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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES**

ISABEL SANCHEZ, an individual, on behalf of
herself, the State of California, as a private
attorney general, and on behalf of all others
similarly situated,

Plaintiff,

v.

SUNRISE FLOOR SYSTEMS, LLC, an
Alabama Limited Liability Company; and DOES
1 TO 50,

Defendants.

Case No.: 23STCV01790

**Settlement Agreement and Release of Class
Action**

MUSICK, PEELER & GARRETT LLP

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Attorneys for Defendant Sunrise Floor Systems, LLC

SETTLEMENT AGREEMENT AND RELEASE OF CLASS ACTION

This Settlement Agreement and Release of Class Action (“Settlement Agreement”) is made and entered into by: **(1)** Plaintiff Isabel Sanchez (“Plaintiff”), individually and in her representative capacity on behalf of the Settlement Class, as defined below, and as a private attorney general on behalf of the State of California; and **(2)** Defendant Sunrise Floor Systems, LLC (“Defendant”). Plaintiff and Defendant are collectively referred to herein as the “Parties.” This Settlement Agreement is subject to the approval of the Court, pursuant to California Rules of Court, rule 3.769, subdivisions (c), (d), and (e), and is made for the sole purpose of attempting to consummate settlement of the action on a class-wide basis subject to the following terms and conditions. As detailed below, if the Court does not enter an order granting final approval of this Settlement Agreement or the conditions precedent are not met for any reason, this Settlement Agreement is void and of no force or effect whatsoever.

1. DEFINITIONS

As used in this Settlement Agreement, the following terms shall have the meanings specified below. To the extent terms or phrases used in this Settlement Agreement are not specifically defined below, but are defined elsewhere in this Settlement Agreement, they are incorporated by reference into this definition section.

1.1. ACTION

“Action” shall mean the following civil action: *Isabel Sanchez v. Sunrise Floor Systems, LLC*, case number 23STCV01790, currently pending before the Superior Court of the State of California for the County of Los Angeles.

1.2. ADMINISTRATIVE EXPENSES

“Administrative Expenses” shall include all costs and expenses associated with and paid to the third-party settlement administrator, which are estimated not to exceed \$13,500.00.

1.3. APPLICABLE WAGE ORDER

“Applicable Wage Order” shall mean the California Industrial Welfare Commission (“IWC”) Wage Order applicable to the facts of this case, including IWC Wage Order 5-2001 and others that may be applicable. (Cal. Code of Regs., tit. 8, § 11050.)

1 **1.4. CLAIMS**

2 “Claims” shall mean the claims asserted in the Action.

3 **1.5. CLASS ATTORNEY FEES AND EXPENSES**

4 “Class Attorney Fees and Expenses” shall mean the portion of the Gross Settlement Amount
5 attributable to attorney fees and litigation expenses. The Parties agree that the fee-portion of the Class
6 Attorney Fees and Expenses shall be up to one-third of the Gross Settlement Amount (i.e.,
7 \$233,333.33), as approved by the Court, and the award of costs and expenses shall be up to an
8 additional \$20,000.00.

9 **1.6. CLASS COUNSEL**

10 “Class Counsel” shall mean Jonathan Melmed and Meghan N. Higday of Melmed Law Group
11 P.C.

12 **1.7. CLASS MEMBER**

13 “Class Member” shall mean any person who is a prospective member of the Settlement Class,
14 or, if such person is incompetent or deceased, the person’s legal guardian, executor, heir, or successor-
15 in-interest.

16 **1.8. CLASS NOTICE**

17 “Class Notice” shall mean the *Notice of Proposed Class Action Settlement*, as set forth in the
18 form of **Exhibit 1** attached hereto, or as otherwise approved by the Court, which is to be mailed to
19 Class Members along with the Share Form.

20 **1.9. CLASS PARTICIPANTS**

21 “Class Participants” shall mean all Class Members who do not timely request exclusion from
22 the Class Settlement.

23 **1.10. CLASS PERIOD**

24 “Class Period” shall mean the period from February 19, 2021, through March 19, 2024.

25 **1.11. CLASS REPRESENTATIVE**

26 “Class Representative” shall mean Plaintiff Isabel Sanchez.
27
28

1.12. CLASS SETTLEMENT

“Class Settlement” shall mean the settlement embodied in this Settlement Agreement, which is subject to Court approval.

1.13. COMPLAINT

“Complaint” shall mean the currently-operative complaint in the Action.

1.14. COURT

“Court” shall mean the Superior Court of the State of California for the County of Los Angeles.

1.15. DEFENDANT

“Defendant” shall mean Defendant Sunrise Floor Systems, LLC.

1.16. DEFENSE COUNSEL

“Defense Counsel” shall mean Barbora Pulmanova of Musick, Peeler & Garrett LLP.

1.17. EFFECTIVE DATE

“Effective Date” shall be the date when all of the following events have occurred: **(a)** this Settlement Agreement has been executed by all Parties and by Class Counsel and Defense Counsel; **(b)** the Court has given preliminary approval to the Class Settlement; **(c)** notice has been given to the Settlement Class providing them with an opportunity to request exclusion from the Class Settlement; **(d)** the Court has held a Final Approval and Fairness Hearing and entered a final order and judgment certifying the Settlement Class and approving this Settlement Agreement; and **(e)** the later of the following events: **(i)** the expiration of the period for filing any appeal, writ, or other appellate proceeding opposing the Class Settlement has elapsed without any appeal, writ, or other appellate proceeding having been filed; **(ii)** the dismissal of any appeal, writ, or other appellate proceeding opposing the Class Settlement with no right to pursue further remedies or relief; or **(iii)** any appeal, writ, or the issuance of such other final appellate order upholding the Court’s final order with no right to pursue further remedies or relief. In this regard, it is the intention of the Parties that the Class Settlement shall not become effective until the Court’s order approving the Class Settlement is completely final and there is no further recourse by an appellant or objector who seeks to contest the Class Settlement. If no objections are filed, the Effective Date shall be after steps (a) through (d) are

1 completed (i.e., the date that the court has entered a final order and judgment certifying the Settlement
2 Class and approving this Settlement Agreement).

3 **1.18. EMPLOYEE’S TAXES AND REQUIRED WITHHOLDING**

4 “Employee’s Taxes and Required Withholding” shall mean the employee’s share of any and all
5 applicable federal, state, or local payroll taxes, including those collected under authority of the Federal
6 Insurance Contributions Act (FICA), the Federal Unemployment Tax Act (FUTA), and/or the State
7 Unemployment Tax Act (SUTA) on the portion of any Class Participant’s Individual Settlement
8 Amount that constitutes wages. The Employee’s Taxes and Required Withholdings will be withheld
9 from and paid out of the Individual Settlement Amounts paid from the Net Settlement Amount.

10 **1.19. EMPLOYER’S TAXES**

11 “Employer’s Taxes” shall mean and refer to Defendant’s share of payroll taxes (e.g.,
12 Unemployment Insurance, Employment Training Tax, Social Security, and Medicare taxes) that is
13 owed on the portion of any Class Participant’s Individual Settlement Amount that constitutes wages.
14 The Employer’s Taxes shall be separately paid by Defendant and shall not be paid from the Gross
15 Settlement Amount or Net Settlement Amount.

16 **1.20. FINAL APPROVAL AND FAIRNESS HEARING**

17 “Final Approval and Fairness Hearing” shall mean the final hearing held to ascertain the
18 fairness, reasonableness, and adequacy of the Class Settlement.

19 **1.21. GROSS SETTLEMENT AMOUNT**

20 “Gross Settlement Amount” is the agreed upon non-reversionary settlement amount totaling
21 \$700,000.00 to be paid by Defendant in full settlement of the Released Claims asserted in this case,
22 inclusive of the Administrative Expenses, the Employee’s Taxes and Required Withholdings, the Class
23 Attorney Fees and Expenses, the Incentive Award, and PAGA Payment. Defendant shall separately
24 pay its share of the Employer’s Taxes in addition to the Gross Settlement Amount on the portion of
25 each Individual Settlement Amount allocated as wages.

26 **1.22. HEARING ON PRELIMINARY APPROVAL**

27 “Hearing on Preliminary Approval” shall mean the hearing held on the motion for preliminary
28 approval of the Class Settlement.

1.23. INCENTIVE AWARD

“Incentive Award” shall mean any additional monetary payment provided to the Class Representative for her efforts and risks on behalf of the Settlement Class in this Action.

1.24. INDIVIDUAL SETTLEMENT AMOUNT

“Individual Settlement Amount” shall mean the amount which is ultimately distributed to each Class Participant, less any Employee’s Taxes and Required Withholdings. The Individual Settlement Amount does not include any portion of the PAGA Payment.

1.25. NET SETTLEMENT AMOUNT

“Net Settlement Amount” shall mean the Gross Settlement Amount minus: Administrative Expenses; Class Attorney Fees and Expenses; 75% of the share of the Gross Settlement Amount allocated toward penalties pursuant to the Labor Code Private Attorney General Act of 2004 (“PAGA”), codified at Labor Code sections 2698 through 2699.6, which are payable to the California Labor and Workforce Development Agency (“LWDA”); and Plaintiff’s Incentive Award.

1.26. OPT OUT

“Opt Out” shall refer to the process of submitting a timely and valid request for exclusion from the Class Settlement in accordance with the terms of the Class Notice and no later than the Response Deadline.

1.27. OPT-OUTS

“Opt-Outs” shall mean all persons who timely and validly request exclusion from the Class Settlement in accordance with the terms of the Class Notice and no later than the Response Deadline.

1.28. PAGA PAYMENT

“PAGA Payment” means the penalties pursuant to PAGA that the Parties have agreed is a reasonable sum to be paid in settlement of the PAGA claims included in the Action, which is \$70,000.00. The PAGA Payment is to be approved by the Court pursuant to Labor Code section 2699 and is to be distributed as follows: seventy-five percent (75%) (i.e., \$52,500.00) to the LWDA and twenty-five percent (25%) (i.e., \$17,500.00) to the PAGA Settlement Class. Class Counsel shall give timely notice of this Settlement Agreement to the LWDA pursuant to Labor Code section 2699, subdivision (1)(2).

1.29. PAGA PERIOD

“PAGA Period” shall mean the period from January 27, 2022, through March 19, 2024.

1.30. PAGA SETTLEMENT CLASS

“PAGA Settlement Class” shall mean all individuals who are or were employed by Defendants as non-exempt employees in California during the PAGA Period. Defendant represents that the PAGA Settlement Class consists of approximately 1,287 employees that worked a total of approximately 22,657 pay periods during the PAGA Period.

1.31. PARTIES

“Parties” shall mean Plaintiff and Defendant.

1.32. PLAINTIFF

“Plaintiff” shall mean Plaintiff Isabel Sanchez.

1.33. PRELIMINARY APPROVAL DATE

“Preliminary Approval Date” shall mean the date upon which the Court enters an order preliminarily approving this Settlement Agreement.

1.34. RELEASED CLAIMS

“Released Claims” shall mean those claims arising out of or related to the allegations set forth in the Complaint and/or PAGA notice to the LWDA, which arose during the Class Period and/or PAGA Period, including claims for: **(1)** failure to pay minimum wage for all hours worked in violation of Labor Code sections 1194 and 1194.2, and the Applicable Wage Order(s); **(2)** failure to pay proper overtime wages in violation of Labor Code sections 510, 1197, and 1198, and the Applicable Wage Order(s); **(3)** failure to provide compliant rest periods and pay missed rest break premiums in violation of Labor Code section 226.7 and the Applicable Wage Order(s); **(4)** failure to provide compliant meal periods and pay missed meal period premiums in violation of Labor Code sections 226.7 and 512, and the Applicable Wage Order(s); **(5)** failure to maintain accurate employment records in violation of Labor Code section 1174; **(6)** failure to pay timely wages during employment in violation of Labor Code sections 204, 210; **(7)** failure to pay all wages due and owing at separation in violation of Labor Code sections 201, 202, and 203; **(8)** failure to reimburse business expenses including, but not limited to, failure to reimburse for mileage, in violation of Labor Code sections 2802 and 2804; **(9)** failure to

1 provide complete and accurate wage statements in violation of Labor Code sections 226 and 226.3;
 2 **(10)** deceptive, fraudulent, or otherwise unlawful business practices based on the foregoing in violation
 3 of California’s Unfair Competition Law (Bus. & Prof. Code, §§ 17200–17210); **(11)** statutory penalties
 4 based on the foregoing pursuant to PAGA (Lab. Code, §§ 2698–2699.6); and **(12)** all claims for
 5 liquidated damages, penalties, interest, fees, costs based on the foregoing.

6 No other claims are released other than those claims specifically plead in the Complaint or
 7 otherwise specifically identified herein. This Settlement Agreement will not release any person, party,
 8 or entity from claims, if any, by Class Members for workers compensation, unemployment, or disability
 9 benefits of any nature. Nor does it release any claims, actions, or causes of action which may be
 10 possessed by Class Members under state or federal discrimination statutes, including, without
 11 limitation, the California Fair Employment and Housing Act (Gov. Code, §§ 12900–12996); the Unruh
 12 Civil Rights Act (Civ. Code, § 51); the California Constitution; Title VII of the Civil Rights Act of
 13 1964 (42 U.S.C. § 2000, et seq.); the Americans with Disabilities Act (42 U.S.C. § 12101, et seq.); the
 14 Employee Retirement Income Security Act of 1974 (29 U.S.C. § 1001 et seq.); and all of their
 15 implementing regulations and interpretive guidelines.

16 **1.35. RELEASED PARTIES**

17 “Released Parties” shall mean Defendant and all of Defendant’s subsidiaries, affiliates, owners,
 18 members, agents, predecessors, successors, and assigns.

19 **1.36. RELEASING PARTIES**

20 “Releasing Parties” shall mean every Class Participant and all persons purporting to act on their
 21 behalf or purporting to assert a claim under or through them, including, but not limited to, their
 22 dependents, heirs, assigns, beneficiaries, devisees, legatees, executors, administrators, agents, trustees,
 23 conservators, guardians, personal representatives, and successors-in-interest, whether individual, class,
 24 representative, legal, equitable, direct or indirect, or any other type or in any other capacity.

25 **1.37. RESPONSE DEADLINE**

26 “Response Deadline” shall mean the date forty-five (45) days following the date on which the
 27 Settlement Administrator first mails Class Notice to the Class Members and the last day on which Class
 28 Members may submit a request for exclusion and/or objection to Class Settlement.

1.38. SETTLEMENT ADMINISTRATOR

“Settlement Administrator” shall mean Phoenix Settlement Administrators (or other administrator agreed on by the parties) which the Parties have agreed will be responsible for administration of the Class Settlement and related matters.

1.39. SETTLEMENT CLASS

“Settlement Class” shall mean all individuals who are or were employed by Defendants as non-exempt employees in California during the Class Period. Defendant represents that the Settlement Class consists of approximately 1,393 Class Members that worked a total of approximately 60,171 workweeks during the Class Period.

1.40. SHARE FORM

“Share Form” shall mean the *Class Action Settlement Share Form*, as set forth in the form of **Exhibit 2** attached hereto, or as otherwise approved by the Court, which is to be mailed to Class Members along with the Class Notice.

2. FACTUAL AND PROCEDURAL BACKGROUND

2.1. PLAINTIFF’S CLAIMS

Plaintiff, individually and in her representative capacity on behalf of the Settlement Class, and as a private attorney general on behalf of the State of California, has alleged the following violations:

- (1) failure to pay minimum wage for all hours worked in violation of Labor Code sections 1194 and 1194.2, and the Applicable Wage Order; (2) failure to pay proper overtime wages in violation of Labor Code sections 510, 1197, and 1198, and the Applicable Wage Order; (3) failure to provide compliant rest periods and pay missed rest break premiums in violation of Labor Code section 226.7 and the Applicable Wage Order; (4) failure to provide compliant meal periods and pay missed meal period premiums in violation of Labor Code sections 226.7 and 512, and the Applicable Wage Order; (5) failure to maintain accurate employment records in violation of Labor Code section 1174; (6) failure to pay timely wages during employment in violation of Labor Code sections 204, 210; (7) failure to pay all wages due and owing at separation in violation of Labor Code sections 201, 202, and 203; (8) failure to reimburse business expenses in violation of Labor Code sections 2802 and 2804; (9) failure to provide complete and accurate wage statements in violation of Labor Code sections 226

1 and 226.3; **(10)** deceptive, fraudulent, or otherwise unlawful business practices based on the foregoing
2 in violation of California’s Unfair Competition Law (Bus. & Prof. Code, §§ 17200–17210); and
3 **(11)** statutory penalties based on the foregoing pursuant to PAGA (Lab. Code, §§ 2698–2699.6).

4 **2.2. DISCOVERY, INVESTIGATION, RESEARCH, AND MEDIATION**

5 Class Counsel has conducted significant informal discovery during the prosecution of the
6 Action. This discovery, investigation, and prosecution has included, among other things, **(a)** over a
7 dozen telephonic conferences with Plaintiff; **(b)** inspection and analysis of hundreds of pages of
8 documents and other information produced by Plaintiff and Defendant; **(c)** analysis of employment
9 data from a sample of Class Members; **(d)** an analysis of the legal positions taken by Defendant;
10 **(d)** investigation into the viability of class treatment of the claims asserted in the Action; **(e)** analysis
11 of potential class-wide damages, including information sufficient to understand Defendant’s potential
12 defenses to Plaintiff’s claims; **(f)** research of the applicable law with respect to the claims asserted in
13 the Complaint and the potential defenses thereto; and **(g)** assembling and analyzing of data for
14 calculating damages.

15 Class Counsel and the Class Representative have vigorously prosecuted this case, and
16 Defendant has vigorously contested it. The Parties have engaged in sufficient investigation and
17 discovery to assess the relative merits of the claims of the Class Representative and of the defenses to
18 them. After such discovery, investigation, and prosecution, the Parties attended a full-day mediation
19 with an experienced employment law mediator, which culminated in a settlement in principle, the terms
20 of which are elaborated in this Settlement Agreement.

21 **2.3. ALLEGATIONS OF THE CLASS REPRESENTATIVE AND BENEFITS OF** 22 **CLASS SETTLEMENT**

23 The document and data exchange in this matter, as well as discussions between counsel, have
24 been adequate to give the Class Representative and Class Counsel a sound understanding of the merits
25 of their positions and to evaluate the value of the claims of the Settlement Class. The informal discovery
26 conducted in this Action and the information exchanged by the Parties through pre-mediation
27 discussions are sufficient to reliably assess the merits of the Parties’ respective positions and to
28 compromise the issues on a fair and equitable basis.

1 The Class Representative and Class Counsel believe that the claims, causes of action,
2 allegations, and contentions asserted in the Action have merit. However, the Class Representative and
3 Class Counsel recognize and acknowledge the expense and delay of continued lengthy proceedings
4 necessary to prosecute the Action against Defendant through trial and through appeals. Class Counsel
5 has taken into account the uncertain outcome of the litigation, the risk of continued litigation in complex
6 actions such as this, as well as the difficulties and delays inherent in such litigation, and the potential
7 difficulty of obtaining certification of the Settlement Class as well as trying the claims of the class.
8 Class Counsel is mindful of the potential problems of proof under, and possible defenses to, the claims
9 alleged in the Action.

10 The Class Representative and Class Counsel believe that the settlement set forth in this
11 Settlement Agreement confers substantial benefits upon Plaintiff and the Settlement Class and that an
12 independent review of this Settlement Agreement by the Court in the approval process will confirm
13 this conclusion. Based on their own independent investigation and evaluation, Class Counsel has
14 determined that the settlement set forth in this Settlement Agreement is in the best interests of Plaintiff
15 and the Class Members.

16 **2.4. DEFENDANT'S DENIALS OF WRONGDOING AND LIABILITY**

17 Defendant has denied and continues to deny all allegations, claims, and contentions alleged by
18 Plaintiff in the Action. Defendant has expressly denied and continues to deny all charges of wrongdoing
19 or liability against it arising out of any of the conduct, statements, acts, or omissions alleged in the
20 Action. Defendant contends that it complied with California and federal wage and hour laws and has
21 dealt legally and fairly with Plaintiff and the Class Members.

22 Defendant further denies that, for any purpose other than settling this Action, these claims are
23 appropriate for class or representative treatment. Nonetheless, Defendant has concluded that further
24 proceedings in the Action would be protracted and expensive and that it is desirable that the Action be
25 fully and finally settled in the manner and upon the terms and conditions set forth in this Settlement
26 Agreement to dispose of burdensome and protracted litigation, to permit the operation of Defendant's
27 respective businesses without further expensive litigation and the distraction and diversion of their
28 personnel with respect to matters at issue in the Action. Defendant has also taken into account the

1 uncertainty and risks inherent in any litigation, especially in complex cases such as the Action.
2 Defendant has, therefore, determined that it is desirable and beneficial to it that the Action be settled
3 in the manner and upon the terms and conditions set forth in this Settlement Agreement.

4 **2.5. INTENT OF THE CLASS SETTLEMENT**

5 The Class Settlement set forth herein intends to achieve the following: **(1)** entry of an order
6 approving the Class Settlement; **(2)** entry of judgment of the Action; **(3)** discharge of the Released
7 Parties from liability for any and all of the Released Claims; and **(4)** discharge of Defendant from
8 liability for any and all claims arising out of the Action.

9 **3. CONDITIONAL CERTIFICATION OF THE SETTLEMENT CLASS**

10 For the purposes of this Settlement Agreement and the Class Settlement of this Action only, the
11 Parties agree to conditional class certification of the Settlement Class. Defense Counsel believes this
12 conditional certification is appropriate because the Released Claims are being compromised without
13 need to establish the elements of those claims on which liability turns. The certification of the
14 Settlement Class shall not constitute, in this or any other proceeding, an admission of any kind by
15 Defendant, including without limitation, that certification of a class for trial purposes is or would be
16 warranted, appropriate or proper; or that Plaintiff could establish any of the requisite elements for class
17 treatment of any of the claims in the Action.

18 If the Settlement Agreement is not finally approved by the Court, the Effective Date is not
19 achieved, or the Class Settlement is rejected, terminated, or otherwise rendered null and void as set
20 forth herein, then certification of the Settlement Class shall be automatically vacated, shall be void *ab*
21 *initio*, of no force or effect, and shall not constitute evidence or a binding determination that the
22 requirements for certification of a class for trial purposes in this Action or in any other action which
23 have been, are or can be, satisfied. Further, if the Agreement does not reach the Effective Date, Plaintiff
24 agrees that Plaintiff will not argue, claim, reference, or otherwise raise any preliminary approval of the
25 Settlement Class in connection with any later proceeding before the Court.

1 **4. APPOINTMENT OF CLASS COUNSEL**

2 For purposes of this Settlement Agreement and subject to the Court's approval, the Parties agree
3 to the appointment of Class Counsel as counsel for the Settlement Class and the effectuation of the
4 Class Settlement pursuant to this Settlement Agreement.

5 **5. CONSIDERATION**

6 **5.1. SETTLEMENT AMOUNT**

7 The Parties agree to settle this Action for the Gross Settlement Amount of \$700,000.00. There
8 shall be no reversion to Defendant. Defendant shall pay the Gross Settlement Amount in full. The Gross
9 Settlement Amount and other actions and forbearances taken by Defendant shall constitute adequate
10 consideration for the Class Settlement and will be made in full and final settlement of: the Released
11 Claims, the Class Attorney Fees and Expenses, Administrative Expenses, the Incentive Award, the
12 PAGA Payment (and any payments to individual PAGA Class Members resulting from the PAGA
13 Payment), and any other obligation of Defendant under this Settlement Agreement (other than the
14 Employer's Taxes on the portion of the Net Settlement Amount allocated to the payment of wages).

15 After the Court issues an order preliminarily approving this Class Settlement, the Settlement
16 Administrator will distribute the Class Notice to the Class Members, which shall describe the terms of
17 the Class Settlement and procedures to Opt Out, object, or participate in the Class Settlement as well
18 as the Share Form, which shall identify the Class Member, the number of workweeks worked by each
19 Class Member ("Workweeks"), as well as the estimated amount of the Individual Settlement Amount
20 the Class Member can expect to receive once the Class Settlement becomes effective on the Effective
21 Date. Class Members shall be given the opportunity to challenge their Workweeks information.

22 **5.2. INCENTIVE AWARD FOR PLAINTIFF**

23 Plaintiff may petition the Court to approve an Incentive Award in an amount up to \$7,500.00
24 for Isabel Sanchez to acknowledge her efforts on behalf of the Settlement Class in this Action, including
25 assisting in the investigation and consulting with Class Counsel and providing crucial documents to
26 Class Counsel. Defendant shall not oppose any request by Plaintiff for an Incentive Award in such an
27 amount. Any Incentive Award approved by the Court shall be paid to Plaintiff from the Gross
28 Settlement Amount and shall be in addition to any distribution to which she may otherwise be entitled

1 as a Class Participant. Any Incentive Award approved by the Court shall not be considered wages, and
2 the Settlement Administrator shall issue to Plaintiff an IRS Form 1099 reflecting such payment.
3 Plaintiff shall be responsible for the payment of all taxes with respect to any Incentive Award approved
4 by the Court and shall hold Defendant harmless from all liability with regard thereto.

5 **5.3. PAYMENT TO CLASS PARTICIPANTS**

6 Each Class Participant shall be eligible to receive payment of the Individual Settlement
7 Amount, which is a share of the Net Settlement Amount based on the pro rata number of weeks worked
8 by the Class Members during the Class Period as a proportion of all weeks worked by all Class
9 Members. Each Class Participant, including Plaintiff, shall be responsible for the payment of the
10 Employee's Taxes and Required Withholding with respect to his or her Individual Settlement Amount
11 and shall hold Defendant harmless from any and all liability with regard thereto.

12 **5.4. PAYMENT TO PAGA SETTLEMENT CLASS**

13 Each member of the PAGA Settlement Class shall be entitled to receive a portion of the PAGA
14 Payment. The PAGA Payment shall consist of the penalties pursuant to PAGA that the Parties have
15 agreed is a reasonable sum to be paid in settlement of the PAGA claims included in the Action, which
16 is \$70,000.00. The PAGA Payment must be approved by the Court pursuant to Labor Code section
17 2699 and is to be distributed as follows: seventy-five percent (75%) (i.e., \$52,500.00) to the LWDA
18 and twenty-five percent (25%) (i.e., \$17,500.00) to the PAGA Settlement Class. The portion of the
19 PAGA Payment allocated to the PAGA Settlement Class shall be distributed to the PAGA Settlement
20 Class based on the pro rata number of pay periods worked by each particular PAGA Settlement Class
21 member during the PAGA Period as a proportion of all pay periods worked by all members of the
22 PAGA Settlement Class.

23 **5.5. TAX TREATMENT AND PAYMENT**

24 For the purpose of calculating Employee's Taxes and Required Withholding for the Individual
25 Settlement Amounts for Class Participants (including any payments to the Class Representative but
26 exclusive of her Incentive Award), the Parties agree that 20% of each Individual Settlement Amount
27 shall constitute payment in the form of wages (and each Class Participant will be issued an IRS Form
28 W-2 for such payment to him or her), and 80% of each Individual Settlement Amount shall constitute

1 penalties and interest (and each Class Participant will be issued an IRS Form 1099 for such payment
2 to him or her). Prior to final distribution, the Settlement Administrator shall calculate the total
3 Employee's Taxes and Required Withholding due as a result of the wage portion of Class Participants'
4 anticipated Individual Settlement Amounts and such actual amount will be deducted from the Net
5 Settlement Amount. Additionally, prior to the funding of the Gross Settlement Amount and final
6 distribution, the Settlement Administrator shall calculate the total Employer's Taxes due on the wage
7 portion of the Class Participants' Individual Settlement Amounts and issue instructions to Defendant
8 to separately fund these tax obligations/withholdings. The Parties understand that Plaintiff and the
9 Class Participants who receive any payment pursuant to this Settlement Agreement shall be solely
10 responsible for all other individual tax obligations.

11 With respect to the PAGA Payment and any payments made to individual members of the
12 PAGA Settlement Class, all such payments shall be treated as payments owing for penalties and interest
13 thereon and shall not be considered wages. The Settlement Administrator shall issue to members of the
14 PAGA Settlement Class an IRS Form 1099 reflecting such payment. Members of the PAGA Settlement
15 Class shall be solely responsible for the payment of all taxes with respect to any PAGA payments made
16 to them.

17 **5.6. NO EFFECT ON EMPLOYEE BENEFIT PLANS**

18 Neither the Class Settlement nor any amounts paid under the Class Settlement will modify any
19 previously credited hours, days, or weeks of service under any employee benefit plan, policy or bonus
20 program sponsored by Defendant. Such amounts will not form the basis for additional contributions to,
21 benefits under, or any other monetary entitlement under Defendant's sponsored benefit plans, policies,
22 or bonus programs. The payments made under the terms of this Settlement Agreement shall not be
23 applied retroactively, currently, or on a going forward basis, as salary, earnings, wages, or any other
24 form of compensation for the purposes of any of Defendant's benefit plan, policy, or bonus program.
25 Defendant retains the right to modify the language of its benefits plans, policies, and bonus programs
26 to reflect this intent and to make clear that any amounts paid pursuant to this Settlement Agreement are
27 not for "weeks worked," "weeks paid," "weeks of service," or any similar measuring term as defined
28 by applicable plans, policies, and bonus programs for purpose of eligibility, vesting, benefit accrual, or

1 any other purpose, and that additional contributions or benefits are not required by this Settlement
2 Agreement. Defendant does not consider the Class Settlement payments “compensation” for purposes
3 of determining eligibility for, or benefit accrual within, any benefit plans, policies, or bonus programs,
4 or any other plan sponsored by Defendant.

5 **5.7. CLASS ATTORNEY FEES AND EXPENSES**

6 As part of the motion for final approval of the Class Settlement, Class Counsel may apply for
7 an award of Class Attorney Fees and Expenses with the fee portion not to exceed one-third of the Gross
8 Settlement Amount (i.e., \$233,333.33) and the award of costs and expenses up to an additional
9 \$20,000.00. Defendant agrees to not object to any such fee, cost, or expense application in those
10 amounts.

11 As a condition of this Class Settlement, Class Counsel has agreed to pursue fees only in the
12 manner reflected by this subsection. Any Class Attorney Fees and Expenses awarded by the Court shall
13 be paid from the Gross Settlement Amount prior to arriving at the Net Settlement Amount and shall
14 not constitute payment to any Class Members. If Class Counsel voluntarily reduces the request for
15 Class Attorney Fees and Expenses or the Court’s award of Class Attorney Fees and Expenses is less
16 than set forth above, the Net Settlement Amount shall be recalculated to reflect the actual Class
17 Attorney Fees and Expenses awarded.

18 The Class Attorney Fees and Expenses approved by the Court shall reflect: **(a)** all work
19 performed and costs and expenses incurred by, or at the direction of, any attorney purporting to
20 represent the Settlement Class through the date of this Settlement Agreement; **(b)** all work to be
21 performed and costs to be incurred in connection with approval by the Court of the Class Settlement;
22 **(c)** all work to be performed and costs and expenses, if any, incurred in connection with administering
23 the Class Settlement through the Effective Date and dismissal of the Action with prejudice; and **(d)** may
24 be based on the “catalyst theory” and/or the “common fund doctrine.”

25 **6. SETTLEMENT ADMINISTRATION**

26 **6.1. COSTS AND EXPENSES**

27 All costs and expenses due to the Settlement Administrator in connection with its administration
28 of the Class Settlement, including, but not limited to, providing the Class Notice, locating Class

Members, processing Opt Out requests and objections, distributing the portion of the PAGA Payment payable to the LWDA, distributing the portion of the PAGA Payment payable to the members of the PAGA Settlement Class, and calculating, administering and distributing Individual Settlement Amounts to the Class Participants and related tax forms, shall be paid from the Gross Settlement Amount, and is not expected to exceed \$13,500.00.

6.2. PAYMENT BY DEFENDANT

Defendant shall deposit the Gross Settlement Amount in a lump sum payment plus the employer-side payroll taxes to the Settlement Administrator within fourteen (14) days of the Effective Date. In no event shall Defendant be obligated to pay or deposit with the Settlement Administrator more than \$700,000.00 plus the Employer's Taxes.

7. NOTICE TO CLASS MEMBERS AND CLAIMS ADMINISTRATION PROCESS

7.1. THE SETTLEMENT ADMINISTRATOR

The Settlement Administrator will be responsible for: mailing the Class Notice and Share Form (**Exhibit 1** and **Exhibit 2**, respectively) to Class Members; posting notice of entry of final order and judgment certifying the Class Settlement and approving this Settlement Agreement; handling inquiries from Class Members concerning the Class Notice; determining Individual Settlement Amounts; determining individual payments to members of the PAGA Settlement Class; maintaining the settlement funds in an appropriate interest-bearing account; preparing, administering, and distributing Individual Settlement Amounts to Class Participants; preparing, administering, and distributing individual payments to members of the PAGA Settlement Class; distributing the portion of the PAGA Payment payable to the LWDA; issuing a final report and performing such other duties as the Parties may direct. Additionally, the Settlement Administrator will handle all tax document preparation and reporting, including state and federal tax forms, if any.

On a weekly basis, the Settlement Administrator will provide reports to Class Counsel and Defense Counsel with summary information updating them as to the number of validated and timely objections and Opt Out requests. The Settlement Administrator will serve on Class Counsel and Defense Counsel via e-mail date-stamped copies of the original Opt Out requests and objections no later than seven (7) days after their receipt. The Settlement Administrator will provide Class Counsel

1 with proof of mailing of the Class Notice, without listing individual Class Member names which the
2 Settlement Administrator will file with the Court at the time Class Counsel files its motion in support
3 of the Court's Final Approval and Fairness Hearing.

4 No later than thirty (30) days prior to the Final Approval and Fairness Hearing, the Settlement
5 Administrator will compile and deliver to Class Counsel and Defense Counsel a report with summary
6 information regarding: **(a)** the total amount of final Individual Settlement Amounts of each Class
7 Participant, without any identifying personal information; **(b)** the number of Class Participants to
8 receive such payments, and **(c)** the final number of Opt-Outs and objections.

9 Administrative Expenses are not anticipated to exceed \$13,500.00. Prior to the calculation and
10 distribution of the Individual Settlement Amounts, the Settlement Administrator shall calculate the
11 total Administrative Expenses through the conclusion of their services and such actual amount will be
12 deducted from the Gross Settlement Amount prior to the final calculation of the Individual Settlement
13 Amounts.

14 **7.2. NOTICE TO CLASS MEMBERS**

15 Notice shall be provided to Class Members in the following manner: Within twenty-one (21)
16 days after the Preliminary Approval Date, Defendant shall provide the Settlement Administrator with
17 an updated list of Class Members and members of the PAGA Settlement Class containing names, social
18 security numbers, dates of employment, last-known addresses, and phone numbers (the "Database").
19 The Database shall be marked "Confidential – Settlement Administrator's Eyes Only." Class Counsel
20 shall not receive a copy of this list.

21 Within thirty-five (35) days following the Preliminary Approval Date, the Settlement
22 Administrator shall determine the number of workweeks worked by each Class Member, populate the
23 data for each Class Member accordingly, and send each Class Member the Class Notice via first-class,
24 United States mail. The Class Notice shall also contain an easily-understood statement alerting the
25 Class Members that, unless they elect to Opt Out of the Class Settlement, the Class Member is releasing
26 and waiving all Released Claims against the Released Parties.

27 The Class Notice will inform Class Members of their estimated share of the settlement and the
28 number of workweeks they worked during the Class Period. Class Members may dispute their

workweeks if they believe they worked more weeks in the Class Period than Defendant's records show by submitting information to the Settlement Administrator no later than forty-five (45) days after being mailed the Class Notice and Share Form by the Settlement Administrator, which is the defined Response Deadline. The Settlement Administrator will jointly work with Plaintiff and Defendant to resolve the dispute in good faith. If Plaintiff and Defendant cannot agree over the workweeks to be credited, the Settlement Administrator shall make the final decision based on the information presented by the Class Member and Defendant.

7.3. OPT OUT PROCEDURE

Class Members who do not timely Opt Out of the Class Settlement will be deemed to participate in the Class Settlement and shall become Class Participants without having to submit a claim form or take any other action. To Opt Out of the Class Settlement, the Class Member must submit a letter or postcard to the Settlement Administrator by the Response Deadline. The Opt Out request must state the Class Member's name, address, telephone number, and signature. The Opt Out request should state something to the effect of:

"I WISH TO BE EXCLUDED FROM THE SETTLEMENT CLASS IN THE *ISABEL SANCHEZ V. SUNRISE FLOOR SYSTEMS, LLC* LAWSUIT. I UNDERSTAND THAT IF I ASK TO BE EXCLUDED FROM THE SETTLEMENT CLASS, I WILL NOT RECEIVE ANY MONEY FROM THE CLASS SETTLEMENT OF THIS LAWSUIT AND WILL NOT BE RELEASING ANY CLAIMS I MIGHT HAVE."

Any Opt Out request that is not postmarked by the Response Deadline will be invalid. If prior to the Response Deadline any Class Notice mailed to a Class Member is returned as having been undelivered by the United States Postal Service, the Settlement Administrator shall perform a skip trace search and seek an address correction for such Class Members, and a second Class Notice will be sent to any new or different address obtained. Such Class Members shall have an additional fourteen (14) days from the date of the mailing of the second Class Notice in which to Opt Out, object, or dispute the information provided in the Share Form if the Response Deadline would have otherwise passed prior to fourteen (14) days from the date of the mailing of the second Class Notice.

1 It will be presumed that, if an envelope containing the Class Notice has not been returned within
2 thirty (30) days of the mailing, the Class Member received the Class Notice. At least twenty-one (21)
3 days prior to the Final Approval and Fairness Hearing, the Settlement Administrator shall provide Class
4 Counsel and Defense Counsel with a Declaration of Due Diligence and Proof of Mailing with regard
5 to the mailing of the Class Notice and its attempts to locate Class Members. The declaration shall
6 specify the number of Class Members to whom the Class Notice was sent and the number of Class
7 Members to whom the Class Notice was not delivered, as well as information relating to the number
8 of Opt-Outs and objectors. Class Counsel shall file this declaration with the Court.

9 If the Settlement Administrator determines that an Opt Out request returned by a Class Member
10 before the Response Deadline is deficient, then the Settlement Administrator shall mail a deficiency
11 letter to that Class Member identifying the problem. If a Class Member submits both a dispute and an
12 Opt Out request, the Settlement Administrator shall make reasonable attempts to clarify as if the Opt
13 Out request were deficient. If the Class Member fails to cure the deficiency, the Opt Out request shall
14 be disregarded and the claim will be paid, and the Class Member will become bound by the judgment.

15 Class Participants will be bound by the Release of Released Claims set forth in the definition
16 of “Released Claims” provided in this Settlement Agreement.

17 A request to Opt Out of the Class Settlement shall *not* serve to exclude the Class Member from
18 participation in the PAGA Settlement Class. Opt-Outs shall still be entitled to their share of the PAGA
19 Payment. Class Members who are also members of the PAGA Settlement Class shall have no right or
20 ability to opt out of the portion of this Settlement Agreement releasing PAGA claims.

21 **7.4. OBJECTION PROCEDURE**

22 The Class Notice shall inform the Class Members of their right to object to the Class Settlement
23 if they do not Opt Out. Any Class Participants who wish to object to the Class Settlement may submit
24 a written objection to the Settlement Administrator no later than the Response Deadline. Only Class
25 Participants may object to the Settlement. The objection should include the case name and number and
26 must set forth, in clear and concise terms, a statement of the reasons why the objector believes that the
27 Court should find that the proposed Class Settlement is not in the best interest of the Settlement Class
28 and the reasons why the Class Settlement should not be approved, including the legal and factual

arguments supporting the objection. If an objector also wishes to appear at the Final Approval and Fairness Hearing, in person or through an attorney, they may do so. The Settlement Administrator will promptly serve copies of any objection or notice of intention to appear on Class Counsel and Defense Counsel. Class Members wishing to make an objection may appear at the Final Approval and Fairness Hearing, either in person or through a lawyer retained at their own expense.

7.5. NOTICE OF FINAL JUDGMENT

Within seven (7) days after the Court has held a Final and Fairness Approval Hearing and entered a final order certifying the Class for settlement purposes only and approving the Class Settlement, the Settlement Administrator will give notice of judgment to Class Members pursuant to rule 3.771(b) of the California Rules of Court, by posting a copy of said order and final judgment on its website at a web address to be included in the Class Notice.

8. CLASS SETTLEMENT FUNDING AND DISTRIBUTION

8.1. ALLOCATION OF THE GROSS SETTLEMENT AMOUNT

The claims of all Class Members are settled for the Gross Settlement Amount of \$700,000.00, which will be allocated as follows:

1. The Administrative Expenses, estimated not to exceed \$13,500.00;
2. Class Counsel's attorney fees not to exceed \$233,333.33;
3. Class Counsel's litigation costs and expenses not to exceed \$20,000.00;
4. The Incentive Award, not to exceed \$7,500.00; and
5. PAGA Payment to LWDA of \$52,500.00.

For purposes of calculating the estimated Individual Settlement Amounts, the Settlement Administrator shall calculate the estimated Net Settlement Amount based on the estimated values provided above prior to sending Notice to the Class Members. Prior to final distribution, the Settlement Administrator shall recalculate the final Net Settlement Amount based on the actual values of the amounts in each category.

8.2. CALCULATION OF THE INDIVIDUAL SETTLEMENT AMOUNTS FOR CLASS PARTICIPANTS

Individual Settlement Amounts to be paid to Class Participants shall be paid from the Net Settlement Amount. The portion of the Net Settlement Amount shall be distributed pro rata on a “checks cashed” basis based on the proportional number of weeks worked by each Class Member during the Class Period.

Defendant will provide the Settlement Administrator with any information reasonably necessary to perform the calculation of number of workweeks for each Class Member, and any other reasonably required information the Settlement Administrator requests to perform the calculations required under this Settlement Agreement. Defendant shall have no responsibility for deciding the validity of the Individual Settlement Amounts or any other payments made pursuant to this Settlement Agreement, shall have no involvement in or responsibility for the determination or payment of Employee’s Taxes and Required Withholding, and shall have no liability for any errors made with respect to such Employee’s Taxes and Required Withholding. Although the Settlement Administrator will calculate and pay the standard Employee’s Taxes and Required Withholding on the portion of the Individual Settlement Amounts constituting wages on their behalf, Plaintiff and Class Participants represent and understand that they shall be solely responsible for any and all tax obligation associated with their respective Individual Settlement Amounts and Incentive Awards.

8.3. CALCULATION OF THE PAYMENTS FOR INDIVIDUAL MEMBERS OF THE PAGA SETTLEMENT CLASS

Each member of the PAGA Settlement Class shall be entitled to receive a portion of the PAGA Payment. The PAGA Payment shall consist of the penalties pursuant to PAGA that the Parties have agreed is a reasonable sum to be paid in settlement of the PAGA claims included in the Action, which is \$70,000.00. The PAGA Payment is to be approved by the Court pursuant to Labor Code section 2699 and is to be distributed as follows: seventy-five percent (75%) (i.e., \$52,500.00) to the LWDA and twenty-five percent (25%) (i.e., \$17,500.00) to the PAGA Settlement Class.

The portion of the PAGA Payment allocated to the PAGA Settlement Class shall be distributed to the PAGA Settlement Class based on the pro rata number of pay periods worked by each particular

1 PAGA Settlement Class member during the PAGA Period as a proportion of all pay periods worked
2 by all PAGA Settlement Class members during the PAGA Period. Each member of the PAGA
3 Settlement Class, including Plaintiff, shall be responsible for the payment of the Employee's Taxes and
4 Required Withholding with respect to their share of the PAGA Payment and shall hold Defendant
5 harmless from any and all liability with regard thereto.

6 Defendant will provide the Settlement Administrator with any information reasonably
7 necessary to perform the calculation of number of pay periods worked for each PAGA Settlement Class
8 member, and any other reasonably required information the Settlement Administrator requests to
9 perform the calculations required under this Settlement Agreement. Defendant shall have no
10 responsibility for deciding the validity of the individual payment amounts allocated to each member of
11 the PAGA Settlement Class or any other payments made pursuant to this Settlement Agreement, shall
12 have no involvement in or responsibility for the determination or payment of Employee's Taxes and
13 Required Withholding, and shall have no liability for any errors made with respect to such Employee's
14 Taxes and Required Withholding.

15 The members of the PAGA Settlement Class shall be solely responsible for any and all tax
16 obligation associated with their respective shares of the PAGA Payment.

17 **8.4. TIME FOR PAYMENT OF ATTORNEY FEES AND EXPENSES**

18 The Settlement Administrator shall distribute to Class Counsel any attorney fees and expenses
19 approved by the Court no later than fourteen (14) days after the Effective Date.

20 **8.5. TIME FOR PAYMENT OF INCENTIVE AWARD**

21 The Settlement Administrator shall distribute to Plaintiff the Incentive Award approved by the
22 Court no later than fourteen (14) days after the Effective Date.

23 **8.6. TIME FOR PAYMENT OF PAGA PAYMENT TO THE LWDA**

24 The Settlement Administrator shall distribute to the LWDA the portion of the PAGA Payment
25 due to it and approved by the Court no later than fourteen (14) days after the Effective Date.
26
27
28

**8.7. TIME FOR PAYMENT OF TAXES AND REQUIRED WITHHOLDING AND
INDIVIDUAL SETTLEMENT AMOUNTS**

The Settlement Administrator shall make every effort to pay the Employee's Taxes and Required Withholding associated with each Class Participant's Individual Settlement Amount and mail the Individual Settlement Amount to each Class Participant, by first-class United States mail, to the last-known address no later than twenty-one (21) days after the Effective Date. If the Settlement Administrator is not able to do so within the time period set forth above, it shall so inform Class Counsel and Defense Counsel and provide an approximate date by which the Employee's Taxes and Required Withholding shall be paid and the Individual Settlement Amounts will be mailed. Under no circumstances shall the Settlement Administrator distribute checks to Class Participants until all Individual Settlement Amounts have been considered, calculated, and accounted for, and all of the remaining monetary obligations have been calculated and accounted for.

Within two hundred ten (210) days of mailing the Individual Settlement Amounts to Class Participants, the Settlement Administrator shall file with the Court and provide to Class Counsel a declaration of payment. If any Class Participant is deceased, payment shall be made payable to the estate of that Class Member and delivered to the executor or administrator of that estate, unless the Settlement Administrator has received an affidavit or declaration pursuant to California Probate Code section 13101, in which case payment shall be made to the affiant(s) or declarant(s).

8.8. NON-CASHED SETTLEMENT CHECKS

Any funds associated with checks that have not been cashed within one hundred eighty (180) days, will become void and the Individual Settlement Amount associated with the uncashed check will be remitted pursuant to Code of Civil Procedure section 384 to the California State Controller for deposit in the Unclaimed Property Fund in the name of the individual whose check was uncashed. The Parties agree that this disposition results in no "unpaid residue" within the meaning of California Civil Procedure Code section 384, as the entire Net Settlement Amount will be paid out to Class Participants, whether or not they all cash their Individual Settlement Amount checks. Therefore, Defendant shall not be required to pay any interest on said amount. For the purposes of determining whether Defendant has met their financial obligation to pay the Individual Settlement Payment, Defendant will be deemed to

1 have fulfilled its obligation upon the mailing of the check to the Class Member, regardless of whether
2 such Class Member subsequently negotiates the check.

3 **8.9. DISPUTES REGARDING CLASS MEMBER WORKWEEKS DATA OR**
4 **PAYMENT OF INDIVIDUAL SETTLEMENT SHARES**

5 Class Member Workweeks and the corresponding Individual Settlement Amount shall be
6 calculated using the employment and payroll records of Defendant, which presumptively shall be
7 deemed to be full, complete, and accurate for purposes of this Settlement Agreement. To overcome
8 that presumption, any Class Member objecting to the accuracy of the number of Workweeks or amount
9 of the Individual Settlement Amount must submit documentary evidence, such as pay stubs or other
10 written employment records, to the Settlement Administrator. Each Class Member may dispute the
11 number of Workweeks or their estimated Individual Settlement Amount contained on their Class
12 Notice (“Workweeks Dispute”). Any such Workweeks Dispute must be mailed or faxed to the
13 Settlement Administrator by the Class Member, postmarked or fax-stamped on or before the Response
14 Deadline. The Settlement Administrator shall immediately provide copies of all disputes to counsel for
15 Defendant, shall inform Class Counsel of the dispute without disclosing the identity of the Class
16 Member making the dispute, and shall immediately attempt to resolve all such disputes directly with
17 relevant Class Members with the assistance of Defendant, Defense Counsel, and Class Counsel. If the
18 dispute cannot be resolved, it shall be submitted to the Settlement Administrator for its final, non-
19 appealable decision. The Settlement Administrator shall use its best efforts to resolve all such disputes
20 prior to the Effective Date. If, however, a dispute arises or is not resolved until after the Settlement
21 Amount has been distributed, the initial calculation shall stand (as Defendant shall be under no
22 obligation to pay any amounts in excess of the Gross Settlement Amount under this Settlement
23 Agreement).

24 **9. NULLIFICATION OF THIS SETTLEMENT AGREEMENT**

25 **9.1. NON-APPROVAL OF THIS SETTLEMENT AGREEMENT**

26 The Class Settlement and conditional class certification shall be considered null and void, and
27 neither the Class Settlement, conditional class certification, nor any of the related negotiations or
28 proceedings, shall be of any force or effect, and all Parties to the Class Settlement shall stand in the

1 same position, without prejudice, as if the Class Settlement had been neither entered into nor filed with
2 the Court, if any of the following occur: **(a)** the Court should for any reason fail to approve this
3 Settlement Agreement in the form agreed to by the Parties; **(b)** the Court should for any reason fail to
4 enter a judgment with prejudice of the Action, or **(c)** the approval of the Class Settlement and judgment
5 is reversed, modified, or declared or rendered void. Notwithstanding the foregoing, the Parties may
6 attempt in good faith to cure any perceived defects in this Settlement Agreement to facilitate approval.

7 **9.2. INVALIDATION**

8 Invalidation of any material portion of this Settlement Agreement shall invalidate the Class
9 Settlement in its entirety, unless the Parties subsequently agree in writing that the remaining provisions
10 of the Class Settlement are to remain in full force and effect.

11 **9.3. STAY ON APPEAL**

12 If a timely appeal from the approval of the Class Settlement and judgment, the judgment shall
13 be stayed, and Defendant shall not be obligated to fund the Gross Settlement Amount or take any other
14 actions required by this Settlement Agreement until all appeal rights have been exhausted by operation
15 of law.

16 **10. MOTIONS FOR COURT APPROVAL**

17 **10.1. PRELIMINARY APPROVAL**

18 As soon as practicable after execution of this Settlement Agreement, Class Counsel will submit
19 this Settlement Agreement to the Court along with a Motion for Preliminary Approval of the Class
20 Settlement. Each party shall cooperate to present the Class Settlement to the Court for preliminary
21 approval in a timely fashion.

22 **10.2. FINAL APPROVAL**

23 The Final Approval and Fairness Hearing shall be held before the Court. At the Final Approval
24 and Fairness Hearing, Plaintiff shall move the Court for the entry of the final order certifying the
25 Settlement Class for settlement purposes only and approving the Class Settlement as being fair,
26 reasonable, and adequate to the Class Participants within the meaning of California Rules of Court,
27 Rule 3.769, subdivisions (c), (d) and (e), and for the entry of a final judgment of the Action consistent
28 with the terms of the Class Settlement and rule 3.769, subdivision (h), of the California Rules of Court.

1 Class Counsel and Defense Counsel shall submit to the Court such pleadings and/or evidence as may
2 be required for the Court's determination.

3 **11. RELEASES AND WAIVERS**

4 **11.1. RELEASE OF CLAIMS BY THE SETTLEMENT CLASS**

5 Upon the Effective Date, the Releasing Parties shall be deemed to each release the Released
6 Parties, and each of them, of and from any and all Released Claims arising during the Class Period. It
7 is the desire of the Parties and the Releasing Parties to fully, finally, and forever settle, compromise,
8 and discharge the Released Claims. Each of the Releasing Parties, including each Class Participant,
9 will be bound by the release of Released Claims as a result of the Class Settlement and to the terms of
10 the final judgment and the satisfaction of such judgment.

11 Class Participants will be deemed to have acknowledged and agreed that their claims for wages
12 and/or penalties in the Action are disputed, and that their Individual Settlement Amount constitutes
13 payment of all sums allegedly due to them. Class Participants will be deemed to have acknowledged
14 and agreed that California Labor Code section 206.5 is not applicable to the Individual Settlement
15 Amount. That section provides in pertinent part as follows:

16 "An employer shall not require the execution of a release of a claim or right on account
17 of wages due, or to become due, or made as an advance on wages to be earned, unless
18 payment of those wages has been made."
19

20 **11.2. RELEASE OF CLAIMS BY PLAINTIFF**

21 Plaintiff will receive a separate individual settlement for \$75,000.00 for her individual claims,
22 including but not limited to, claims with the DFEH for violations of (1) disability discrimination in
23 violation of FEHA; (2) failure to accommodate in violation of FEHA; (3) failure to engage in the
24 interactive process in violation of FEHA; (4) retaliation in violation of FEHA; (5) failure to prevent
25 discrimination and retaliation in violation of FEHA; and (6) wrongful termination in violation of public
26 policy.

27 Plaintiff, on behalf of herself and her dependents, heirs and assigns, beneficiaries, devisees,
28 legatees, executors, administrators, agents, trustees, conservators, guardians, personal representatives,

1 and successors-in-interest, whether individual, class, representative, legal, equitable, direct or indirect,
2 or any other type or in any other capacity, shall and does hereby forever release, discharge and agree
3 to hold harmless the Released Parties from any and all charges, complaints, claims, liabilities,
4 obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights,
5 demands, costs, losses, debts and expenses (including attorney fees and costs), known or unknown, at
6 law or in equity, which she may now have or may have after the signing of this Settlement Agreement,
7 arising out of or in any way connected with her employment with Defendant including, the Released
8 Claims, claims that were asserted or could have been asserted in the Complaint, and any and all
9 transactions, occurrences, or matters between the Parties occurring prior to the date this Settlement
10 Agreement is fully executed. Without limiting the generality of the foregoing, this release shall include,
11 but not be limited to, any and all claims under: **(a)** the Americans with Disabilities Act; **(b)** Title VII
12 of the Civil Rights Act of 1964; **(c)** the Civil Rights Act of 1991; **(d)** 42 U.S.C. § 1981; **(e)** the Age
13 Discrimination in Employment Act; **(f)** the Fair Labor Standards Act; **(g)** the Equal Pay Act; **(h)** the
14 Employee Retirement Income Security Act, as amended; **(i)** the Consolidated Omnibus Budget
15 Reconciliation Act; **(j)** the Rehabilitation Act of 1973; **(k)** the Family and Medical Leave Act; **(l)** the
16 Civil Rights Act of 1966; **(m)** the California Fair Employment and Housing Act; **(n)** the California
17 Constitution; **(o)** the California Labor Code; **(p)** the California Government Code; **(q)** the California
18 Civil Code; and **(r)** any and all other federal, state, and local statutes, ordinances, regulations, rules,
19 and other laws, and any and all claims based on constitutional, statutory, common law, or regulatory
20 grounds as well as any other claims based on theories of wrongful or constructive discharge, breach of
21 contract or implied contract, fraud, misrepresentation, promissory estoppel, or intentional infliction of
22 emotional distress, negligent infliction of emotional distress, or damages under any other federal, state,
23 or local statutes, ordinances, regulations, rules, or laws. This release is for any and all relief, no matter
24 how denominated, including, but not limited to, back pay, front pay, vacation pay, bonuses,
25 compensatory damages, tortious damages, liquidated damages, punitive damages, damages for pain
26 and suffering, and attorney fees and costs, and Plaintiff hereby forever releases, discharges and agrees
27 to hold harmless Defendant and the Released Parties from any and all claims for attorney fees and costs
28 arising out of the matters released in this Settlement Agreement.

1 Plaintiff specifically acknowledges that she is aware of and familiar with the provisions of
2 California Civil Code section 1542, which provides as follows:

3 “A general release does not extend to claims that the creditor or releasing party does not
4 know or suspect to exist in his or her favor at the time of executing the release and that,
5 if known by him or her, would have materially affected his or her settlement with the
6 debtor or released party.”
7

8 Plaintiff, being aware of California Civil Code section 1542, hereby expressly waives and
9 relinquishes all rights and benefits she may have under section 1542 as well as any other statutes or
10 common law principles of a similar effect. Plaintiff may hereafter discover facts in addition to or
11 different from those which she now knows or believes to be true with respect to the subject matter of
12 all the claims referenced herein, but agrees that, upon the Effective Date, Plaintiff shall and hereby
13 does fully, finally, and forever settle and release any and all claims against the Released Parties, known
14 or unknown, suspected or unsuspected, contingent or non-contingent, that were asserted or could have
15 been asserted upon any theory of law or equity without regard to the subsequent discovery of existence
16 of such different or additional facts.

17 **11.3. CIRCULAR 230 DISCLAIMER**

18 Each party to this Settlement Agreement (for purposes of this section, the “Acknowledging
19 Party”; and each party to this Agreement other than the Acknowledging Party, an “Other Party”)
20 acknowledges and agrees that **(1)** no provision of this Settlement Agreement, and no written
21 communication or disclosure between or among the parties or their attorneys and other advisers, is or
22 was intended to be, nor shall any such communication or disclosure constitute or be construed or be
23 relied upon as, tax advice within the meaning of United States Treasury Department Circular 230 (31
24 C.F.R. Part 10); **(2)** the Acknowledging Party **(a)** has relied exclusively upon her or its own
25 independent legal and tax advisers for advice (including tax advice) in connection with this Settlement
26 Agreement, **(b)** has not entered into this Settlement Agreement based upon the recommendation of any
27 other party or any attorney or advisor to any other party, and **(c)** is not entitled to rely upon any
28 communication or disclosure by any attorney or adviser to any other party to avoid any tax penalty that

1 may be imposed on the Acknowledging Party; and **(3)** no attorney or adviser to any other party has
2 imposed any limitation that protects the confidentiality of any such attorney's or adviser's tax strategies
3 (regardless of whether such limitation is legally binding) upon disclosure by the Acknowledging Party
4 of the tax treatment or tax structure of any transaction, including any transaction contemplated by this
5 Settlement Agreement.

6 **12. DUTIES OF THE PARTIES**

7 **12.1. MUTUAL FULL COOPERATION**

8 The Parties agree to cooperate fully with one another to accomplish and implement the terms
9 of this Settlement Agreement. Such cooperation shall include, but not be limited to, execution of such
10 other documents and the taking of such other actions as may reasonably be necessary to fulfill the terms
11 of this Settlement Agreement. The Parties shall use their best efforts, including all efforts contemplated
12 by this Settlement Agreement and any other efforts that may become necessary by court order or
13 otherwise, to effectuate this Settlement Agreement and the terms set forth herein. As soon as practicable
14 after execution of this Settlement Agreement, Class Counsel, with the cooperation of Defendant and
15 Defense Counsel, shall take all necessary and reasonable steps to secure the Court's final approval of
16 this Settlement Agreement.

17 **12.2. DUTY TO SUPPORT AND DEFEND THE CLASS SETTLEMENT**

18 The Parties agree to abide by all of the terms of this Settlement Agreement in good faith and to
19 support the Class Settlement fully and to use their best efforts to defend this Class Settlement from any
20 legal challenge, whether by appeal or collateral attack.

21 **12.3. DUTIES PRIOR TO COURT APPROVAL**

22 Class Counsel shall promptly submit this Settlement Agreement to the Court for preliminary
23 approval and determination by the Court as to its fairness, adequacy, and reasonableness. Promptly
24 upon execution of this Settlement Agreement, Class Counsel shall apply to the Court for the entry of a
25 preliminary order scheduling a hearing on the question of whether the proposed Class Settlement
26 should be approved as fair, reasonable, and adequate as to the Class Members, approving as to form
27 and content the proposed Class Notice and Share Form attached hereto as **Exhibit 1** and **Exhibit 2**,
28 respectively, and directing the mailing of the Class Notice to Class Members. While Defendant can

1 reserve its right to object to facts or assertions made in the moving papers, Defense Counsel shall file
2 a notice of non-opposition to the granting of the motion for preliminary approval or join in the motion.

3 **13. MISCELLANEOUS PROVISIONS**

4 **13.1. VOIDING THIS SETTLEMENT AGREEMENT**

5 Pending Court approval and other than as provided herein, if any of the conditions set forth in
6 this Settlement Agreement are not met and satisfied, this Settlement Agreement may, at the option of
7 either Plaintiff or Defendant, be ineffective, void, and of no further force and effect, and may not be
8 used or be admissible in any subsequent proceeding, either in this Court or in any other court or forum.
9 If either Party decides to void the Settlement Agreement, then the Settlement Agreement and
10 conditional class certification shall be considered void, and neither the Settlement Agreement,
11 conditional class certification, nor any of the related negotiations or proceedings, shall be of any force
12 or effect, and the Parties shall stand in the same position, without prejudice, as if this Settlement
13 Agreement had been neither entered into nor filed with the Court. Should any Party choose to void the
14 Class Settlement under this subsection, such Party shall be responsible for all Settlement Administrator
15 fees and costs actually incurred.

16 **13.2. DIFFERENT FACTS**

17 The Parties acknowledge that, except for matters expressly represented herein, the facts in
18 relation to the dispute and all claims released by the terms of this Settlement Agreement may turn out
19 to be different from the facts now known by each party and/or its counsel, or believed by such Party or
20 counsel to be true, and each Party therefore expressly assumes the risk of the existence of different or
21 presently unknown facts, and agrees that this Settlement Agreement shall be in all respects effective
22 and binding despite such difference.

23 **13.3. NO PRIOR ASSIGNMENTS**

24 The Parties represent, covenant, and warrant that they have not directly or indirectly assigned,
25 transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any
26 portion of any liability, claim, demand, action, cause of action, or right herein released and discharged
27 except as set forth herein.
28

13.4. NON-ADMISSION

Nothing in this Settlement Agreement shall be construed as or deemed to be an admission by any Party of any liability, culpability, negligence, or wrongdoing toward any other Party, or any other person, and the Parties specifically disclaim any liability, culpability, negligence, or wrongdoing toward each other or any other person. Each of the Parties has entered into this Settlement Agreement with the intention to avoid further disputes and litigation with the attendant inconvenience, expenses, and contingencies. Nothing herein shall constitute any admission by Defendant of wrongdoing or liability, or of the truth of any factual allegations in the Action. Nothing herein shall constitute any admission by Defendant regarding the merits of the Claims in this Action, including but not limited to claims for unpaid wages or violations under California or federal law. Nothing herein shall constitute an admission by Defendant that the Action was properly brought as a class or representative action other than for settlement purposes. To the contrary, Defendant has denied and continues to deny each and every material factual allegation and all Claims. To this end, the Class Settlement of the Action, the negotiation and execution of this Settlement Agreement, and all acts performed or documents executed pursuant to or in furtherance of this Settlement Agreement or the Class Settlement are not, shall not be deemed to be, and may not be used as, an admission or evidence of any wrongdoing or liability on the part of Defendant or of the truth of any of the factual allegations in the Complaint in the Action; and are not, shall not be deemed to be, and may not be used as, an admission or evidence of any fault or omission on the part of Defendant in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal.

13.5. NON-EVIDENTIARY USE

Neither this Agreement nor any of its terms, nor any statements or conduct in the negotiation or drafting of it, shall be offered or used as evidence by Plaintiff, any Class Member (including any individual who requested to be excluded from the Settlement Class), Defendant, or its, her, his, or their respective counsel, in the Action, except as is reasonably necessary to effectuate the Settlement Agreement's purpose and terms. This Settlement Agreement may, however, be used by Defendant and the Released Parties to prove or defend against any claim released herein by any Class Member in any judicial, quasi-judicial, administrative, or governmental proceeding.

1 **13.6. MEDIA OR PRESS**

2 Plaintiff and Defendant, and their respective counsel, recognize, accept, and agree that the
3 Parties to this Settlement Agreement desire that the terms of this Settlement Agreement, the fact of the
4 Class Settlement embodied in this Settlement Agreement, the disposition of the Action, the Action, and
5 all matters relating to the litigation of the Action, including discovery proceedings therein, and evidence
6 obtained during the course of the Action, shall not be discussed with or presented to the media or press.

7 **13.7. NON-RETALIATION**

8 Defendant understands and acknowledges that it has a legal obligation to not retaliate against
9 any Class Member who elects to participate in the Class Settlement or elects to Opt Out of the Class
10 Settlement. Defendant will refer any inquiries regarding this Class Settlement to the Settlement
11 Administrator or Class Counsel and will not discourage Class Members who are employees, directly
12 or indirectly, from making claims, opting out, or objecting to the Class Settlement. None of the Parties,
13 or their respective attorneys or agents, shall solicit or encourage any Class Members, directly or
14 indirectly, to Opt Out of the Class Settlement.

15 **13.8. CONSTRUCTION**

16 The Parties agree that the terms and conditions of this Settlement Agreement are the result of
17 lengthy, intensive, arms-length, non-collusive negotiations between the Parties and that this Settlement
18 Agreement is not to be construed in favor of or against any party by reason of the extent to which any
19 party or its counsel participated in the drafting of this Settlement Agreement. If any of the dates in this
20 Settlement Agreement fall on a weekend, bank or court holiday, the time to act shall be extended to the
21 next business day.

22 **13.9. GOVERNING LAW**

23 This Settlement Agreement is intended to and shall be governed by the laws of the State of
24 California, without regard to conflict of law principles, in all respects, including execution,
25 interpretation, performance, and enforcement.

26 **13.10. NOTICES**

27 Except for Class Member notices required to be made by the Settlement Administrator, all
28 notices or other communications required or permitted under this Settlement Agreement shall be in

1 writing and shall be sufficiently given if delivered in person to the party or their counsel by U.S.
2 certified mail, postage prepaid, e-mail, facsimile, or overnight delivery addressed to the address of the
3 party appearing in this Settlement Agreement.

4 **13.11. CAPTIONS AND INTERPRETATIONS**

5 Section titles or captions contained herein are inserted as a matter of convenience and for
6 reference only and in no way define, limit, extend, or describe the scope of this Settlement Agreement
7 or any provision thereof.

8 **13.12. MODIFICATION**

9 This Settlement Agreement may not be changed, altered, or modified, except in writing signed
10 by the Parties or the Parties' counsel on their behalf. If preliminary or final approval of this Settlement
11 Agreement has been granted by the Court, then any such amendments or modifications to this
12 Settlement Agreement shall be approved by the Court. This Settlement Agreement may not be
13 discharged except by performance in accordance with its terms or by a writing signed by the Parties.

14 **13.13. INTEGRATION CLAUSE**

15 This Settlement Agreement contains the entire agreement between the Parties relating to the
16 Class Settlement of the Action and the transactions contemplated thereby, and all prior or
17 contemporaneous agreements, understandings, representations, and statements, whether oral or written,
18 and whether by a party or such party's legal counsel, are hereby superseded. No rights under this
19 Settlement Agreement may be waived except in writing as provided above.

20 **13.14. SUCCESSORS AND ASSIGNS**

21 This Settlement Agreement shall be binding on and inure to the benefit of the Parties and Class
22 Members (excluding only persons who timely Opt Out) and their respective present and former heirs,
23 trustees, executors, administrators, representatives, officers, directors, shareholders, agents, employees,
24 insurers, attorneys, accountants, auditors, advisors, consultants, pension plans, welfare benefit plans,
25 fiduciaries, parent companies, subsidiaries, affiliates, related companies, joint ventures, predecessors,
26 successors, and assigns.

13.15. CORPORATE SIGNATORIES

Any person executing this Settlement Agreement or any such related document on behalf of a corporate signatory or on behalf of a partnership hereby warrants and promises, for the benefit of all Parties hereto, that such person has been duly authorized by such corporation or partnership to execute this Settlement Agreement or any such related document.

13.16. EXECUTION IN COUNTERPARTS

This Settlement Agreement shall become effective upon its execution by all of the undersigned. The Parties may execute this Settlement Agreement in counterparts, and execution of counterparts shall have the same force and effect as if all Settling Parties had signed the same instrument.

13.17. ATTORNEY FEES, COSTS, AND EXPENSES

Except as otherwise specifically provided for herein, each party shall bear her or its own attorney fees, costs, and expenses, taxable or otherwise, incurred by them in or arising out of the Action and shall not seek reimbursement thereof from any other party to this Settlement Agreement.

13.18. ACTION TO ENFORCE AGREEMENT

In any suit or court action to enforce the terms of this Agreement, the prevailing party shall be entitled to recover her or its attorney fees and costs.

14. EXECUTION

The Parties and their counsel have executed this Settlement Agreement on the date below their signatures or the signature of their representatives. The date of this Settlement Agreement shall be the date of the latest signature.

APPROVAL AND EXECUTION BY PARTIES

CLASS REPRESENTATIVE:

Dated: 8/7/2024

DocuSigned by:

 37DD261490A944F...
 Isabel Sanchez
 Plaintiff and Class Representative

DEFENDANT:

1 Dated: _____

Sunrise Floor Systems, LLC

2
3
4 By: _____

5 Title: _____

6
7 **APPROVED AS TO FORM BY COUNSEL**

8 **CLASS COUNSEL:**

9 Dated: 8/14/2024

Melmed Law Group P.C.

10
11 
12 _____
13 Jonathan Melmed
14 Attorneys for Plaintiff

15
16 **DEFENDANT'S COUNSEL:**

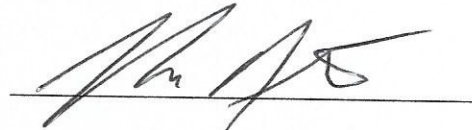
17 Dated: August 14, 2024

Musick, Peeler & Garrett LLP

18 
19 _____
20 Barbora Pulmanova
21 Attorneys for Defendant
22
23
24
25
26
27
28

1 Dated: 8/14/2024

Sunrise Floor Systems, LLC

2 

3 By: JOHN NICASTRO

4 Title: PRESIDENT

5
6
7 **APPROVED AS TO FORM BY COUNSEL**

8 **CLASS COUNSEL:**

9 Dated: _____

Melmed Law Group P.C.

10 

11 Jonathan Melmed
12 Attorneys for Plaintiff

13
14 **DEFENDANT'S COUNSEL:**

15 Dated: _____

Musick, Peeler & Garrett LLP

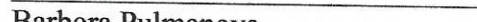
17
18 
19 Barbora Pulmanova
20 Attorneys for Defendant

EXHIBIT 1

Notice of Proposed Class Action Settlement

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES**

ISABEL SANCHEZ, an individual, on behalf of
herself, the State of California, as a private
attorney general, and on behalf of all others
similarly situated,

Plaintiff,

v.

SUNRISE FLOOR SYSTEMS, LLC, an
Alabama Limited Liability Company; and DOES
1 TO 50,

Defendants.

Case No.: 23STCV01790

Notice of Proposed Class Action Settlement

A court authorized this notice. This is not a solicitation from a lawyer.

NOTICE OF PROPOSED CLASS ACTION SETTLEMENT

You may be eligible to receive a settlement payment. Please read this notice carefully.

A proposed class action settlement agreement (the “Settlement”) has been reached between: (1) Plaintiff Isabel Sanchez (“Plaintiff”), individually and in her representative capacity on behalf of a group of prospective class members defined below, and as a private attorney general on behalf of the State of California; and (2) Defendant Sunrise Floor Systems, LLC (“Defendant”). The Settlement resolves disputed claims against Defendant arising out of its compensation practices during the period from February 19, 2021, through March 19, 2024 (the “Class Period”) as applied to all individuals who are or were employed by Defendants as non-exempt employees in California during the Class Period (“Class Members”).

The Court has granted preliminary approval of the Settlement and ordered this notice to be sent to you because you may be entitled to money under the Settlement and because the Settlement affects your legal rights.

NO ACTION NEEDS TO BE TAKEN TO RECEIVE MONEY UNDER THE SETTLEMENT: If you are a Class Member (as defined above) and received this notice, you are automatically included in the Settlement and do not need to take any further action to receive a payment. If you accept your settlement amount, you will release the claims described below.

1. DESCRIPTION OF THE LAWSUIT

Plaintiff, individually and in her representative capacity on behalf of the Class Members, and as a private attorney general on behalf of the State of California, is pursuing a lawsuit against Defendant in the Superior Court of the State of California for the County of Los Angeles in the matter of *Isabel Sanchez v. Sunrise Floor Systems, LLC*, case number **23STCV01790** (the “Action”). The Action sought recovery for Defendant’s alleged: (1) failure to pay minimum wage for all hours worked; (2) failure to pay proper overtime wages; (3) failure to provide compliant rest periods and pay missed rest break premiums; (4) failure to provide compliant meal periods and pay missed meal period premiums; (5) failure to maintain accurate employment records; (6) failure to pay timely wages during employment; (7) failure to pay all wages due and owing at separation; (8) failure to reimburse business expenses; (9) failure to provide complete and accurate wage statements; and (10) deceptive, fraudulent,

1 or otherwise unlawful business practices based on the foregoing in violation of California’s Unfair
2 Competition Law.

3 **Defendant denies all liability, denies all allegations in the Action, and has raised various**
4 **defenses to the claims.** Defendant asserts that it fully complied with all applicable wage and hour laws,
5 and contends that civil penalties under PAGA are not warranted. Defendant also denies that the Action
6 is suitable for class certification. Defendant has entered into the Settlement solely for purposes of
7 resolving this dispute to avoid costly, disruptive, and time-consuming litigation and does not admit to
8 any wrongdoing or liability.

9 The Court has not ruled on the merits in the Action. By approving the Settlement and issuing
10 this notice, the Court is *not* suggesting which side would win or lose the case if it went to trial or
11 whether the claims are suitable for class certification. To avoid the additional expense, inconvenience,
12 and risk of continued litigation, however, Plaintiff and Defendant (the “Parties”) have concluded that
13 it is in their respective best interests and the interests of the Class Members to settle the Action on the
14 terms summarized in this notice. The Settlement was reached after Defendant provided extensive
15 information and documents to Plaintiff’s counsel, and after lengthy arms-length non-collusive
16 negotiations between the Parties, including mediation with an experienced and well-respected mediator
17 in California. In these negotiations, both sides recognized the substantial risk of the Court deciding
18 against them at trial and determined that the Settlement was a fair, reasonable, and adequate way to
19 resolve the disputed claims.

20 Plaintiff and Plaintiff’s counsel—Jonathan Melmed and Meghan N. Higday of Melmed Law
21 Group P.C. (“Class Counsel”)—support the Settlement. Among the reasons for support are the defenses
22 to liability potentially available to Defendant, the risk of denial of class certification, the inherent risk
23 of trial on the merits, and the delays and uncertainties associated with litigation. Plaintiff and Class
24 Counsel believe that the settlement described in this notice is fair, adequate, reasonable, and in the best
25 interests of Plaintiff and the Class Members.

26 Under the Settlement, the following settlement class will be certified under California law: *all*
27 *individuals who are or were employed by Defendants as non-exempt employees in California during*
28 *the Class Period.* The “Class Period” is defined as the period from February 19, 2021, through March

1 19, 2024. The Settlement provides for a gross settlement amount of \$700,000.00, a share of which is
2 to be distributed to the Class Members based on the pro rata number of weeks worked by the Class
3 Members during the Class Period as a proportion of all weeks worked by all Class Members. In
4 exchange for their share of the settlement amount, all participating Class Members will be deemed to
5 have released Defendant from liability on the terms described in this notice.

6 On [date of preliminary approval], the Court preliminarily approved the Settlement and
7 conditionally certified the settlement class. This notice is being sent to you because Defendant's records
8 indicate that you worked for Defendant during the Class Period and that you meet the definition
9 required to be treated as a Class Member.

10 **2. IF YOU ARE STILL EMPLOYED BY DEFENDANT, THIS SETTLEMENT WILL**
11 **NOT AFFECT YOUR EMPLOYMENT.**

12 California law strictly prohibits retaliation. Further, Defendant is prohibited by law from taking
13 any adverse action against or otherwise target, retaliate, or discriminate against any Class Member
14 because of the Class Member's participation or decision not to participate in the Settlement.

15 **3. TERMS OF THE SETTLEMENT**

16 Defendant has agreed to pay \$700,000.00 (the "Gross Settlement Amount") to resolve the
17 claims in the Action. The Parties agreed to the following payments from the Gross Settlement Amount:

- 18 1. **Settlement Administration Costs.** The Court has approved Phoenix Settlement
19 Administrators to act as the "Settlement Administrator," who is sending this notice to
20 you and will perform many other duties relating to the Settlement. Under the Settlement,
21 up to \$13,500.00 will be paid from the Gross Settlement Amount to pay the Settlement
22 Administration Costs.
- 23 2. **Attorneys' Fees and Expenses.** Class Counsel have been prosecuting the Action on
24 behalf of the Class Members on a contingency fee basis (that is, without being paid any
25 money to date) and have been paying all litigation costs and expenses. To date, the
26 Parties have aggressively litigated many aspects of the case including investigation,
27 settlement efforts, and a full-day mediation session. The Court will determine the actual
28 amount awarded to Class Counsel as attorneys' fees, which will be paid from the Gross

Settlement Amount. Class Members are not personally responsible for any of Class Counsel's attorneys' fees or expenses. Class Counsel will ask for fees of one-third of the Gross Settlement Amount (i.e., \$233,333.33) as reasonable compensation for the work Class Counsel performed and will continue to perform in the Action. Class Counsel also will ask for reimbursement of up to \$20,000.00 for the costs Class Counsel incurred in connection with the Action.

3. **Service Payment to Class Representative.** Class Counsel will ask the Court to provide a service payment to Plaintiff in the amount of \$7,500.00 for Isabel Sanchez to compensate her for her efforts on behalf of the Class Members in the Action, including assisting in the investigation and consulting with Class Counsel and providing crucial documents to Class Counsel. Plaintiff also may receive a share of the Settlement as a Class Member.

4. **PAGA Payment.** The Parties have agreed on a reasonable sum to be paid in settlement of the PAGA claims included in the Action, which is \$70,000.00. The PAGA Payment is to be approved by the Court pursuant to Labor Code section 2699 and is to be distributed as follows: seventy-five percent (75%) (i.e., \$52,500.00) to the LWDA and twenty-five percent (25%) (i.e., \$17,500.00) to the individuals who come within the definition of an "aggrieved employee" for the purposes of the Settlement (i.e., all individuals who are or were employed by Defendants as non-exempt employees in California during the PAGA Period). The "PAGA Period" is defined for these purposes to mean the period from January 27, 2022, through March 19, 2024.

After deducting the amounts above, the balance of the settlement amount will form the "Net Settlement Amount" for distribution to the Class Members.

4. **DISTRIBUTION OF THE SETTLEMENT TO THE CLASS MEMBERS**

Each eligible Class Member who does not request exclusion from the Settlement will be deemed a "Class Participant" and will receive a share from the Net Settlement Amount which will be distributed pro rata based on the proportional number of weeks worked by each Class Member during the Class

1 Period (the “Individual Settlement Amount”). If any Class Member requests exclusion from the
2 Settlement, his or her share will be distributed to the remaining Class Participants.

3 Twenty percent (20%) of each Individual Settlement Amount will constitute payment in the
4 form of wages (and each Class Participant will be issued an IRS Form W-2 for such payment to him
5 or her), and Eighty percent (80%) of each Individual Settlement Amount will constitute penalties and
6 interest (and each Class Participant will be issued an IRS Form 1099 for such payment to him or her).

7 Defendant, or its proxies, shall take all usual and customary deductions from the Individual
8 Settlement Amount payments that are distributed as wages, including, but not limited to, state and
9 federal tax withholding, disability premiums, and unemployment insurance premiums. There will be
10 no deduction taken from the interest or penalty distribution—it will, however, be reported on IRS Form
11 1099 as income. Class Participants are responsible for the proper income tax treatment of their
12 Individual Settlement Amount. The Settlement Administrator, Defendant and its counsel, and Class
13 Counsel cannot provide tax advice. Accordingly, Class Members should consult with their tax advisors
14 concerning the tax consequences and treatment of payments they receive under the Settlement.

15 The workweeks you worked for Defendant during the Class Period will be calculated based on
16 Defendant’s records. If you feel that you were not credited with the correct number of workweeks
17 worked during the Class Period, you may submit evidence to the Settlement Administrator on or before
18 [Response Deadline] with documentation to establish the number of workweeks you claim to have
19 actually worked during the Class Period. **Documentation sent to the Settlement Administrator will**
20 **not be returned or preserved, so do not send originals.** The Parties and the Settlement Administrator
21 will promptly evaluate the evidence submitted and discuss in good faith how many workweeks should
22 be credited. The Settlement Administrator will make the final decision as to how many weeks are
23 credited and report the outcome to the Class Participant. If you are unsatisfied with the decision, you
24 may submit an objection, which is explained below.

25 Settlement checks will be mailed to all Class Participants after the Court grants final approval
26 of the Settlement and judgment is entered.

1 **5. THE RELEASE OF CLAIMS**

2 If the Court approves the Settlement, the Court will enter judgment and the Settlement will bind
3 all Class Participants. The Class Participants will then be barred from bringing any “Released Claims”
4 against the “Released Parties” as those terms are defined below.

5 The “Released Parties” are Defendant Sunrise Floor Systems, LLC and all of Defendant’s
6 subsidiaries, affiliates, shareholders, members, agents, predecessors, successors, and assigns.

7 The “Released Claims” are those claims arising out of or related to the allegations set forth in
8 the Complaint and/or PAGA notice to the LWDA, which arose during the Class Period and/or PAGA
9 Period, including claims for: **(1)** failure to pay minimum wage for all hours worked in violation of
10 Labor Code sections 1194 and 1194.2, and the Applicable Wage Order(s); **(2)** failure to pay proper
11 overtime wages in violation of Labor Code sections 510, 1197, and 1198, and the Applicable Wage
12 Order(s); **(3)** failure to provide compliant rest periods and pay missed rest break premiums in violation
13 of Labor Code section 226.7 and the Applicable Wage Order(s); **(4)** failure to provide compliant meal
14 periods and pay missed meal period premiums in violation of Labor Code sections 226.7 and 512, and
15 the Applicable Wage Order(s); **(5)** failure to maintain accurate employment records in violation of
16 Labor Code section 1174; **(6)** failure to pay timely wages during employment in violation of Labor
17 Code sections 204, 210; **(7)** failure to pay all wages due and owing at separation in violation of Labor
18 Code sections 201, 202, and 203; **(8)** failure to reimburse business expenses , including but not limited
19 to mileage reimbursement, in violation of Labor Code sections 2802 and 2804; **(9)** failure to provide
20 complete and accurate wage statements in violation of Labor Code sections 226 and 226.3;
21 **(10)** deceptive, fraudulent, or otherwise unlawful business practices based on the foregoing in violation
22 of California’s Unfair Competition Law (Bus. & Prof. Code, §§ 17200–17210); **(11)** statutory penalties
23 based on the foregoing pursuant to PAGA (Lab. Code, §§ 2698–2699.6); and **(12)** all claims for
24 liquidated damages, penalties, interest, fees, costs based on the foregoing. No other claims are released
25 other than those claims specifically plead in the operative complaint in the Action.

26 The Settlement does *not* release Defendant or any person, party, or entity from claims, if any,
27 by Class Members for workers compensation, unemployment, or disability benefits of any nature. Nor
28 does it release any claims, actions, or causes of action which may be possessed by Class Members

1 under state or federal discrimination statutes, including, without limitation, the California Fair
2 Employment and Housing Act (Gov. Code, §§ 12900–12996); the Unruh Civil Rights Act (Civ. Code,
3 § 51); the California Constitution; Title VII of the Civil Rights Act of 1964 (42 U.S.C. § 2000, et seq.);
4 the Americans with Disabilities Act (42 U.S.C. § 12101, et seq.); the Employee Retirement Income
5 Security Act of 1974 (29 U.S.C. § 1001 et seq.); and all of their implementing regulations and
6 interpretive guidelines.

7 Class Members who do not request exclusion from the Settlement will be deemed to have
8 acknowledged and agreed that their claims for wages and penalties in the Action are disputed, and that
9 the Settlement payments constitute payment of all sums allegedly due to them. Class Members will be
10 deemed to have acknowledged and agreed that California Labor Code section 206.5 is not applicable
11 to the Settlement payments. That section provides in pertinent part as follows:

12 “An employer shall not require the execution of a release of a claim or right on account
13 of wages due, or to become due, or made as an advance on wages to be earned, unless
14 payment of those wages has been made.”
15

16 **6. YOUR OPTIONS**

17 **6.1. DO NOTHING AND RECEIVE YOUR PORTION OF THE SETTLEMENT**

18 If you do nothing, you will be automatically included as a Class Participant in the Settlement
19 and will receive a settlement payment. You do *not* have to take any further action to receive your
20 settlement payment. It is, however, the responsibility of all Class Members to ensure that the Settlement
21 Administrator has your current address on file, or you may not receive important information or a
22 settlement payment. The estimated amount of your settlement payment if you do nothing is included
23 on the attached *Class Action Settlement Share Form*.

24 **6.2. REQUEST EXCLUSION FROM THE CLASS AND THE SETTLEMENT**

25 If you do *not* wish to take part in the class action portion of the Settlement (the “Class
26 Settlement”), you may exclude yourself (i.e., opt out of the Class Settlement) by sending the Settlement
27 Administrator a letter or card postmarked no later than [Response Deadline] that specifically requests
28

1 exclusion from the Class Settlement in this case. The request for exclusion must include your name,
2 address, telephone number, and signature, and it should state:

3 “I wish to be excluded from the settlement class in the case of *Isabel Sanchez v. Sunrise*
4 *Floor Systems, LLC*. I understand that if I ask to be excluded from the settlement class,
5 I will not receive any money from the settlement of this lawsuit and will not be releasing
6 any claims I might have.”
7

8 Send the request for exclusion directly to the Settlement Administrator at the following address
9 by no later than **[Response Deadline]**:

10 Phoenix Settlement Administrators
11 P.O. Box 7208
12 Orange, California 92863

13 Any person who submits a timely request for exclusion from the Class Settlement shall, upon
14 receipt, no longer be a Class Member, shall be barred from participating in the Class Settlement, and
15 shall receive no benefits from the class action portion of the Settlement. If you want confirmation of
16 receipt of your request for exclusion, please send it by United States certified mail, return receipt
17 requested, or contact the Settlement Administrator.

18 **Importantly**, Class Members who timely and validly request exclusion from the Class
19 Settlement will *not* be excluded from their share of the PAGA Payment. Requesting exclusion from
20 the Class Settlement applies solely to the Class Members’ entitlement to the class action portion of the
21 Settlement and not their entitlement to the PAGA Payment. If you request exclusion from the Class
22 Settlement you will still be entitled to your share, if any, of the PAGA Payment.

23 **6.3. OBJECT TO THE SETTLEMENT**

24 You have the right to object to the terms of the Settlement if you do not request exclusion. If,
25 however, the Court rejects your objection, you will still be bound by the terms of the Settlement. If you
26 wish to object to the Settlement, or any portion of it, you may file with the Settlement Administrator
27 and the Court a written objection stating your name, address, telephone number, dates of employment
28 with Defendant, the case name and number, each specific reason in support of your objection, and any

1 legal support for each objection. Objections in writing must be mailed to the Settlement
 2 Administrator—Phoenix Settlement Administrators, P.O. Box 7208, Orange, California 92863—by no
 3 later than **[Response Deadline]** to be considered. **Objections that do not include all required**
 4 **information, or that are not timely submitted, might not be considered by the court.**

5 If you choose to object to the Settlement, you may also appear to speak at the final approval
 6 and fairness hearing scheduled for **[Final Approval Hearing Date]**, at **[Final Approval Hearing Time]**
 7 in Department **[Court Department]** of the Superior Court of the State of California for the County of
 8 Los Angeles, located at **[Court Location]**. You have the right to appear either in person or through your
 9 own attorney at this hearing.

10 If you object to the Settlement, you will remain a Class Member, and if the Court approves the
 11 Settlement, you will receive payment and be bound by the terms of the Settlement in the same way as
 12 Class Members who do not object. Any Class Member who does not object in the manner provided
 13 above shall have waived any objection to the Settlement, whether by appeal or otherwise.

14 The Court may, at the time of the final approval and fairness hearing, have certain social
 15 distancing requirements or procedures for attendance at hearings. If you wish to object to the Settlement
 16 by speaking at the final approval and fairness hearing, you may contact Class Counsel, whose
 17 information is provided below, for more information about the Court's current social distancing
 18 procedures. You may also review the Court's website for the most current information.

19 **7. HOW TO UPDATE OR CHANGE YOUR ADDRESS**

20 If you move after receiving this notice or if it was misaddressed, please contact the Settlement
 21 Administrator, Phoenix Settlement Administrators, at **(800) 784-2174** or by email at
 22 **info@phoenixclassaction.com**, as soon as possible. **This is important to ensure that future notices**
 23 **and/or the Settlement payment reach you.**

24 **8. NOTICE OF FINAL JUDGMENT IF THE SETTLEMENT IS APPROVED**

25 Within seven (7) days after the Court has held a final and fairness approval hearing and entered
 26 a final order approving the Settlement, if it chooses to do so, the Settlement Administrator will post a
 27 copy of that order and final judgment on its website at the following website address:

28 **[Case-Specific Settlement URL (to be added by Settlement Administrator)]**

9. IF THE SETTLEMENT IS NOT APPROVED

If the Settlement is not approved by the Court, or if any of its conditions are not satisfied, the Settlement may be voided, in which case no money will be paid, and the case will return to litigation. If that happens, there is no assurance: **(1)** that the class will be certified by the Court; **(2)** that any decision at trial would be in favor of Class Members; **(3)** that a trial decision, if any, would be as favorable to the Class Members as the Settlement; or **(4)** that any favorable trial decision would be upheld if an appeal was filed.

10. QUESTIONS OR COMMENTS

PLEASE DO NOT CALL OR CONTACT THE COURT. If you have any questions about the settlement, you may contact the Settlement Administrator at: **(800) 784-2174** or by e-mail at **info@phoenixclassaction.com**. You may also contact Class Counsel at the addresses or phone numbers listed below.

Lawyers Representing Plaintiff and the Class Members

MELMED LAW GROUP P.C.

Jonathan Melmed
jm@melmedlaw.com
Meghan N. Higday
mh@melmedlaw.com
1801 Century Park East, Suite 850
Los Angeles, California 90067
Phone: (310) 824-3828
Fax: (310) 862-6851

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EXHIBIT 2

Class Action Settlement Share Form

CLASS ACTION SETTLEMENT SHARE FORM

Isabel Sanchez v. Sunrise Floor Systems, LLC

Case Number 23STCV01790

Superior Court of the State of California for the County of Los Angeles

The proposed class action settlement agreement (the “Settlement”) described in the accompanying *Notice of Proposed Class Action Settlement* resolves disputed claims against Defendant Sunrise Floor Systems, LLC (“Defendant”) arising out of its compensation practices during the period from February 19, 2021, through March 19, 2024 (the “Class Period”) as applied to all individuals who are or were employed by Defendants as non-exempt employees in California during the Class Period (“Class Members”).

You are receiving this form because you are believed to be a Class Member. **According to Defendant’s records, you worked [REDACTED] workweeks for Defendant during the Class Period. Accordingly, your share of the Settlement is currently estimated to be \$ [REDACTED]**, which is an estimate of your allocated portion the Net Settlement Amount, as that term is defined in the accompanying *Notice of Proposed Class Action Settlement*. Your estimated share of the Settlement may increase depending on factors such as, but not limited to, the number of Class Members who effectively exclude themselves from the Settlement.

You do not need to do anything to receive money under the Settlement.

If you believe the information provided above as to the number of your workweeks is incorrect and wish to dispute it, please contact the Settlement Administrator no later than **[Response Deadline]** at:

Phoenix Settlement Administrators
(800) 784-2174
info@phoenixclassaction.com
P.O. Box 7208
Orange, California 92863

If you dispute the information stated above, the information Defendant provided to the Settlement Administrator will control unless you are able to provide documentation that establishes otherwise. Any disputes, along with supporting documentation, must be postmarked no later than **[Response Deadline]**.

Do not send originals; documentation sent to the claims administrator will not be returned or preserved.