

URBAN FULFILLMENT SERVICES, LLC “WAGE AND HOUR”
CLASS ACTION SETTLEMENT AGREEMENT
AND RELEASE OF CLAIMS

This Class Action Settlement Agreement and Release of Claims (“Settlement Agreement”) is entered into by and between Urban Fulfillment Services, LLC, formerly known as Prodovis Mortgage, LLC, and incorrectly named in the Action (defined below) as defendant Urban Lending Solutions, LLC (“Defendant”) and Representative Plaintiff Anita Ragano (“Representative Plaintiff,” “Class Representative” and/or “Plaintiff”) on behalf of herself individually, and on behalf of all members of the “Plaintiff Class” as described herein.

DEFINITIONS

1. “Action” is the civil action filed December 21, 2015 in the Los Angeles Superior Court entitled Anita Ragano v. Urban Lending Solutions, LLC, case number BC604856.
2. “Class Counsel” is Scott Edward Cole, Esq. of Scott Cole & Associates, APC.
3. “Class Period” and “Plaintiff Class” are as defined in the Complaint filed in the Action.
4. “Class Notice Package” means the Class Notice and Claim Form, in a form substantially similar to the attached Exhibits A and B, respectively, subject to Court approval, and incorporated by reference into this Settlement Agreement.
5. “Complaint” is the operative Class Action complaint filed in the Action.
6. “Defendant’s Counsel” is E. Sean McLoughlin, Esq. of Hill, Farrer & Burrill, LLP.
7. “Minimum Distribution” means 65% of the Net Settlement Fund. For purposes of determining the satisfaction of the Minimum Distribution, the Settlement Administrator shall include any individual settlement payments made by Defendant to Class Members for the claims settled and released by this Settlement Agreement, and all payments made to Qualified Claimants.
8. “Gross Settlement Amount” refers to the maximum amount of Four Hundred and Seventy-Five Thousand Dollars (\$475,000) that Defendant will make available for payment pursuant to this Settlement Agreement.
9. “Net Settlement Fund” shall be calculated by deducting Class Counsel’s approved attorneys’ fees and litigation costs, and the fees and expenses of the Settlement Administrator, the Enhancement Award, and the 75% of the PAGA Payment due to LWDA from the Gross Settlement

Amount, and shall equal the amount of Individual Settlement Shares potentially due to the Settlement class consistent with the Claims Process described herein.

10. "Parties" refers to the Class Representative, the Plaintiff Class, and Defendant, collectively.

11. "Plaintiff Class" comprises the following class alleged in the Complaint, for the period of April 1, 2014 through March 31, 2016, inclusive: "All persons who are and/or were employed as hourly non-exempt employees by Defendant in Westlake Village, California at any time from April 1, 2014 through March 31, 2016, inclusive."

12. "Qualified Claimant" and/or "Settlement Class" mean all members of the Plaintiff Class who do not timely submit a valid opt-out form and who timely submit a claim form consistent with the Claim Process as described herein. No member of the Plaintiff Class who has previously received a settlement payment from Defendant for a general release that includes the claims settled and released by this Settlement Agreement may be a Qualified Claimant.

13. "Settlement Administrator" refers to the third party company responsible for administering the Settlement. Class Counsel will obtain bids from various such companies for the administration of this Settlement and the Parties will select the most cost efficient bidder. The Parties estimate that the fees and costs paid to the Settlement Administrator will be approximately Fifteen Thousand dollars (\$15,000.00).

14. "Settlement Administration Expenses" are those expenses incurred by the Settlement Administrator in effectuating the Settlement.

15. "Settlement Period" is April 1, 2014 through March 31, 2016, inclusive.

BACKGROUND

16. This Settlement Agreement affects claims of the Plaintiff Class arising during the Class Period alleged in the Complaint. Plaintiff alleges that Defendant violated wage and hour laws and seeks, on Plaintiff's own behalf, and on behalf of the class alleged therein, unpaid wages and interest thereon, premium pay, statutory and civil penalties, liquidated damages, injunctive and other equitable relief, and reasonable attorneys' fees and costs, under, *inter alia*, Title 8 of the California Code of Regulations, Business & Professions Code §§ 17200, *et seq.*, various Industrial Welfare Commission Wage Order(s), California Code of Civil Procedure §1021.5, and various provisions of the California Labor Code.

17. Defendant denies that it violated the law in any manner alleged in the Complaint or otherwise. Nothing contained herein, nor the consummation of this Settlement Agreement, is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing by Defendant.

18. The Parties intend to fully, finally, and forever settle, compromise, and discharge all disputes and claims alleged by the Plaintiff Class in the Complaint and arising from Defendant's acts or omissions during the Settlement Period, as well as known and unknown claims which could have been asserted based on the specific factual allegations contained in the Complaint, including, but not limited to claims for unpaid wages, unpaid overtime, unpaid premium pay, record-keeping violations, paycheck violations, meal period and rest period violations, "waiting time" penalties and civil penalties authorized by Labor Code section 2699, which arose between April 1, 2014 and March 31, 2016, inclusive.

19. The Parties intend that this Settlement Agreement shall include a full and complete settlement and release, as described herein, and which includes in its effect all of Defendant's present and former parent companies, subsidiaries, and affiliates, including without limitation Urban Settlement Services, LLC, doing business as Urban Lending Solutions, and each of their owners, shareholders, officers, directors, employees, agents, attorneys, insurers, payroll providers, and predecessors or successors in interest.

20. Class Counsel represent that they have conducted a sufficiently thorough investigation into the claims of the Plaintiff Class against Defendant. Based on their own independent investigation and evaluation and all known facts and circumstances, including the risk of significant defenses asserted by Defendant, Class Counsel are of the opinion that the Settlement is fair, reasonable, and adequate and is in the best interest of the Plaintiff Class.

21. The Parties agree to cooperate and take all steps necessary and appropriate to obtain preliminary and final approval of this Settlement and to effectuate all aspects of this Settlement Agreement.

**CERTIFICATION OF THE PLAINTIFF CLASS
FOR SETTLEMENT PURPOSES ONLY**

22. For settlement purposes only, the Parties agree that the Plaintiff Class shall be certified. This Settlement Agreement is contingent upon the approval and certification by the Court of the Plaintiff Class for settlement purposes only. Defendant does not waive, and instead expressly reserves, its rights

to challenge the propriety of class certification for any purpose should the Court not approve the Settlement Agreement. In connection with the proposed certification of the Plaintiff Class, the Parties shall cooperate and present to the Court for its consideration competent evidence, as may be requested by the Court, under the applicable due process requirements and standards for class certification.

SETTLEMENT APPROVAL PROCEDURE

23. This Settlement Agreement implements in detail a settlement reached during mediation which resulted in a memorandum of understanding that provided for the drafting of a long-form agreement, and this Settlement Agreement will become final and effective upon occurrence of all of the events described in paragraphs 24 through 28, inclusive.

24. Execution of this Settlement Agreement by the Parties and their respective counsel of record.

25. Entry of an Order by the Court (a) granting preliminary approval of the Settlement Agreement, including conditional certification of the Plaintiff Class for settlement purposes only, (b) approving the proposed Class Notice and Claim Form (the Parties' proposed forms are attached hereto as Exhibits A and B, respectively), and (c) scheduling a hearing date for final approval of the Settlement Agreement.

26. Filing by Class Counsel, at least five (5) calendar days prior to the final approval hearing, the Settlement Administrator's verification, in writing, that the Class Notice Package to the Plaintiff Class has been disseminated in accordance with the Court's preliminary approval Order.

27. Entry of an Order by the Court granting final approval of the Settlement Agreement.

28. Occurrence of the "Effective Date," which, if there are no timely objections by members of the Plaintiff Class and/or any such objections have been withdrawn prior to the final approval hearing, shall be the date the Court signs an Order granting final approval of the Settlement Agreement. If timely objections are submitted by one or more members of the Plaintiff Class which are not thereafter withdrawn prior to the final approval hearing, the Effective Date shall be the date that the Court's Order granting final approval to the Settlement Agreement is no longer appealable or if such an appeal is filed, the date on which the appeal is final.

SETTLEMENT PAYMENT AND CALCULATION OF CLAIMS

29. In consideration of the mutual covenants and promises set forth herein, the Parties agree, subject to the Court's approval, as follows:

30. **Settlement Amount:** Defendant agrees to pay up to Four Hundred and Seventy-Five Thousand Dollars (\$475,000). This amount includes: (i) payments made to Qualified Claimants as described in this Settlement Agreement on a claims-made basis; (ii) an Enhancement Award (i.e., service payment) to the Class Representative (of up to \$5,000); (iii) \$2,500 for the release of any PAGA claims that could be asserted; (iv) fees and expenses of the Settlement Administrator; (v) Class Counsel's approved attorneys' fees (of up to \$158,333.33); and (vi) Class Counsel's approved litigation costs (of up to \$20,000.00). Defendant shall wire the actual amount of the Gross Settlement Amount necessary to satisfy payment of (i) through (vi) to the Settlement Administrator within five (5) days of the Effective Date.

- a. **Attorney's Fees and Costs:** In conjunction with final approval of this Settlement Agreement, Class Counsel will apply to the Court for an award of attorneys' fees in an amount totaling up to one-third (33 1/3%) of the Gross Settlement Fund (i.e., \$158,333.33), plus actual costs (not to exceed \$20,000). Defendant will not oppose such application. If the Court does not approve an award of one-third (33 1/3%) of the Gross Settlement Amount, the difference between this amount and the actual amount approved shall be added to the Net Settlement Fund to be distributed to the Settlement Class Members, according to the formula set forth below, but shall not cause amount of the Minimum Distribution to increase. These fees and costs are included in, and come from, the Gross Settlement Amount and will be paid directly to Class Counsel by the Settlement Administrator within ten (10) business days after Defendant funds the Settlement. Class Counsel will be issued an IRS Form 1099 for their award of attorneys' fees.
- b. **Enhancement Award:** Subject to Court approval, in addition to any payment the Representative Plaintiff receives in her capacity as a Class Member, the Representative Plaintiff will individually receive an Enhancement Award from the Gross Settlement Amount for her services as a Class Representative in an amount up to Five Thousand

Dollars (\$5,000). If the Court does not approve an award of Five Thousand Dollars (\$5,000) for the Class Representative, the difference between this amount and the actual amount approved shall be added to the Net Settlement Fund to be distributed to the Settlement Class Members, according to the formula set forth below, but shall not cause amount of the Minimum Distribution to increase. The Class Representative's Enhancement Award will be distributed by the Settlement Administrator within ten (10) business days after Defendant funds the Settlement and will include the issuance of an IRS Form 1099 in connection with this payment.

- c. Settlement Awards to Class Members: Each member of the Plaintiff Class shall be entitled to submit a claim in order to receive a pro rata portion of the Net Settlement Fund (his/her "Individual Settlement Share"), calculated based upon the number of weeks worked during the Settlement Period, divided by the total number of workweeks worked by all Plaintiff Class Members during the Settlement Period. Each eligible member of the Plaintiff Class who does not opt out of the Settlement and who instead submits a claim form shall be deemed a Qualified Claimant. The Settlement Administrator will calculate the number of workweeks worked by Qualified Claimants, the amount to be paid per workweek, and the Individual Settlement Share to be paid to each Qualified Claimant. If the aggregate amount of Qualified Claimants' Individual Settlement Shares equals less than the Minimum Distribution, then each Qualified Claimants' Individual Settlement Share will be increased on a pro-rata basis until the aggregate amount of the Qualified Claimants' Individual Settlement Shares equals the Minimum Distribution. Any unclaimed amount of the Net Settlement Fund will not be funded by Defendant. This formula was devised as a practical and logistical tool to simplify and keep most equitable the claim process and the relative value of Qualified Claimants' Individual Settlement Shares, and it is understood that the Gross Settlement Amount may have been set at a value substantially less, absent these provisions, thereby devaluing the entitlement of Qualified Claimants' recovery. Moreover, this structure is necessary to balance the interests of and avoid a conflict between the Plaintiff Class, which is comprised of former employees, and the current and future employees of Defendant who are not within the

Plaintiff Class but who have an interest in the continued viability of Defendant's business operations. Settlement Class Members' settlement checks shall be distributed by the Settlement Administrator within ten (10) business days after Defendant funds the Settlement.

- d. Payments to the California Labor & Workforce Development Agency: The Parties shall apply to the Court for approval of a payment under the PAGA, Labor Code §§ 2699, *et seq.* The Parties have agreed to allocate Two Thousand Five Hundred Dollars (\$2,500) (the "PAGA Payment") from the Gross Settlement Amount towards a release of the PAGA claims, as described more fully herein. The Parties agree that this amount is reasonable in light of the facts and circumstances presented in the Action. If approved, the California Labor & Workforce Development Agency ("LWDA") shall be paid 75% of the total amount allocated towards PAGA claims from the Gross Settlement Amount within ten (10) business days after Defendant funds the Gross Settlement Fund noted herein. If approved, 25% of the total amount allocated towards PAGA claims shall be included in the calculation of the Net Settlement Fund and the Individual Settlement Shares thereafter be distributed to the Settlement Class in accordance with the terms of this agreement. In the event the LWDA or Court rejects this allocation, the parties will meet and confer with the Court and the LWDA to reach a penalty allocation that is acceptable to all parties and that does not materially alter the terms of the Settlement Agreement. Notably, the LWDA has been notified of the pendency of this action, and has elected not to pursue penalties or any other remedy for the alleged violations described in the Complaint.
- e. Cost of Settlement Administration: The fees and expenses of the Settlement Administrator shall be paid from the Gross Settlement Amount within ten (10) business days after Defendant funds the Settlement. If Defendant opts to terminate the Settlement Agreement pursuant to the terms of this agreement, then Defendant shall bear the cost of such fees and expenses. If the Settlement Agreement is not given final approval by the Court for any other reason, the Parties shall bear the cost of such fees and expenses equally.

ALLOCATION AND TAX TREATMENT

31. The Parties agree that one-third (33 1/3%) of the Individual Settlement Share that is distributed to each Qualified Claimant will be considered wages, one-third (33 1/3%) will be considered penalties, and one-third (33 1/3%) will be considered interest. The wages portion will be reported as such to each Qualified Claimant on a Form W-2. The penalties and interest portions will be reported as such to each Qualified Claimant via an IRS Form 1099.

32. Any tax obligation arising from the Settlement Payments, the Class Representative's Enhancement Award, and/or Class Counsels' fees and costs made under the terms of this Agreement will be the sole responsibility of each person receiving such payment(s). Each Qualified Claimant is responsible to pay his or her portion of the taxes due on any payment he or she receives under this Settlement Agreement.

33. The employer's taxes include all statutory FICA, FUTA and California payroll and withholding taxes arising from any payments to Qualified Claimants. These taxes are included in the Gross Settlement Amount and may be paid from any unclaimed amount of the Net Settlement Fund. Such amounts will be computed by the Settlement Administrator based on the amounts paid to the Qualified Claimants. The Settlement Administrator shall be responsible for making all necessary payments and filings in connection with such payments.

APPOINTMENT OF SETTLEMENT ADMINISTRATOR

34. The Settlement Administrator will perform the duties of distributing notice, independently reviewing requests for exclusion and objections, and verifying and distributing any amounts due to Qualified Claimants as described in this Settlement Agreement. The Settlement Administrator will report, in summary or narrative form, the substance of its findings. All disputes relating to the Settlement Administrator's ability and need to perform its duties shall be referred to the Court, if necessary, which will have continuing jurisdiction over the terms and conditions of this Settlement Agreement, until all payments and obligations contemplated by the Settlement Agreement have been fully carried out.

NOTICE TO THE PLAINTIFF CLASS

35. Subject to Court approval of content, the Class Notice Package shall be sent to the Plaintiff Class, by first class mail, within fifteen (15) calendar days of the entry of an Order granting

preliminary approval of this Settlement Agreement. The Class Notice will, subject to Court approval, advise all Class Members of the nature of the case, the terms of the Settlement, the binding nature of the release, the final approval hearing date, and Class Members' right to make a claim, opt-out, or object. Class Members shall not be required to pay return postage on the Claim Form and the cost of such postage shall be included in the fees and costs of the Settlement Administrator.

36. Within five (5) business days of notice of the entry of an Order granting preliminary approval of the Settlement and Class Notice Package, Defendant will provide the Settlement Administrator the best information in its possession, custody, or control with respect to the names, last known addresses, home telephone number, and e-mail address for each member of the Plaintiff Class, and the dates of service and number of workweeks that each member of the Plaintiff Class worked for Defendant during the Settlement Period. In addition thereto, Defendant will provide Social Security numbers for members of the Plaintiff Class to the Settlement Administrator. Defendant agrees to provide this information in a format reasonably acceptable to the Settlement Administrator. The Settlement Administrator shall keep and maintain the information as confidential and shall only use the Social Security information for purposes of this settlement and to locate members of the Plaintiff Class and confirm the identities of Qualified Claimants.

37. The Settlement Administrator will use the United States Postal Service National Change of Address ("NCOA") List to verify the accuracy of all addresses before the initial mailing date to ensure that the Class Notice Package is sent to all Plaintiff Class Members at the addresses most likely to result in immediate receipt of the claim documents. It will be conclusively presumed that if an envelope so mailed has not been returned within thirty (30) days of the mailing that the Class Member received the Class Notice Package. With respect to any returned envelopes, the Settlement Administrator will perform a routine skip trace procedure to obtain a current address and, if an updated address is located, then re-mail the envelope to such address within five (5) calendar days of the receipt of the returned envelope. Plaintiff Class Members to whom Class Notice Packages were re-sent after having been returned undeliverable to the Settlement Administrator shall have ten (10) calendar days thereafter to make a claim, object, or opt-out of the settlement. Class Notice Packages that are re-mailed shall be accompanied by a short cover letter from the Settlement Administrator informing the recipient

of this adjusted deadline. No third mailing shall occur without good cause, as determined by the Settlement Administrator.

38. Class Counsel shall provide the Court, at least five (5) calendar days prior to the final approval hearing, a declaration by the Settlement Administrator of due diligence and proof of mailing with regard to the mailing of the Class Notice Package.

CLAIMS PROCESS

39. Members of the Plaintiff Class may submit claims by following the directions on the Claim Form. A valid Claim Form must be postmarked not more than sixty (60) calendar days after the date the Class Notice Package is mailed to the Plaintiff Class (or not more than ten (10) calendar days after the date the Class Notice Package is re-mailed, in the circumstance described above).

40. Members of the Plaintiff Class may opt-out of the Settlement by following the directions in the Class Notice Package. Any such request must be postmarked not more than sixty (60) calendar days after the date the Class Notice Package is mailed to the Plaintiff Class (or not more than ten (10) calendar days after the date the Class Notice Package is re-mailed, in the circumstance described above). Requests to opt-out that do not include all required information, or that are not submitted on a timely basis, will be deemed null, void, and ineffective. Persons who are eligible to and do submit valid and timely requests to opt-out of the Settlement will not participate in the Settlement, nor will they be bound by the terms of the proposed Settlement, if it is approved, or the Final Judgment in this Action.

41. By signing this agreement, the Class Representative waives her right to opt-out from the Settlement Class and any such request for an exclusion will be void and of no force and effect.

42. Objections to the Settlement must be mailed (postmarked) to the Settlement Administrator no later than sixty (60) calendar days after the Class Notice Package is mailed (or not more than ten (10) calendar days after the date the Class Notice Package is re-mailed, in the circumstance described above). The Settlement Administrator will transmit copies of any objections received to counsel for all Parties, and will file or lodge copies with the Court at least twenty-one (21) calendar days before the Final Approval Hearing.

43. Objections must describe why the objector believes the Settlement is unfair and whether the objector intends to appear at the final approval hearing. If an objector wishes for his or her attorney to appear at the final approval hearing, the attorney must file a notice of appearance with the Court and

serve counsel for all Parties, no later than sixty (60) calendar days after the Class Notice Package is mailed (or not more than ten (10) calendar days after the date the Class Notice Package is re-mailed, in the circumstance described above). Deficient or untimely objections shall not be considered. Class Members who fail to file and serve timely written objections in the manner specified above shall be deemed to have waived any objections and shall be foreclosed from making any objection (whether by appeal or otherwise) to the Settlement, unless otherwise ordered by the Court. Class Counsel and Defendant's Counsel may, at least ten (10) days (or some other number of days as the Court shall specify) before the Final Approval Hearing, file responses to any written objections submitted to the Court.

44. Upon completion of its calculation of payments, the Settlement Administrator will provide Class Counsel and Defendant's Counsel with a report listing the amount of all payments to be made to each Qualified Claimant. The Settlement Administrator's report shall not include Qualified Claimants' personal identifying information such as name, address, telephone number, email address, or Social Security number. After receiving the Settlement Administrator's report, Class Counsel and Defendant's Counsel shall jointly review the Settlement Administrator's report to determine if the calculation of payments to Settlement Class members is consistent with this Settlement.

45. Defendant will not retaliate against members of the Plaintiff Class for any actions taken or not taken with respect to this Settlement or retaliate against the Class Representative for filing the litigation, and in response to any inquiry concerning the Class Representative, Defendant will only provide a neutral statement regarding the Class Representative as to her dates of service and job title.

CLAIM FORM DISPUTE PROCESS

46. The Claim Form will apprise each member of the Plaintiff Class of the approximate dates he or she held an eligible position during the Settlement Period as well as his or her total number of workweeks. These calculations shall be based on Defendant's records. Defendant's records are presumed to be accurate, subject to correction by any Qualified Claimant.

47. If a member of the Plaintiff Class does not wish to challenge the information set forth in the Claim Form, then the member need only complete and return the Claim Form, and payment will be made based on Defendant's records.

48. If a member of the Plaintiff Class wishes to challenge the information set forth in the Claim Form, then the member must submit a written, signed challenge along with supporting documents, if any exist, to the Settlement Administrator at the address provided on the Claim Form within sixty (60) calendar days of the date the Class Notice Package was mailed to the member of the Plaintiff Class (or within ten (10) calendar days of the date the Class Notice Package was re-mailed, in the circumstance described above).

49. No dispute will be considered timely if it is postmarked more than the number of days set forth in the preceding paragraph of this agreement. Absent an agreement between Class Counsel and Defendant's Counsel regarding how to address the dispute, the Settlement Administrator shall have authority to resolve the challenge and make a final and binding determination without hearing or right of appeal. Defendant agrees to provide the Settlement Administrator with additional documents necessary to assess the challenge, if such documents exist. All disputes shall be resolved, either by agreement of Class Counsel and Defendant's Counsel, or by decision of the Settlement Administrator as provided herein, prior to submitting the Settlement Administrator's declaration to the Court for final approval.

50. Settlement checks issued to the Class Representative and Qualified Claimants shall remain valid for one hundred and eighty (180) calendar days from the date of issuance. This expiration or cancellation date shall be clearly printed on the front of the check ("Void Date"). If the Class Representative or any Qualified Claimants do not cash their settlement payment check(s) by the Void Date, the Settlement Administrator will reissue the checks and deliver them to the California Labor Commissioner for further attempts to locate the payee as provide for by the Labor Code and applicable regulations. Settlement checks can be reissued to Qualified Claimants upon request within this 180 day period but any reissued checks shall have the same Void Date as the original settlement check. Those Qualified Claimants who fail to cash their settlement checks will be deemed to have waived irrevocably any right in or claim to a settlement share paid directly by Defendant, but the Settlement Agreement shall remain binding upon them.

RELEASES

51. Upon the final approval by the Court of this Settlement Agreement, and except as to such rights or claims as may be created by this Settlement Agreement, all members of the Plaintiff Class who do not timely request exclusion fully release and discharge Defendant and Defendant's present and

former parent companies, subsidiaries, and affiliates, including without limitation Urban Settlement Services, LLC, doing business as Urban Lending Solutions, and each of their owners, shareholders, officers, directors, employees, agents, attorneys, insurers, payroll providers, and predecessors, successors or assigns ("Releasees"), from any and all individual and class claims, debts, liabilities, demands, obligations, penalties, guarantees, costs, expenses, attorneys' fees, damages, action or causes of action of whatever kind or nature, whether known or unknown, that were actually alleged in the Complaint, as well as wage and hour class claims which could have been brought based on the specific factual allegations contained in the Complaint, including, but not limited to, any claims for unpaid wages, unpaid overtime, unpaid premium pay, record-keeping violations, paycheck violations, meal period and rest period violations, "waiting time" penalties and civil penalties under Labor Code section 2699, which arose between April 1, 2014 and March 31, 2016, inclusive.

52. In order to achieve a full and complete release of Releasees by the Settlement Class of all claims arising from or related to the Complaint, each member of the Settlement Class acknowledges that this Settlement Agreement is intended to include in its effect all claims that were asserted or reasonably could have been asserted in this action, including any related or derivative claims or claims that reasonably could have arisen out of the specific facts alleged in the Complaint. The Parties hereto, including the Class Members and Class Representative as the authorized representatives of the State of California and its LWDA, stipulate and agree that the individual Settlement Awards and PAGA Payment compensate the Class Members and the LWDA for all civil penalties that may be due under PAGA based upon the facts alleged in the Complaint. As such, once the Claims Administrator has distributed the payments under this Settlement Agreement, Defendant cannot be liable henceforth for any penalties pursuant to PAGA based on any alleged violation of the Labor Code occurring before the Final Judgment. The Parties, including the Class Members and Class Representative, further stipulate and agree that even if any Class Member is considered or determined to be an "aggrieved employee" for purposes of PAGA, said Class Member waives any potential right to any penalty prescribed by PAGA relating to the released claims described above, notwithstanding the LWDA's right, if any, to its portion of any related penalties. LWDA will receive notice of this proposed Settlement as required by Labor Code § 2699(1)(2) in advance of the Final Approval hearing and if LWDA does not object to the PAGA Payment and this paragraph, then the State of California and LWDA will be bound by the Final

Judgment to the extent it extinguishes any claim or cause of action for civil penalties authorized by Labor Code section 2699 for any alleged violation by Defendant or any the Releasees before the date of the Final Judgment.

53. Upon final approval by the Court of this Settlement Agreement, and for and in consideration of the payment of the Class Representative's Enhancement Awards for services performed on behalf of the Class, the Class Representative fully releases and discharges Releasees from any and all claims, debts, liabilities, demands, obligations, guarantees, costs, expenses, attorneys' fees and costs, damages, penalties, prejudgment interest, actions or causes of action of whatever kind or nature, whether known or unknown, which the Class Representative has ever had, or hereafter may claim to have, arising on or before the date that she signs this Settlement Agreement, including without limitation, any claims for unpaid compensation, wages, missed meal breaks, missed rest breaks, time-shaving, penalties, or waiting time penalties under the California Labor Code, the California Business and Professions Code, the federal Fair Labor Standards Act, 29 U.S.C. section 2012, *et seq.*, or any state, county or city law or ordinance regarding wages or compensation; any claims for employee benefits, including without limitation, any claims for under the Employee Retirement Income Security Act of 1974; any claims of unemployment discrimination on any basis, including without limitation, any claims under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866, 42 U.S.C. section 1981, the Civil Rights Act of 1991, the Americans with Disabilities Act of 1991, the Family and Medical Leave Act of 1993, the California Government Code, or any other state, county or city law or ordinance regarding employment discrimination or retaliation. The Class Representative acknowledges and agrees that the foregoing general release is given in exchange for the consideration provided to her under this Settlement Agreement by Defendant.

54. The Class Representative expressly waives any rights or benefits afforded by Section 1542 of the Civil Code of the State of California, and does so understanding the significance of that waiver. Section 1542 provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

DUTIES OF THE PARTIES PRIOR TO COURT APPROVAL

55. The Parties shall promptly submit this Settlement Agreement to the Court in support of Plaintiff's Motion for Preliminary Approval for determination by the Court as to its fairness, adequacy, and reasonableness and apply for the entry of a preliminary Order substantially in the following form:

- a. Scheduling a fairness hearing on the question of whether the proposed Settlement should be finally approved as fair, reasonable, and adequate as to the Plaintiff Class;
- b. Approving the proposed Class Notice Package;
- c. Preliminarily approving the Settlement; and
- d. Preliminarily certifying the Plaintiff Class for purposes of settlement only.

DUTIES OF THE PARTIES FOLLOWING FINAL COURT APPROVAL

56. Following final approval by the Court of this Settlement Agreement, Class Counsel will submit a proposed final Order and Final Judgment:

- a. Approving the Settlement Agreement, adjudging the terms thereof to be fair, reasonable, and adequate, and directing consummation of its terms and provisions;
- b. Approving and awarding Class Counsel's fees and costs, the settlement administration costs, and the Enhancement Award as set forth in the Settlement Agreement;
- c. Dismissing the claims released herein with prejudice as to the Representative Plaintiff and Settlement Class Members.
- d. Barring all Class Members, as well as the State of California and its LWDA, or any other person, including any allegedly aggrieved employee, acting on behalf of the State of California or its LWDA, from seeking or recovering any civil penalty provided by the Labor Code, including without limitation any civil penalty provided by Labor Code section 2699(a) or (f), from Defendants or any of the Releasees based on any act or omission alleged in the Complaint or based on any violation of the Labor Code occurring before the date of the Final Judgment.

VOIDING THE SETTLEMENT AGREEMENT

57. Defendant has the right to rescind the Settlement Agreement as a result of an opt-out percentage that equals or exceeds 10% of all members of the Settlement Class ("Excessive Opt-Out Percentage"). The Parties agree that, if the number of individuals opting out of the settlement equals or

exceeds the Excessive Opt-Out Percentage, Defendant may elect to terminate the Settlement Agreement by providing written notice to Class Counsel of same within ten (10) days after the expiration of the right of the Plaintiff Class Members to Opt-Out of the Settlement Agreement.

58. If the Court does not approve any material condition of this Settlement Agreement or effects a fundamental change of the Parties' Settlement, with the exception of any changes to the Class Notice Package, the award of Class Counsels' fees/costs, and the award of an Enhancement Award, then the entire Settlement Agreement will be voidable and unenforceable at the option of either Party hereto.

59. Either Party may void this Settlement Agreement as provided in the preceding Paragraph by giving notice in writing to all other Parties and the Court at any time prior to final approval of the Settlement Agreement by the Court.

PARTIES' AUTHORITY

60. The signatories represent that they are fully authorized to enter into this Settlement Agreement and bind the Parties to its terms and conditions.

MUTUAL FULL COOPERATION

61. The Parties agree to fully cooperate with each other to accomplish the terms of this Settlement Agreement, including, but not limited to execution of such documents as may reasonably be necessary to implement the terms of this Settlement Agreement. The Parties to this Settlement Agreement shall use their best efforts, including all efforts contemplated by this Settlement Agreement and any other efforts that may become necessary by order of the Court, or otherwise, to effectuate this Settlement Agreement. As soon as practicable after execution of this Settlement Agreement, Class Counsel shall, with the assistance and cooperation of Defendant's Counsel, take all necessary steps to secure the Court's preliminary and final approval of this Settlement Agreement. As of the date of execution of this Settlement Agreement, the Parties have reserved a hearing date of December 14, 2016 at 2 p.m. for the preliminary approval motion, which will be filed by November 22, 2016 following all Parties' execution of this Settlement Agreement. The filing date is a material term of this Settlement Agreement.

62. Defendant understands that in the course of applying for settlement approval, Plaintiff will be required to submit sufficient evidence to support the fairness of the proposed settlement terms. Defendant affirmatively agrees to assist and support Plaintiff in providing such evidence and, if

requested by Plaintiff, will provide declaration(s) or other admissible evidence reflecting class size, compensation information, and workweeks worked during the Settlement Period.

63. The Parties agree that neither they nor their counsel will solicit or otherwise encourage, directly or indirectly, Plaintiff Class members to request exclusion from the Settlement Class, object to the settlement, or appeal the final judgment.

NO ADMISSION OF LIABILITY

64. Each of the Parties has entered into this Settlement Agreement with the intention to avoid further disputes and litigation with the attendant risk, inconvenience, and expense. Nothing contained herein, nor the consummation of this Settlement Agreement, is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Defendant. This Settlement Agreement is a settlement document and shall, pursuant to California Evidence Code Section 1152, be inadmissible as evidence in any proceeding. The preceding sentence shall not apply to an action or proceeding to approve, interpret, or enforce this Settlement Agreement.

ENFORCEMENT OF THE SETTLEMENT AGREEMENT

65. In the event that one or more of the Parties to this Settlement Agreement institutes any legal action, arbitration, or other proceeding against any other Party or Parties to enforce the provisions of this Settlement Agreement or to declare rights and/or obligations under this Settlement Agreement, the successful Party or Parties shall be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

NOTICES

66. Unless otherwise specifically provided, all notices, demands or other communications in connection with this Settlement Agreement shall be: (1) in writing; (2) deemed given on the third business day after mailing; and (3) sent via United States registered or certified mail, return receipt requested, addressed as follows:

To Plaintiff:

Scott Edward Cole, Esq.
SCOTT COLE & ASSOCIATES, APC
1970 Broadway, Ninth Floor
Oakland, California 94612

To Defendant:

E. Sean McLoughlin, Esq.
HILL, FARRER & BURRILL LLP
One California Plaza, 37th Floor
300 South Grand Avenue
Los Angeles, California 90071

CONSTRUCTION AND INTERPRETATION

67. The Parties agree that the terms and conditions of this Settlement Agreement are the result of lengthy, intensive arm's-length negotiations between the Parties and that this Settlement Agreement shall not be construed in favor of or against any of the Parties by reason of their participation in the drafting of this Settlement Agreement.

68. Paragraph titles are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Settlement Agreement or any of its provisions. Each term of this Settlement Agreement is contractual and not merely a recital.

69. This Agreement shall be subject to and governed by the laws of the State of California. The parties acknowledge that they are subject to the continuing jurisdiction of the Court to enforce the terms of the Settlement contained herein.

MODIFICATION

70. This Settlement Agreement may not be changed, altered, or modified, except in writing and signed by counsel for the Parties, and approved by the Court. This Settlement Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by counsel for the Parties.

INTEGRATION CLAUSE

71. This Settlement Agreement contains the entire agreement between the Parties relating to any and all matters addressed in the Settlement Agreement, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a

Party's legal counsel, with respect to such matters are extinguished. No rights hereunder may be waived or modified except in a writing signed by all Parties.

BINDING ON ASSIGNS

This Settlement Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, trustees, executors, administrators, successors, and assigns.

CLASS COUNSEL SIGNATORIES

It is agreed that it is impossible or impractical to have each member of the Plaintiff Class execute this Settlement Agreement. The Class Notice will advise all Class Members of the binding nature of the release and such shall have the same force and effect as if each member of the Plaintiff Class executed this Settlement Agreement.

COUNTERPARTS

This Settlement Agreement may be executed in counterparts, and when each party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one Settlement Agreement, which shall be binding upon and effective as to all Parties. Copies of the executed agreement shall be effective for all purposes as though the signatures contained therein were original signatures.

IT IS SO AGREED,

CLASS REPRESENTATIVE:

DATED: 2/6, 2017

By:

DocuSigned by:
Anita Ragano
9E237E11A66449B...
ANITA RAGANO
Class Representative

DEFENDANT:

DATED: _____, 2017

URBAN FULFILLMENT SERVICES, LLC

By:

Daniel Chitwood

Title: Chief Financial Officer

Party or such Party's legal counsel, with respect to such matters are extinguished. No rights hereunder may be waived or modified except in a writing signed by all Parties.

BINDING ON ASSIGNS

72. This Settlement Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, trustees, executors, administrators, successors, and assigns.

CLASS COUNSEL SIGNATORIES

73. It is agreed that it is impossible or impractical to have each member of the Plaintiff Class execute this Settlement Agreement. The Class Notice will advise all Class Members of the binding nature of the release and such shall have the same force and effect as if each member of the Plaintiff Class executed this Settlement Agreement.

COUNTERPARTS

74. This Settlement Agreement may be executed in counterparts, and when each party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one Settlement Agreement, which shall be binding upon and effective as to all Parties. Copies of the executed agreement shall be effective for all purposes as though the signatures contained therein were original signatures.

IT IS SO AGREED,

CLASS REPRESENTATIVE:

DATED: _____, 2017

By: _____
ANITA RAGANO
Class Representative

DEFENDANT:

DATED: 2/7, 2017

By: _____
URBAN FULFILLMENT SERVICES, LLC
Daniel Chitwood
Title: Chief Financial Officer

APPROVED AS TO FORM,

CLASS COUNSEL:

DATED: _____, 2017

SCOTT COLE & ASSOCIATES, APC

By: _____

Scott Edward Cole, Esq.
Attorneys for the Class Representative
and the Plaintiff Class

COUNSEL FOR DEFENDANT:

DATED: February 6, 2017

HILL, FARRER & BURRILL LLP

By: _____

E. Sean McLoughlin, Esq.
Attorneys for Defendant
Urban Lending Solutions, LLC

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