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SUPERIOR COURT OF THE STATE OF CALIFORNIA**FOR THE COUNTY OF LOS ANGELES – SPRING STREET COURTHOUSE**CARLOS MANZO, an individual, on his own
behalf and on behalf of all others similarly
situated,

Plaintiffs,

vs.

CSS DISTRIBUTIONS, INC., a California
corporation; YUJIA ZHAI and DOES 1
through 25, inclusive,

Defendants.

Case No.: 21STCV38076

*[Assigned for All Purposes to the Hon. William
F. Highberger, Dept. 10]***CLASS ACTION AND PAGA
SETTLEMENT AGREEMENT AND
RELEASE**

DATE: May 9, 2023

TIME: 10:30 a.m.

DEPT: SSC10

*[Filed concurrently with Notice of Motion
and Motion; Declarations of Proposed
Class Counsel (Young W. Ryu) and
Proposed Class Representative (Carlos
Manzo); and [Proposed] Preliminary
Approval Order]*

Complaint Filed: October 14, 2021

FAC Filed: March 17, 2023

Trial Date: None Set

CLASS ACTION AND PAGA SETTLEMENT AGREEMENT AND RELEASE

This Class Action and PAGA Settlement Agreement and Release (“Agreement”) is made by and between Plaintiff Carlos Manzo (“Plaintiff”) and Defendants CSS Distributions, Inc. (“CSS”) and Yujia Zhai (“Zhai”) (collectively, “Defendants”). The Agreement refers to Plaintiff and Defendants collectively as “Parties,” or individually as “Party.”

This Stipulation shall be binding on Plaintiff, the current and former employees he seeks to represent, the Participating Class Members, and on Defendants, and is subject to the definitions, recitals, and terms set forth herein and the approval of the Court.

1. DEFINITIONS.

1.1. “Action” means Plaintiff’s lawsuit alleging wage and hour violations against Defendants captioned *Carlos Manzo v. CSS Distributions, Inc., et al.*, initiated on October 14, 2021, and pending in the Superior Court of the State of California, County of Los Angeles, Case No. 21STCV38076.

1.2. “Administrator” means ILYM Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.

1.3. “Administration Expenses Payment” means the amount the Settlement Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Settlement Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval of the Settlement.

1.4. “PAGA Employee” means an individual who has been, or currently is, employed by Defendants in California as a non-exempt employee during the PAGA Period. Excluded from the group of PAGA Employees are those employees who work only administrative and/or managerial functions as exempt employees.

1.5. “Class” means all individuals who have been, or currently are, employed by Defendants in California as non-exempt employees during the Class Period. Excluded from the Class are employees who work only administrative and/or managerial functions as exempt employees.

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- 1.6. “Class Counsel” means Young W. Ryu, Esq. of LOYR, APC.
- 1.7. “Class Counsel Fees Payment” means the amount allocated to Class Counsel for reimbursement of reasonable attorneys’ fees incurred to prosecute the Action, if approved by the Court, which shall be paid from the Gross Settlement Amount as set forth in Section 3.2.2 of this Agreement and shall not exceed one third (33.33%) of the Gross Settlement Amount, or \$75,000.
- 1.8. “Class Counsel Litigation Expenses Payment” means the amount of actual litigation expenses incurred by Class Counsel incurred to prosecute the Action, not to exceed \$15,000.00.
- 1.9. “Class Data” means Class Member identifying information in Defendants’ possession, including the Class Member’s name, all last-known mailing address(es) in Defendants’ file, Social Security number, and number of Class Period Workweeks and PAGA Pay Periods. This Class Data shall not be shared with Class Counsel, but, instead, be treated as confidential by the Administrator.
- 1.10. “Class Member” means a member of the Class, either as a Settlement Class Member or Non-Participating Class Member, and all PAGA Employees (including a Non- Participating Class Member who qualifies as an PAGA Employee).
- 1.11. “Class Member Address Search” means the Administrator’s investigation and search for current mailing addresses of Class Members using all reasonably available sources, methods and means, including, but not limited to, the National Change ofAddress database, skip traces, and direct contact by the Administrator with Class Members.
- 1.12. “Class Notice” means the Court Approved Notice of Class Action Settlement and Hearing Date for Final Court Approval, to be mailed to Class Members in English, with a Spanish translation, in the form, without material variation, attached as **Exhibit A** and incorporated by reference into this Agreement.
- 1.13. “Class Period” means the period from October 14, 2017, to the date of payment of

the Settlement Fund after the Court grants final approval of the Settlement.

1.14. “Class Representative” means Carlos Manzo, the named Plaintiff in the Operative Complaint in the Action seeking Court approval to serve as a class representative.

1.15. “Class Representative Service Payment” means the payment approved by the Court to the Class Representative for initiating the Action, providing services in support of the Action, and for signing a general release pursuant to this Agreement. The Class Representative Service Payment shall be paid from the Gross Settlement Amount and shall not exceed Five Thousand Dollars (\$5,000.00).

1.16. “Class Settlement” means settlement of and resolution of the Class Released Claims.

1.17. “Court” means the Superior Court of California, County of Los Angeles.

1.18. “Day” means calendar day, unless expressly stated otherwise. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.

1.19. “Defense Counsel” means Dan M. Forman, Esq., and Wanjia S. Guy, Esq., of CDF Labor Law, LLP.

1.20. “Effective Date” means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no Settlement Class Member objects to the Settlement, or if an objection is filed but is withdrawn prior to the Court’s Final Approval Hearing, the day the Court enters Judgment; (b) if one or more Settlement Class Members objects to the Settlement, the later of the following events: (i) the day after the deadline for filing a notice of appeal from the Judgment, and no appeal is filed; (ii) if a timely appeal from the Judgment is filed, and is finally disposed of by ruling, dismissal, denial, or otherwise, the day after the last date for filing a request for further review of the Court of Appeal’s decision passes and no further review is requested; or (iii) if an appeal is filed and there is a final disposition by ruling, dismissal, denial, or otherwise by the Court of

Appeal, and further review of the Court of Appeal's decision is requested, the day after the request for review is denied with prejudice and/or no further review of the order can be requested; or if review is accepted, the day the Supreme Court of the State of California affirms the Agreement.

1.21. "Employment and Payroll Taxes" means all tax withholdings to be made based on the Wage Portion, as defined in Section 3.2.4.1 as (1/3) of the Individual Class Payment, to pay for state and federal employment and payroll taxes by both the employer and the employee (including, but not limited to, Federal and California unemployment insurance tax, and California Employment Training Tax, FICA and Medicare Contributions).

1.22. "Final Approval" means the Court's order granting final approval of the Settlement.

1.23. "Final Approval Hearing" means the Court's hearing on the Motion for Final Approval of the Settlement.

1.24. "Final Judgment" means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.

1.25. "Gross Settlement Amount" means \$225,000.00 which is the total amount Defendant CSS agrees to pay under this Agreement except as provided in Paragraphs 9 and 10 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees, Class Counsel Litigation Expenses, Class Representative Service Payment, and the Administrator's Expenses Payment.

1.26. "Individual Class Payment" means each Settlement Class Member's pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked by each Settlement Class Member during the Class Period in proportion to the aggregate number of Workweeks worked by all Settlement Class Members in the Class Period.

1.27. "Individual PAGA Payment" means each PAGA Employee's pro rata share of 25%

of the PAGA Penalties calculated according to the number of PAGA Pay Periods worked by each individual PAGA Employee during the PAGA Period in proportion to the aggregate number of PAGA Pay Periods worked by all PAGA Employees in the PAGA Period.

1.28. “Judgment” means the judgment entered by the Court based upon the Final Approval.

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

1.30. “LWDA PAGA Payment” means the 75% of the PAGA Penalties to be paid to the LWDA under Labor Code section 2699, subd. (i).

1.31. “Net Settlement Amount” means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Settlement Class Members as Individual Class Payments.

1.32. “Non-Participating Class Member” means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.

1.33. “Notice Mailing Deadline” means the date by which the Administrator shall mail the Class Notice to Class Members, which shall be no later than 14 calendar days after the Administrator receives the Class Data from Defendants.

1.34. “Operative Complaint” means the First Amended Complaint filed in the Action on or about March 17, 2023.

1.35. “PAGA Pay Period” means any Pay Period during which an PAGA Employee worked for Defendants for at least one day during the PAGA Period.

1.36. “PAGA Period” means the period from October 14, 2020, to the date of payment of the Settlement Fund after the Court grants final approval of the Settlement.

1.37. “PAGA” means the 6 Private Attorneys General Act (Labor Code §§

2698. et seq.).

1.38. “PAGA Notice” means Plaintiff’s letter to the LWDA, with a copy to CSS, on November 18, 2022, providing notice pursuant to Labor Code section 2699.3, subd.(a).

1.39. “PAGA Penalties” means the total amount of PAGA civil penalties of \$50,000 to be paid from the Gross Settlement Amount, allocated 25% to the PAGA Employees (\$12,500) as Individual PAGA Payments and the remaining 75% to LWDA (\$37,500) in settlement of PAGA claims asserted in the Action.

1.40. “Plaintiff” means Carlos Manzo, the named plaintiff in the Action.

1.41. “Preliminary Approval” means the Court’s Order Granting Preliminary Approval of the Settlement.

1.42. “Preliminary Approval Order” means the Court order granting preliminary approval of the Settlement, also styled as the “Order Granting Preliminary Approval and Approval of PAGA Settlement, and Setting a Final Approval Hearing.”

1.43. “Released Class Claims” means the claims being released as described in Paragraph 6.2 below.

1.44. “Released PAGA Claims” means the claims being released as described in Paragraph 6.3 below.

1.45. “Released Parties” means: Defendants and each of their former and present directors, officers, shareholders, owners, partners, members, employees, attorneys, insurers, agents, predecessors, successors, assigns, parents, subsidiaries, or affiliates.

1.46. “Request for Exclusion” means a Class Member’s submission of a written request to be excluded from the Class Settlement signed by the Class Member.

1.47. “Response Deadline” means 45 days after the Notice Mailing Deadline, or 15 days after re-mailing of the Class Notice, whichever is later, and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her Objection to the

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Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional 14 calendar days beyond the Response Deadline has expired.

1.48. “Settlement” means the disposition of the Action effected by this Agreement and the Judgment.

1.49. “Settlement Class” refers to Class Members who do not submit a timely and valid Request for Exclusion pursuant to this Agreement.

1.50. “Settlement Class Member” refers to a member of the Settlement Class.

1.51. “CSS” means named Defendant CSS Distributions, Inc..

1.52. “Zhai” means named Defendant Yujia Zhai.

1.53. “Workweek” means any week during which a Class Member worked for Defendants for at least one day, during the Class Period.

2. RECITALS.

2.1. On October 14, 2021, Plaintiff Carlos Manzo, a former employee of Defendants, filed a class action Complaint against Defendants in Los Angeles County Superior Court. On March 17, 2023, Plaintiff filed his First Amended Complaint (the “Operative Complaint”) alleging the following ten (10) causes of action: (1) Failure to Compensate All Hours Worked in Violation of Industrial Welfare Commission Order No. 16 and Cal. Labor Code §§ 200, 226, 500, 510, 1194, 1197, and 1198; (2) Failure To Pay Minimum Wage In Violation Of Industrial Welfare Commission Order No. 16 And Cal. Labor Code §§ 200, 226, 226.7, 500, 1194, 1197, and 1198; (3) Failure To Pay Overtime Wages In Violation Of Industrial Welfare Commission Order No. 16 And Cal. Labor Code §§ 510, 1194, 1194.2, 1197, and 1198; (4) Missed Meal And Rest Breaks In Violation Of Cal. Labor Code §§ 226.7, 512, and 12 California Code Of Regulations § 11050; (5) Failure To Furnish Accurate, Itemized Wage Statements Upon Payment Of Wages In Violation Of Cal. Labor Code § 226; (6) Failure To Timely Pay Unpaid Wages Due At Time Of Separation Of Employment In Violation Of Cal. Labor Code §§

201, 202, and 203; (7) Failure To Reimburse Required Business Expenses In Violation Of Cal. Labor Code § 2802; (8) Violation Of Cal. B&P Code §§ 17200, Et Seq.; (9) Failure To Permit Inspection Of Personnel And Payroll Records In Violation Of Cal. Labor Code § 1198.5, and (10) Violation of California Labor Code §§ 2698, et seq. (“PAGA”).

2.2. Prior to filing the Operative Complaint, on November 18, 2022, Plaintiff provided the LWDA with notice of his claim for recovery of civil penalties under the PAGA. After the 65-day waiting period under Labor Code section 2699.3, LWDA did not notify Plaintiff and his counsel that the agency would investigate the claim set forth in Plaintiff’s PAGA Notice.

2.3. On or about January 2, 2022, Defendants filed their Answers to the initial Complaint, generally denying the allegations therein and asserting several affirmative defenses. Defendants deny the allegations in the Operative Complaint, deny any failure to comply with the laws identified in in the Operative Complaint, and deny any and all liability for the causes of action alleged therein.

2.4. Prior to mediation, Plaintiff obtained, through formal discovery, timecards and payroll records for Plaintiff and other Class Members and PAGA Employees. Plaintiff’s investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 (“*Dunk/Kullar*”).

2.5. On November 2, 2022, the parties participated in a full-day mediation before experienced employment mediator Mr. Michael D. Young, Esq. After a full day of mediation and subsequent negotiations of the settlement terms, the Parties were able to agree to the material terms of this Agreement.

2.6. At all times, Defendants have denied and continue to deny any wrongdoing and deny that they committed, or attempted to commit, any of the wrongful acts or

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violations of law or duty that are alleged in the Operative Complaint, and instead contend that they have acted in accordance with the law. Defendants also deny that Plaintiff or the Settlement Class are entitled to any form of damages, penalties, or any relief whatsoever based on the conduct alleged in the Operative Complaint and PAGA Notice. In addition, Defendants maintain that they have meritorious defenses to the claims alleged in the Operative Complaint and were prepared to vigorously defend the Action. Nevertheless, taking into account the uncertainty and risks inherent in litigation, Defendants have concluded that defending the claims asserted in the Operative Complaint would be burdensome and expensive, and that it is desirable and beneficial to fully and finally settle and terminate the Action in the manner and upon the terms and conditions set forth in this Agreement.

2.7. Plaintiff believes that the claims asserted in the Operative Complaint and PAGA Notice have merit. Nonetheless, Plaintiff and Class Counsel recognize and acknowledge the expense and length of continued prosecution of the claims against Defendants through trial and any subsequent appeals. Plaintiff and Class Counsel have also taken into account the uncertain outcome and risks of litigation, especially in complex actions, as well as the difficulties and delays inherent in such litigation. Based on their evaluation, Class Counsel have concluded that the terms and conditions of this Agreement are fair, reasonable, and adequate to the Settlement Class, and that it is in the best interests of the Settlement Class to settle the claims alleged in the Operative Complaint and PAGA Notice pursuant to the terms and provisions of this Agreement.

2.8. This Agreement is made and entered into by and between Plaintiff, individually and on behalf of all other individuals alleged to be similarly situated, and Defendants, and is subject to the terms and conditions hereof, and to the Court's approval. The Parties expressly acknowledge that this Agreement is entered into solely for the purpose of compromising significantly disputed claims and that nothing herein is an admission of liability or wrongdoing by Defendants. The Agreement's provisions, and all 10 related drafts, communications and discussions,

cannot be construed as or deemed to be evidence of an admission or concession of any point of fact or law by any person or entity and cannot be offered or received into evidence or requested in discovery in this Action or any other action or proceeding as evidence of an admission or concession. In the event that the Court does not issue Final Approval and Final Judgment, or in the event that the associated judgment does not become the Final Judgment for any reason, this Agreement shall be deemed null and void, it shall be of no force or effect whatsoever, it shall not be referred to or used for any purpose whatsoever, and the negotiations, terms, and entry of it shall remain subject to the provisions of California Evidence Code sections 1119 and 1152.

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

3. MONETARY TERMS.

3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 10 below, Defendant CSS promises to pay \$225,000 and no more as the Gross Settlement Amount. This amount is inclusive of the employer's share of the Employment and Payroll Taxes applicable to the Wage Portion of the Individual Class Payments to be paid to Settlement Class Members. Defendants have no obligation to pay the Gross Settlement Amount prior to the Effective Date of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Settlement Class Members or PAGA Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendants.

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

3.2.1. To Plaintiff: Class Representative Service Payment to the Class Representative of

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not more than \$5,000 (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representative is entitled to receive as a Settlement Class Member and PAGA Employee). Defendants will not oppose Plaintiff's request for a Class Representative Service Payment that does not exceed this amount. As part of the motion for Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment, Plaintiff will seek Court approval for any Class Representative Service Payment no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payment less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for taxes owed on the Class Representative Service Payment.

3.2.2. To Class Counsel: A Class Counsel Fees Payment of not more than 33.33% of the Gross Settlement Amount, which is currently estimated to be \$75,000, and a Class Counsel Litigation Expenses Payment of not more than \$15,000. Defendants will not oppose requests for these payments provided that do not exceed these amounts. Plaintiff and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiff's Counsel arising from any claim to any portion any Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds Defendants harmless, and indemnifies 12 Defendants, from any dispute or controversy

regarding any division or sharing of any of these Payments.

3.2.3. To the Administrator: An Administrator Expenses Payment not to exceed \$5,750 except for a showing of good cause and as approved by the Court. To the extent the actual Administration Expenses are less, or the Court approves payment less than \$5,750, the Administrator will retain the remainder in the Net Settlement Amount.

3.2.4. To Each Settlement Class Member: An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Settlement Class Members during the Class Period and (b) multiplying the result by each Settlement Class Member's Workweeks during the Class Period.

3.2.4.1. Tax Allocation of Individual Class Payments. One third (1/3) of each Settlement Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to the Employment and Payroll Taxes and will be reported on an IRS W-2 Form. Another one third (1/3) of each Settlement Class Member's Individual Class Payment will be allocated as penalties, and the remaining one third (1/3) shall be allocated as interest (collectively the "Non-Wage Portions"). The Non-Wage Portions are not subject to Employment and Payroll Taxes and will be reported on IRS 1099 Forms. Settlement Class Members assume full responsibility and liability for employee's share of the Employment and Payroll Taxes owed on their Individual Class Payment.

3.2.4.2. Effect of Non-Participating Class Members on Calculation of Individual Class Payments. Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal to their Individual Class Payments in the Net Settlement Amount for distribution to Settlement Class Members on a pro rata basis.

3.2.5. To the LWDA and PAGA Employees: PAGA Penalties in the amount of \$50,000 to be paid from the Gross Settlement Amount, with 75% (\$37,500) allocated to the

LWDA PAGA Payment and 25% (\$12,500) allocated to the Individual PAGA Payments.

3.2.5.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the PAGA Employees' 25% share of PAGA Penalties in the currently estimated amount of \$12,500 by the total number of PAGA Pay Periods worked by all PAGA Employees during the PAGA Period and (b) multiplying the result by each PAGA Employee's PAGA Pay Periods worked during the PAGA Period. PAGA Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.5.2. If the Court approves PAGA Penalties of less than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1. Class Workweeks and PAGA Employee Pay Periods. Based on a review of its records to date, Defendants estimate that there are approximately 76 Class Members who collectively worked a total of approximately 1,933 Workweeks, and approximately 26 PAGA Employees who worked an estimated total of 362 PAGA Pay Periods.

4.2. Class Data. Not later than fourteen (14) days after the Court grants Preliminary Approval of the Settlement, Defendants will simultaneously deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to the Administrator's employees who need access to the Class Data to effect and perform the Administrator's duties under this Agreement. Defendants have a continuing duty to immediately notify ¹⁴Class Counsel, if they discover that the Class

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Data omitted any Class Member's identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Defendants must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

4.3. Funding of Gross Settlement Amount. Defendant CSS shall fully fund the Gross Settlement Amount by transmitting the funds to the Administrator within thirty (30) calendar days after Final Approval.

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

4.5.1 The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Settlement Class Members and PAGA Employees via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Settlement Payments to all Settlement Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all PAGA Employees, including Non-Participating Class Members who qualify as PAGA Employees (including those for whom Class Notice was returned undelivered). The Administrator may send Settlement Class Members and PAGA Employees a single check combining the Non-Wage Portion of the Individual Class Payment and the Individual PAGA Payment and a separate check for the Wage Portion of the Individual 15 Class Payment. Before mailing any checks, the

Administrator must update the recipients' mailing addresses using the National Change of Address Database.

4.5.2 The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are returned undelivered without a forwarding address provided by the United States Postal Service ("USPS"). Within three (3) business days of receiving a returned check, the Administrator must re-mail the returned check to the USPS forwarding address provided or to an address ascertained through the Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the void date, within five (5) business days of the Administrator's receipt of such request.

4.5.3 For any Settlement Class Member or PAGA Employee whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, the Settlement Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Settlement Class Member or PAGA Employee, thereby leaving no "unpaid residue" subject to the requirements of California Code of Civil Procedure Section 384, subd. (b).

4.5.4 The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendants to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

6. RELEASES OF CLAIMS. Effective on the date when Defendants fully fund the entire Gross Settlement Amount, Plaintiff, Settlement Class Members, and PAGA Employees will release claims against all Released Parties as follows:

6.1 Plaintiff's Release. Plaintiff and his former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all 16 claims, transactions, or occurrences that

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occurred during the Class Period, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in the Operative Complaint and Plaintiff's PAGA Notice. ("Plaintiff's Release.") Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period. Plaintiff acknowledges that Plaintiff may discover claims or facts or law different from, or in addition to, those which Plaintiff now knows or believes to be true or exist but Plaintiff expressly agrees, nonetheless, to fully, finally and forever settle and release any and all claims against the Released Parties, known or unknown, suspected or unsuspected, which exist or may exist on behalf of or against the other at the time of execution of this Agreement, including, but not limited to, any and all claims relating to or arising from Plaintiff's employment with Defendants. The Parties further acknowledge, understand and agree that this representation and commitment is essential to the Agreement and that this Agreement would not have been entered into were it not for this representation and commitment.

6.1.1 Plaintiff's Waiver of Rights Under California Civil Code Section 1542. For purposes of Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, which reads:

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

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6.2 Release by Settlement Class Members: All Settlement Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint or PAGA Notice; and ascertained in the course of the Action, including any and all claims involving any alleged failure to compensate for all hours worked; alleged failure to pay penalties for missed meal and rest breaks; alleged failure to pay minimum wages; failure to pay overtime wages; alleged failure to furnish accurate, itemized wage statements; alleged failure to pay compensation upon termination of employment; alleged failure to reimburse business expenses; alleged violation of Labor Code section 2698, et seq. ("PAGA"); alleged violation of California's unfair business practices and unfair competition laws; alleged violation of inspection of personnel and payroll records; alleged violation of the California Industrial Welfare Commission's ("IWC") Wage Orders; alleged violation of the California Labor Code sections 200, 201, 202, 203, 204, 210, 218.5, 225.5, 223, 226, 226.3, 226.7, 227.3, 226.8, 432, 500, 510, 512, 558, 558.1, 1171, 1173, 1174, 1182.12, 1194, 1194.2, 1198, 1198.5, 1197, 1197.1 and/or 1198.5; (ii) any and all claims that could have been asserted based on the facts alleged in the Operative Complaint or PAGA Notice; (iii) any and all claims which were asserted leading up to and during mediation; (iv) and any damages, premiums, penalties, liquidated damages, interest, punitive damages, costs, attorneys' fees, injunctive relief, declaratory relief, or accounting based on the Operative Complaint or PAGA Notice and which occurred during the Class Period. Except as set forth in Section 6.3 of this Agreement, Settlement Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

6.3 Release by Non-Participating Class Members Who Are PAGA Employees: All Non-Participating Class Members, as well as Settlement Class Members, who are

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PAGA Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from (i) all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and the PAGA Notice, including but not limited to any alleged failure to compensate for all hours worked; alleged failure to pay penalties for missed meal and rest breaks; alleged failure to pay minimum wages; failure to pay overtime and double time wages; alleged failure to reimburse business expenses; alleged failure to furnish accurate, itemized wage statements; alleged failure to pay compensation upon termination of employment; alleged violation of California's unfair business practices and unfair competition laws; alleged failure to maintain accurate and complete employee, payroll, and time records; alleged violation of the California Industrial Welfare Commission's ("IWC") Wage Orders; alleged violation of the California Labor Code sections 200, 201, 202, 203, 204, 204b, 204(d), 210, 218.5, 225.5, 221-223, 226, 226(a), 226(e), 226.3, 226.6, 226.7, 227.3, 245-248.5, 256, 432.5, 432.7, 500, 510, 512, 512(a), 558, 558.1, 1024.5, 1171, 1173, 1174, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 1198.5, 1199, 2442, 2698, 2699, 2802, and 2810.5; (ii) any and all PAGA claims that could have been asserted based on the facts alleged in the Operative Complaint and PAGA Notice; (iii) any and all PAGA claims which were asserted leading up to and during mediation; (iv) and any damages, civil penalties, interest, punitive damages, costs, attorneys' fees, based on the Operative Complaint and PAGA Notice, and which occurred during the PAGA Period.

7. MOTION FOR PRELIMINARY APPROVAL. Plaintiff will prepare and file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the California Code of Civil Procedure, California Rules of Court, Los Angeles County Superior Court's Local Rules, and any other applicable rules.

7.1 Plaintiff's Responsibilities. Plaintiff will prepare and deliver to Defense Counsel all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary

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Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from Plaintiff confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members; (v) a signed declaration from Class Counsel firm attesting to its competency to represent the Class Members; (vi) Class Counsel's timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2)), and (vii) all facts relevant to any actual or potential conflict of interest with Class Members, the Administrator, and/or the *cy pres* recipient. Plaintiff and Class Counsel's Declarations shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.

7.2 Responsibilities of Counsel. Class Counsel and Defense Counsel are jointly responsible for obtaining a prompt hearing date for the Motion for Preliminary Approval; expeditiously finalizing and filing the Motion for Preliminary Approval no later than 16 court days prior to the hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

7.3 Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to

20 modify the Agreement and otherwise satisfy

the Court's concerns.

8. SETTLEMENT ADMINISTRATION.

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

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

8.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.

8.4 Notice to Class Members.

8.4.1 No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, PAGA Members, Workweeks, and Pay Periods identified by the Class Data.

8.4.2 Using best efforts to perform as soon as possible, and in no event later than 14 calendar days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via First-Class U.S. Mail, the Class Notice, with Spanish translation, substantially in the form attached to this Agreement as **Exhibit A**. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to

1 calculate these amounts. Before mailing Class Notices, the Administrator
2 shall update Class Member addresses using the National Change of Address
3 database.

4 8.4.3 Not later than three (3) business days after the Administrator's receipt of
5 any Class Notice returned by the USPS as undelivered, the Administrator
6 shall re-mail the Class Notice using any forwarding address provided by
7 the USPS. If the USPS does not provide a forwarding address, the
8 Administrator shall conduct a Class Member Address Search, and re-mail
9 the Class Notice to the most current address obtained. The Administrator
10 has no obligation to make further attempts to locate or send Class Notice
11 to Class Members whose Class Notice is returned by the USPS a second
12 time.

13 8.4.4 The deadlines for Class Members' written Objections, challenges to
14 Workweeks and/or Pay Periods, and Requests for Exclusion will be
15 extended an additional fifteen (15) calendar days beyond the forty-five (45)
16 calendar days otherwise provided in the Class Notice for all Class Members
17 whose notice is re-mailed. The Administrator will inform the Class
18 Member of the extended deadline with the re-mailed Class Notice by
19 including a letter explaining the extended deadline.

20 8.5 Requests for Exclusion (Opt-Outs).

21 8.5.1 Class Members who wish to exclude themselves (opt-out) from the Class
22 Settlement must send the Administrator, by fax, email, or mail, a signed
23 written Request for Exclusion not later than the Response Deadline, i.e.,
24 forty-five (45) calendar days after the Administrator mails the Class Notice,
25 or fifteen (15) calendar days after any re-mailing of the Class Notice,
26 whichever is later. A Request for Exclusion is a letter from a Class Member
27 or his/her representative that reasonably communicates the Class Member's
28 election to be excluded from the Settlement and includes the Class

Member's name, address, and email address or telephone number, as well as the Class Member's signature. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

8.5.2 The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion as valid, if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.

8.5.3 Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Settlement Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Settlement Class Members' Releases under Paragraphs 6.2 and 6.3 of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

8.5.4 Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are PAGA Employees are deemed to release the claims identified in Paragraph 6.3 of this Agreement and are eligible for an Individual PAGA Payment.

8.5.5 The Class Representative shall not opt-out of the Settlement and shall not submit a Request for Exclusion. The Class Representative agrees, by signing this Agreement, that he is accepting the terms of this Agreement.

8.6 Challenges to Calculation of Workweeks. Each Class Member and PAGA Employee shall have until the Response Deadline to challenge the number of Class Workweeks and PAGA Pay Periods (if any) allocated to the Class Member and PAGA Employee in the Class Notice. The Class Member and/or PAGA Employee may challenge the allocation by communicating with the Administrator via fax, email or mail. The Administrator must encourage the challenging Class Member and/or PAGA Employee to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the number(s) of Workweeks and/or PAGA Pay Periods contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member and PAGA Employee's allocation of Workweeks and/or PAGA Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination the challenges, within three (3) business days of making the determination.

8.7 Objections to Settlement.

8.7.1 Only Participating Class Members may object to the Class Settlement and/or this Agreement, including contesting the fairness of the Settlement, and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payment.

8.7.2 Settlement Class Members may send written Objections to the Administrator, by fax, email, or mail. In the alternative, Settlement Class Members may appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. A Settlement

Class Member who elects to send a written Objection to the Administrator must do so not later than the Response Deadline. The Administrator shall immediately provide any such objections to Class Counsel and Defense Counsel, who in turn will submit any such objections to the Court with the motion for Final Approval. Settlement Class Members who fail to make objections in the manner specified above shall be deemed to have waived any objections and shall be foreclosed from making any objections (whether by appeal or otherwise) to the Settlement.

8.7.3 Non-Participating Class Members have no right to object to any of the Class Settlement and/or this Agreement.

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

8.8.1 Email Address and Toll-Free Number. The Administrator will maintain and monitor an email address and a toll-free telephone number to receive Class Member or PAGA Employee calls, faxes and emails, in English and Spanish.

8.8.2 Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review, on a rolling basis, Requests for Exclusion to ascertain their validity. Not later than five (5) calendar days after the expiration of the Response Deadline, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion ("Exclusion List"); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

8.8.3 Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that,

among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks and/or Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments (“Weekly Report”). The Weekly Reports must include provide the Administrator’s assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.

8.8.4 Workweek and/or Pay Period Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class Member or PAGA Employee challenges over the calculation of Workweeks and/or Pay Periods. The Administrator’s decision shall be final and not appealable or otherwise susceptible to challenge.

8.8.5 Administrator’s Declaration. Not later than fourteen (14) calendar days before the date by which Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator’s declaration(s) in Court.

8.8.6 Final Report by Settlement Administrator. Within ten (10) calendar days after the 26 Administrator disburses all funds in the Gross

Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least fourteen (14) calendar days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court.

9. DEFENDANTS' RIGHT TO WITHDRAW. If the number of valid Requests for Exclusion identified in the Exclusion List exceeds 5% of the total of all Class Members, Defendants may, but is not obligated to, elect to withdraw from the Settlement. The Parties agree that, if Defendants withdraw, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Defendants will remain responsible for paying all Administration Expenses incurred to that point. Defendants must notify Class Counsel and the Court of its election to withdraw not later than fifteen (15) days after the Administrator sends the final Exclusion List to Defense Counsel.

10. MOTION FOR FINAL APPROVAL. Not later than sixteen (16) court days before the calendared Final Approval Hearing, Plaintiff will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subd. (l), the Administrator's Declaration, a Proposed Final Approval Order and a proposed Judgment (collectively "Motion for Final Approval"). Plaintiff shall provide drafts of these documents to Defense Counsel not later than seven (7) calendar days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer via email or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.

10.1 Response to Objections. Each Party retains the right to respond to any objection raised by a Settlement Class Member, including the right to file responsive

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documentsin Court no later than five (5) court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

10.2 Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Settlement Class Members), the Parties will expeditiously work together in good faith to address the Court's concerns by revising the Agreement as necessary to obtain Final Approval. The Court's decision to award less than the amounts requested for the Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

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

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

10.5 Appellate Court Orders to 28 Vacate, Reverse, or Materially Modify

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

11. AMENDED JUDGMENT. If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit and a proposed amended judgment.

12. ADDITIONAL PROVISIONS.

12.1 No Admission of Liability, Class Certification or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendants that any of the allegations in the Operative Complaint or PAGA Notice have merit or that Defendants have any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Defendants' defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does grant Preliminary Approval, Final Approval or enter Judgment, Defendants reserve the right to contest certification of any class for any reasons, and Defendants reserve all available defenses to the claims in the Action, and Plaintiff reserves the right to move for class certification on any grounds available and to contest Defendants' defenses. The Settlement, this Agreement, and the Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection

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with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).

12.2 Confidentiality. Plaintiff, Class Counsel, Defendants, and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, Administrator, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff, Class Counsel, Defendants, and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, with any third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect, with the exception of the Administrator. The Parties and the Parties' counsel agree to limit public comment on this Agreement and PAGA/Class Settlement, the Lawsuit, the LWDA Letter and Plaintiff's claims to stating that the matter has been resolved to the satisfaction of all parties. Neither the parties nor their counsel will initial public comment, including but not limited to press inquiries or website, blog or social media postings. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

12.3 No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit or otherwise encourage any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this

paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

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

12.5 Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Defendants, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement, including any amendments thereto.

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

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

12.8 No Tax Advice. Plaintiff, Class Counsel, Defendants or Defense Counsel shall not provide any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.

12.9 Modification of Agreement. 31 This Agreement, and all parts of it, may be

amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.

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

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

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

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

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

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

12.16 Notice. All notices, demands or other communications between the Parties in

connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff:

LOYR, APC
 Young W. Ryu, Esq.
 young.ryu@loywr.com
 Joshua Park, Esq.
 joshua.park@loywr.com
 Kee Seok Mah, Esq.
 kee.mah@loywr.com
 1055 West 7th Street, Suite 2290
 Los Angeles, California 90017
 Telephone: (213) 318-5323
 Facsimile: (800) 576-1170

To Defendants:

CDF LABOR LAW LLP
 Dan M. Forman, State Bar No. 155811
 dforman@cdflaborlaw.com
 Wanjia S. Guy, State Bar No. 275734
 wguy@cdflaborlaw.com
 707 Wilshire Boulevard, Suite 5150
 Los Angeles, CA 90017
 Telephone: (213) 612-6300

- 12.17 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.
- 12.18 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to CCP section

1 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the
2 entire period of this settlement process.

3
4 **List of Exhibits:** The following exhibit is attached to this Settlement Agreement:

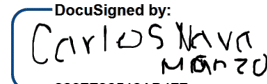
5 **Exhibit A – Court Approved Notice of Class Action Settlement and Hearing Date for Final Court**
6 Approval

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SIGNATURES - READ CAREFULLY BEFORE SIGNING

PLAINTIFF: Carlos Manzo

DocuSigned by:

3807F36540AB477...

Dated: 4/20/2023

Plaintiff Carlos Manzo

DEFENDANT: CSS Distributions, Inc.

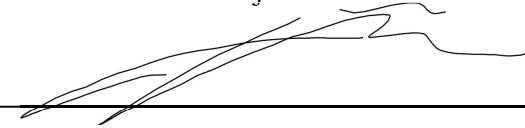


Dated: _____

Yujia Zhai

Please Print Name of Authorized Signatory

DEFENDANT: Yujia Zhai



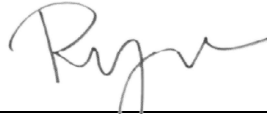
Dated: 4/20/2023

Defendant Yujia Zhai

Respectfully submitted,

Dated: 4/20/2023

LOYR, APC



Young W. Ryu

Joshua Park

Kee Seok Mah

Attorneys for Plaintiff CARLOS MANZO

LOYR, APC

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Los Angeles, CA 90017

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EXHIBIT A

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

Carlos Manzo v. CSS Distributions, Inc., et al.
Case No. 21STCV38076

***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 CSS Distributions, Inc. (“CSS”) and Yujia Zhai (“Zhai”) (collectively, “Defendants”) for alleged wage and hour violations. The Action was filed by Carlos Manzo (“Plaintiff”) a former employee of Defendants, and seeks payment of (1) back wages and other relief for a class of current or former individuals employed by Defendants in California as non-exempt employees who worked for Defendants during the Class Period (October 14, 2017 to [Date of payment of the Settlement Fund after the Court grants final approval of the Settlement]) (“Class Members”) and (2) penalties under the California Private Attorney General Act (“PAGA”) for current or former individuals employed by Defendants in California as a non-exempt employee during the PAGA Period (October 14, 2020 to [Date of payment of the Settlement Fund after the Court grants final approval of the Settlement]) (“PAGA Employees”).

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

Based on Defendants’ records, and the Parties’ current assumptions, **your Individual Class Payment is estimated to be \$ _____ (less employee’s share of tax withholding for 1/3 of this amount as wages) and your Individual PAGA Payment is estimated to be \$ _____.** 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 Defendants’ 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 Defendants’ records showing that **you worked _____ workweeks during the Class Period and you worked _____ pay periods during the PAGA Period.** If you believe that you worked more Workweeks and/or PAGA Pay Periods during either period, you can submit a challenge by the deadline date. See **Section IV** 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, LOYR, APC (“Class Counsel”). The Court will also decide whether to enter a judgment that requires Defendants to make payments under the Settlement and requires Class Members and PAGA Employees to give up their rights to assert certain claims against Defendants.

If you worked for Defendants 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 Settlement Class Member, though, you will give up your right to assert Class Period wage claims and PAGA Period penalty claims against Defendants.
- (2) **Opt-Out of the Class Settlement.** You can exclude yourself from the Class Settlement (opt-out) by submitting a 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 Defendants, and, if you are an PAGA Employee, you will still remain eligible for an Individual PAGA Payment. You cannot opt-out of the PAGA 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 Settlement Class Member, eligible for an Individual Class Payment and, if you worked during the PAGA Period, an Individual PAGA Payment. In exchange, you will give up your right to assert the wage claims against Defendants 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: [Response Deadline]	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 to receive an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section VI of this Notice. You cannot opt-out of the PAGA portion of the proposed Settlement. Defendants must pay Individual PAGA Payments to all PAGA Employees and the PAGA Employees must give up their rights to pursue Released Claims (defined below).
You Can Object to the Class Settlement but not the PAGA Settlement Written Objections	All Class Members who do not opt-out ("Participating Class Members") can object to any aspect of the proposed Class Settlement. The Court's decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Plaintiff who pursued the Action on behalf of

Must be Submitted by: [Response Deadline]	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 Settlement Class Members. You can object to the amounts requested by Class Counsel or Plaintiff if you think they are unreasonable. See Section VII of this Notice.
You Can Participate in the Final Approval Hearing on [Final Approval Hearing Date]	The Court's Final Approval Hearing is scheduled to take place [Final Approval Hearing Date] . 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. Settlement Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section VIII of this Notice.

I. WHAT IS THE ACTION ABOUT?

Plaintiff is a former employee of Defendant CSS Distributions, Inc. The Action accuses Defendants of violating California labor laws by failing to compensate for all hours worked, pay overtime wages, minimum wages, reimbursements for business expenses, and wages due upon termination, and failing to provide meal periods, rest breaks, and accurate itemized wage statements, and unfair competition. Based on the same claims, Plaintiff has also asserted a claim for civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698, et seq.) ("PAGA"). Plaintiff is represented by attorneys in the Action: Young W. Ryu, Esq. of LOYR, APC. ("Class Counsel.")

Defendants strongly deny violating any laws or failing to pay any wages and contend that they complied with all applicable laws.

II. WHAT DOES IT MEAN THAT THE ACTION HAS SETTLED?

So far, the Court has made no determination whether Plaintiff or Defendants are correct on the merits. In the meantime, Plaintiff and Defendants hired an experienced, neutral mediator in an effort to resolve the Action by negotiating an 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 Defendants 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, Defendants 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) Defendants have 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 and PAGA Employees. The Court preliminarily approved the proposed Settlement as fair, reasonable and adequate, authorized this Notice, and scheduled a hearing to determine Final Approval.

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

- A. Defendants Will Pay \$225,000 as the Gross Settlement Amount (Gross Settlement Amount). Defendant CSS Distributions, Inc. have agreed to deposit the Gross Settlement Amount into an account controlled by the Administrator of the Settlement. The Administrator will use the Gross Settlement Amount to pay the Individual Class Payments, Individual PAGA Payments, Class Representative Service Payment, 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, Defendants CSS Distributions, Inc. shall fully fund the Gross Settlement Amount by transmitting the funds to the Administrator within thirty (30) calendar days after Final Approval.

The Judgment will be final on the date the Court enters Judgment, or a later date if Participating Class Members object to the proposed Settlement or the Judgment is appealed.

- A. Court Approved Deductions from Gross Settlement Amount. At the Final Approval Hearing, Plaintiff and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement Amount, the amounts of which will be decided by the Court at the Final Approval Hearing:

1. Up to \$75,000 (33.33% of the Gross Settlement Amount) to Class Counsel for attorneys' fees and up to \$15,000 for their litigation expenses. To date, Class Counsel have worked and incurred expenses on the Action without payment.
2. Up to \$5,000 as a Class Representative Service Payment for filing the Action, working with Class Counsel and representing the Class. A Class Representative Service Payment will be the only monies Plaintiff will receive other than Plaintiff's Individual Class Payment and any Individual PAGA Payment.
3. Up to \$5,750 to the Administrator for services administering the Settlement.
4. Up to \$50,000 for PAGA Penalties, allocated 75% (\$37,500) to the LWDA PAGA Payment and 25% (\$12,500) in Individual PAGA Payments to the PAGA Employees based on their PAGA Period Pay Periods.

Participating Class Members have the right to object to any of these deductions. See **Section VII** of this Notice. The Court will consider all objections.

- B. Net Settlement Amount Distributed to Settlement Class Members. 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 based on the number Workweeks they worked during the Class Period, and Individual PAGA Payments to the PAGA Members based on the number of PAGA Pay Periods worked during the PAGA Period.
- C. Taxes Owed on Payments to Class Members. Plaintiff and Defendants are asking the Court

to approve an allocation of 1/3 of each Individual Class Payment to taxable wages (“Wage Portion”), 1/3 to penalties, and the remaining 1/3 to interest (“Non-Wage Portion”). The Wage Portion is subject to tax withholdings and will be reported on an IRS W-2 Form. (Defendants’ share of payroll taxes owed on the Wage Portion will be included in the Gross Settlement Fund.) 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 Defendants 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.

- D. 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 deposited with the California Controller’s Unclaimed Property Fund.
- E. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Settlement Class Member, participating fully in the Class Settlement, unless you notify the Administrator in writing, not later than forty-five (45) days after the Notice is sent out to you, 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 **[Response Deadline]**. The Request for Exclusion should be a letter from a Class Member or his/her representative setting forth Class Member’s name, present address, telephone number, and signature, and a simple statement electing to be excluded from the Settlement. Excluded Class Members (i.e., Non-Participating Class Members) will not receive Individual Class Payments but will preserve their rights to personally pursue wage and hour claims against Defendants.

You cannot opt-out of the PAGA 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 Defendants based on the PAGA Period facts alleged in the Action.

- F. 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. Plaintiffs and Defendants have agreed that, in either case, the Settlement will be void: Defendants will not pay any money and Class Members will not release any claims against Defendants.
- G. Administrator. The Court has appointed a neutral company, ILYM Group, Inc. (the “Administrator”) to send this Notice, calculate and make payments, and process Class Members’ Requests for Exclusion. The Administrator will also decide a Class Member’s challenge over Workweeks or Pay Periods stated on the first page of this Notice, mail and re-mail settlement checks and tax forms, and perform other tasks necessary to administer

the Settlement. The Administrator's contact information is contained in **Section IX** of this Notice.

- H. Settlement Class Members' Release. After the Judgment is final and Defendants have fully funded the Gross Settlement Amount, Settlement 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 excluding yourself from the Class Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against Defendants or related entities for wages based on the facts in the Operative Complaint and PAGA penalties based on the facts in the PAGA Notice, as alleged in the Action and resolved by this Settlement.

The Settlement Class Members will be bound by the following release:

All Settlement Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint or PAGA Notice; and ascertained in the course of the Action, including any and all claims involving any alleged failure to compensate for all hours worked; alleged failure to pay penalties for missed meal and rest breaks; alleged failure to pay minimum wages; failure to pay overtime wages; alleged failure to furnish accurate, itemized wage statements; alleged failure to pay compensation upon termination of employment; alleged failure to reimburse business expenses; alleged violation of Labor Code section 2698, et seq. ("PAGA"); alleged violation of California's unfair business practices and unfair competition laws; alleged violation of inspection of personnel and payroll records; alleged violation of the California Industrial Welfare Commission's ("IWC") Wage Orders; alleged violation of the California Labor Code sections 200, 201, 202, 203, 204, 210, 218.5, 225.5, 223, 226, 226.3, 226.7, 227.3, 226.8, 432, 500, 510, 512, 558, 558.1, 1171, 1173, 1174, 1182.12, 1194, 1194.2, 1198, 1198.5, 1197, 1197.1 and/or 1198.5; (ii) any and all claims that could have been asserted based on the facts alleged in the Operative Complaint or PAGA Notice; (iii) any and all claims which were asserted leading up to and during mediation; (iv) and any damages, premiums, penalties, liquidated damages, interest, punitive damages, costs, attorneys' fees, injunctive relief, declaratory relief, or accounting based on the Operative Complaint or PAGA Notice and which occurred during the Class Period. Except as set forth in Section 6.3 of this Agreement, Settlement Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

- I. PAGA Employees' PAGA Release. After the Court's judgment is final, and Defendants have paid the Gross Settlement Amount (and separately paid the employer-side payroll taxes), all PAGA Employees will be barred from asserting PAGA claims against Defendants, whether or not they exclude themselves from the Settlement. This means that all PAGA Employees, including those who are Settlement Class Members and those who opt-out of the Class Settlement, cannot sue, continue to sue, or participate in any other PAGA claim against Defendants or its related entities based on the facts alleged in the PAGA Notice, and Action and resolved by this Settlement.

The PAGA Employees' Releases for Participating and Non-Participating Class Members are as follows:

All Non-Participating Class Members, as well as Settlement Class Members, who are PAGA Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from (i) all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and the PAGA Notice, including but not limited to any alleged failure to compensate for all hours worked; alleged failure to pay penalties for missed meal and rest breaks; alleged failure to pay minimum wages; failure to pay overtime and double time wages; alleged failure to reimburse business expenses; alleged failure to furnish accurate, itemized wage statements; alleged failure to pay compensation upon termination of employment; alleged violation of California's unfair business practices and unfair competition laws; alleged failure to maintain accurate and complete employee, payroll, and time records; alleged violation of the California Industrial Welfare Commission's ("IWC") Wage Orders; alleged violation of the California Labor Code sections 200, 201, 202, 203, 204, 204b, 204(d), 210, 218.5, 225.5, 221-223, 226, 226(a), 226(e), 226.3, 226.6, 226.7, 227.3, 245-248.5, 256, 432.5, 432.7, 500, 510, 512, 512(a), 558, 558.1, 1024.5, 1171, 1173, 1174, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 1198.5, 1199, 2442, 2698, 2699, 2802, and 2810.5; (ii) any and all PAGA claims that could have been asserted based on the facts alleged in the Operative Complaint and PAGA Notice; (iii) any and all PAGA claims which were asserted leading up to and during mediation; (iv) and any damages, civil penalties, interest, punitive damages, costs, attorneys' fees, based on the Operative Complaint and PAGA Notice, and which occurred during the PAGA Period.

IV. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

1. Individual Class Payments. The Administrator will calculate Individual Class Payments by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Settlement Class Members during the Class Period, and (b) multiplying the result by each Settlement Class Member's Workweeks during the Class Period.
2. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) **dividing \$** _____ by the total number of PAGA Pay Periods worked by all PAGA Employees during the PAGA Period and (b) multiplying the result by each PAGA Employee's PAGA Pay Periods worked during the PAGA Period .
3. Workweek/Pay Period Challenges. The number of Workweeks you worked during the Class Period and the number of PAGA Pay Periods you worked during the PAGA Period, as recorded in Defendants' records, are stated in the first page of this Notice. You have until **[Response Deadline]** to challenge the number of Workweeks and/or 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 IX** 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 Defendants' calculation of Workweeks and/or Pay Periods based on Defendants' 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 and/or Pay Period challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and Defendants' Counsel. The Administrator's decision is final. You can't appeal or otherwise challenge its final decision.

V. HOW WILL I GET PAID?

- A. Settlement Class Members. The Administrator will send, by U.S. mail, a check to every Settlement Class Member (i.e., every Class Member who doesn't opt-out), including those who also qualify as PAGA Employees. The Administrator may send Settlement Class Members and PAGA Employees a single check combining the Non-Wage Portion of the Individual Class Payment and the Individual PAGA Payment, and a separate check for the Wage Portion of the Individual Class Payment.
- B. Non-Participating Class Members. The Administrator will send, by U.S. mail, a single Individual PAGA Payment check to every PAGA Employee who opts out of the Class Settlement (i.e., every Non-Participating Class Member).

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 IX of this Notice has the Administrator's contact information.

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

Submit a written and signed letter with your name, present address, telephone number, your signature, 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 to be excluded. Be sure to personally sign your request, identify the Action as *Carlos Manzo v. CSS Distributions, Inc., et al.*, and include your identifying information (full name, address, telephone number, and approximate dates of employment for verification purposes). If someone else makes a request for exclusion on your behalf, it must contain all the identifying information and reasonably communicate your election to be excluded from the Settlement. **The Administrator must be sent your request to be excluded by Response Deadline, or it will be invalid.** Section IX of this Notice has the Administrator's contact information.

VII. HOW DO I OBJECT TO THE SETTLEMENT?

Only Settlement Class Members have the right to object to the Settlement. Before deciding whether to object, you may wish to see what Plaintiff and Defendants are asking the Court to approve. At least sixteen (16) court days before the 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 Service Payment stating (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; and (ii) the amount Plaintiff is requesting as a Class Representative Service Payment. Upon reasonable

request, Class Counsel (whose contact information is in **Section IX** of this Notice) will send you copies of these documents at no cost to you. You can also view them on the Court's website <https://www.lacourt.org/>.

A Settlement Class Member who disagrees with any aspect of the Agreement, the Motion for Final Approval and/or Motion for Fees, Litigation Expenses and Service Payment 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 [Response Deadline]**. 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, *Carlos Manzo v. CSS Distributions, Inc., et al.*, and include your name, current address, telephone number, and approximate dates of employment for Defendants and sign the objection. **Section IX** of this Notice has the Administrator's contact information.

Alternatively, a Settlement 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 VIII** of this Notice (immediately below) for specifics regarding the Final Approval Hearing.

VIII. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing on **[Date]** at **[Time]** in Department SSC10 of the Los Angeles Superior Court – Spring Street Courthouse, located at 312 N Spring St, Los Angeles, CA 90012. At the Hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement Amount 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) either personally or virtually via <https://www.lacourt.org>. 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 <https://www.lacourt.org> beforehand or contact ClassCounsel to verify the date and time of the Final Approval Hearing.

IX. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything Defendants and Plaintiff have promised to do under the proposed Settlement. You can also telephone or send an email to Class Counsel or the Administrator using the contact information listed below, or consult the Superior Court website by going to <https://www.lacourt.org/casesummary/ui/index.aspx?casetype=civil> and entering the Case Number for the Action, Case No. 21STCV38076. You can also make an appointment to personally review court documents in the Clerk's Office at the Spring Street Courthouse by calling (213) 310-7000.

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

Class Counsel:

Name of Attorney: Young W. Ryu, Esq.

Email Address: young.ryu@loywr.com

Name of Firm: LOYR, APC

Mailing Address: 1055 West 7th Street, Suite 2290, Los Angeles CA 90017

Telephone: (213) 318-5323

Settlement Administrator:

Name of Company: ILYM Group, Inc.

Email Address: CaseSupport@ILYM.com

Mailing Address: 14751 Plaza Dr., Ste J Tustin, CA 92780

Telephone: (888) 250-6810

X. 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.

XI. 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.