settlement (Non-Participating Class Members) remain eligible for Individual PAGA Payments and are required to give up their right to assert PAGA claims against Defendant based on the PAGA Period facts alleged in the Action

7. The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the Court will decline to grant Final Approval of the Settlement or decline enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiff and Defendant have agreed that, in either case, the Settlement will be void; Defendant will not pay any money, and Class Members will not release any claims against Defendant.
8. Administrator. The Court has appointed a neutral company, CPT Group Class Action Administrators (the “Administrator”) to send this Notice, calculate and make payments, and process Class Members’ Requests for Exclusion. The Administrator will also (i) decide Class Member Challenges over workweeks, (ii) mail and re-mail settlement checks and tax forms, and (iii) perform other tasks necessary to administer the Settlement. The Administrator’s contact information is contained in Section 9 of this Notice.
9. Participating Class Members’ Release. After the Judgment is final and Defendant has fully funded the Gross Settlement and separately paid all employer payroll taxes, Participating Class Members will be legally barred from asserting any of the claims released under the Settlement. This means that unless you opted out by validly and timely excluding yourself from the Class Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against Defendant for any of the claims alleged in the Action arising during the Class Period facts or for any PAGA penalties based on any of the claims alleged in the Action arising during the PAGA Period, as alleged in the Action and resolved by this Settlement.

Specifically, the Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, will have released the following claims against Defendant:

“...all claims alleged or that could have been alleged based on the facts alleged in Plaintiff’s Operative Complaint, which arose during the Class Period ...”

Aggrieved Employees’ PAGA Release. After the Court’s judgment is final, and Defendant has paid the Gross Settlement and separately paid the employer-side payroll taxes, all Aggrieved Employees will be deemed to have released, “all claims exhausted in Plaintiff’s notice sent to the LWDA and alleged in Plaintiff’s Operative Complaint, which arose during the PAGA Period.”

4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

1. Individual Class Payments. The Administrator will calculate Individual Class Payments based on the number of workweeks worked during the Class Period. Specifically, an Individual Class Payment is calculated by dividing the Net Settlement Amount by the total workweeks worked by all Participating Class Members during the Class Period, and then (b) multiplying the result by the number of workweeks worked during the Class Period by each individual Participating Class Member.
2. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing \$5,000.00 by the total number of PAGA Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by the number of PAGA Pay Periods worked by each individual Aggrieved Employee during the PAGA Period.
3. Workweek/Pay Period Challenges. The number of Class Workweeks you worked during the Class Period and the number of PAGA Pay Periods you worked during the PAGA Period, as recorded in Defendant's records, are stated in the first page of this Notice. You have until [REDACTED] to challenge the number of Workweeks and/or PAGA Pay Periods credited to you. You can submit your challenge by signing and sending a letter to the Administrator via mail, email or fax. Section 9 of this Notice has the Administrator's contact information.

You need to support your challenge by sending copies of pay stubs or other records. The Administrator will accept Defendant's calculation of workweeks based on Defendant's records as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because the documents will not be returned to you. The Administrator will resolve workweek challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and Defendant's Counsel. The Administrator's decision is final, unless reviewed by a Court of competent jurisdiction. You can't appeal or otherwise challenge its decision once it is final.

5. HOW WILL I GET PAID?

Participating Class Members. The Administrator will send, by U.S. mail, a single check to every Participating Class Member (i.e., every Class Member who doesn't opt-out).

Your check will be sent to the same address as this Notice. If you change your address, be sure to notify the Administrator as soon as possible. Section 9 of this Notice has the Administrator's contact information.

6. HOW DO I OPT-OUT OF THE CLASS SETTLEMENT?

Submit a written and signed letter with your name, present address, telephone number, and a simple statement that you do not want to participate in the Settlement. The Administrator will exclude you based on any writing communicating your request be excluded. Be sure to personally sign your request, identify the Action as *Caudillo v. B&B Surplus, Inc.* and include your identifying information (full name, address, telephone number, and approximate dates of employment). You must make the request yourself. If someone else makes the request for you, it will not be valid. **The Administrator must be sent your request to be excluded by [REDACTED], or it will be invalid.** Section 9 of the Notice has the Administrator's contact information.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement. Before deciding whether to object, you may wish to see what Plaintiff and Defendant are asking the Court to approve. At least 16 days before the [REDACTED] Final Approval Hearing, Class Counsel and/or Plaintiff will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair, and (2) a Motion for Fees, Litigation Expenses and Plaintiff's Enhancement Award stating (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; and (ii) the amount Plaintiff is requesting as an Enhancement Award. Upon reasonable request, Class Counsel (whose contact information is in Section 9 of this Notice) will send you copies of these documents at no cost to you.

A Participating Class Member who disagrees with any aspect of the Agreement, the Motion for Final Approval and/or Motion for Fees, Litigation Expenses and Plaintiff's Enhancement Award may wish to object, for example, that the proposed Settlement is unfair, or that the amounts requested by Class Counsel or Plaintiff are too high or too low. **The deadline for sending written objections to the Administrator is [REDACTED].** Be sure to tell the Administrator what you object to, why you object, and any facts that support your objection. Make sure you identify the Action as *Caudillo v. B&B Surplus, Inc.* and include your name, current address, telephone number, and approximate dates of employment with Defendant, and sign the objection. Section 9 of this Notice has the Administrator's contact information.

Alternatively, or in addition to submitting a written objection, a Participating Class Member can object (or personally retain a lawyer to object at your own cost) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection. See Section 8 of this Notice (immediately below) for specifics regarding the Final Approval Hearing.

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing on [REDACTED] at (time) in Department T-2 of the Kern County Superior Court, located at 3131 Arrow Street,

Bakersfield, California 93308. At the Hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement will be paid to Class Counsel, Plaintiff, and the Administrator. The Court will invite comment from objectors, Class Counsel and Defense Counsel before making a decision. You can attend (or hire a lawyer to attend) in person. Check the Court's website for the most current information.

It's possible the Court will reschedule the Final Approval Hearing. You should check the Court's website beforehand or contact Class Counsel to verify the date and time of the Final Approval Hearing.

9. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything Defendant and Plaintiff have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Judgment or any other Settlement documents is to contact Class Counsel or the Administrator using the contact information listed below, or consult the Superior Court website by going to (<https://www.kern.courts.ca.gov/online-services/case-information-search>), creating a free account, and entering the Case Number for the Action, Case No. BCV-22-102876

DO NOT TELEPHONE THE SUPERIOR COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT.

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Settlement Administrator:

Name of Company: CPT Group Class Action Administrators

Email Address:

Mailing Address:

Telephone:

Fax Number:

10. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check.

11. WHAT IF I CHANGE MY ADDRESS?

To receive your check, you should immediately notify the Administrator if you move or otherwise change your mailing address.