

MESSRELIAN LAW INC.

Harout Messrelian, Esq. (SB# 272020)

hm@messrelianlaw.com

101 N. Brand Blvd. Suite 1450

Glendale, California 91203

Telephone: (818) 484-6531

Facsimile: (818) 956-1983

Attorneys for Plaintiff Kathleen McAuliffe

BRADLEY/GROMBACHER, LLP

Marcus J. Bradley, Esq. (SBN 174156)

Kiley L. Grombacher, Esq. (SBN 245960)

Lirit A. King, Esq. (SBN 252521)

Emilie MacLean, Esq. (SBN 349539)

31365 Oak Crest Drive Suite 240

Westlake Village, California 91361

Telephone: (805) 270-7100

Facsimile: (805) 270-7589

E-Mail: mbradley@bradleygrombacher.com

kgrombacher@bradleygrombacher.com

lking@bradleygrombacher.com

emaclean@bradleygrombacher.com

Attorneys for Plaintiff Jared Morgan Chandler

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

KATHLEEN MCAULIFFE; JARED
MORGAN CHANDLER;

Plaintiff,

vs.

ALO, LLC; and DOES 1 to 25, inclusive,

Defendants.

Case No.: 23STCV11684

**DECLARATION OF HAROUT
MESSRELIAN IN SUPPORT OF
UNOPPOSED MOTION FOR APPROVAL
OF PAGA SETTLEMENT**

[Submitted with Plaintiff's Unopposed Motion for
PAGA Approval; Declaration of Marcus J.

Bradley; and [Proposed] Order]

Res ID:

414554305497

Date: 5-7-2026

Time: 8:30am

Dept: 49

Hon. Randolph M.

Hammock

1

DECLARATION OF HAROUT MESSRELIAN IN SUPPORT OF
UNOPPOSED MOTION FOR APPROVAL OF PAGA SETTLEMENT AND RELEASE

I, HAROUT MESSRELIAN, declare and state as follows:

1. I am an attorney duly licensed to practice before all the Courts of the State of California. I am the managing attorney of Messrelian Law Inc. and the attorney of record for Plaintiff Kathleen McAuliffe ("Plaintiff") in her lawsuit against Defendant ALO, LLC (hereinafter "ALO" or "Defendant(s)").

2. I am experienced in handling employment law matters and specifically wage and hour representative and individual actions. My qualifications are as follows: I received my JD from Loyola Law School in 2010. I started my own law firm in 2011 – the Law Offices of Harout Messrelian. Since 2016, I have been the founder and principal attorney at Messrelian Law, Inc. Since 2011, I have filed and handled over 350 civil actions and/or claims involving representative actions under the Private Attorneys General Act ("PAGA") and/or wage and hour claims on behalf of my clients and have been appointed Class Counsel in three class action cases – *Zohrab Mekhitarian v. Triple Play Motors dba Bob Smith Toyota*, Los Angeles Superior Court Case No. 19STCV22411 (ADR Services, Inc., Case Number 20-2668-RWT), *Carina Camberos, on behalf of herself and others similarly situated, v. Great American Chicken Corp, Inc.*, Los Angeles Superior Court Case No. 21STCV32015, and *Robert Garcia, on behalf of himself and others similarly situated v. HD Supply Management Inc.*, San Bernardino Superior Court Case No. CIVSB2028067. I have a practice that encompasses cases in the Los Angeles Superior Courts, the Orange County Superior Courts, the Riverside County Superior Courts, the San Bernardino County Superior Courts, the Alameda County Superior Courts, Santa Clara County Superior Courts, San Mateo County Superior Courts, and the Monterey County Superior Courts.

3. Except as otherwise indicated, I have personal knowledge of all matters set forth herein and, if called as a witness, could and would competently testify thereto under oath.

Factual and Procedural Background

4. Defendant ALO is a California limited liability company and an athletic apparel retailer with multiple locations throughout California.

1
2 5. Plaintiff McAuliffe started working at ALO on or around 2022. Plaintiff
3 McAuliffe's employment ended on or around December 2022. Plaintiff Chandler worked for
4 ALO from approximately July 2022 through approximately January 23, 2023. Plaintiff Chandler
5 worked as a general manager. Plaintiffs were arguably misclassified as exempt, salaried
6 employees.

7 6. Plaintiff McAuliffe complied with the procedures of Labor Code § 2699.3 for
8 bringing suit under the Labor Code Private Attorneys General Act of 2004, Labor Code §§ 2698,
9 et seq. ("PAGA"). On January 10, 2023, Plaintiff on behalf of herself and Defendant's California
10 non-exempt employees (hereafter collectively the "Aggrieved Employees") gave written notice
11 by electronic service to the California Labor and Workforce Development Agency ("LWDA")
12 and via certified mail to Defendant of their claims against Defendant. On October 20, 2025,
13 Plaintiff filed an amended PAGA notice with the LWDA. In her amended notice to the LWDA,
14 Plaintiff asserted on behalf of herself and the Aggrieved Employees that Defendant (1) failed to
15 compensate for all hours worked and to pay minimum wages (Labor Code Sections 1194, 1197,
16 1197.1); (2) failed to pay overtime compensation (Labor Code Section 510); (3) failed to provide
17 rest breaks (Labor Code Section 226.7); (4) failed to provide meal breaks (Labor Code Sections
18 512, 226.7); (5) failed to timely pay wages due during employment (Labor Code Section 204);
19 (6) failed to provide accurate itemized wage statements (Labor Code Section 226); (7) failed to
20 keep accurate and complete payroll records (Labor Code Section 1174/1174.5); (8) failed to pay
21 wages at the end of employment (Labor Code section 203); (9) failed to reimburse business
22 expenses (Labor Code section 2802); and (10) failed to provide accurate sick pay. Plaintiff filed
23 her initial lawsuit on May 23, 2023, in the Superior Court for the State of California, County of
24 Los Angeles, Case No. 24STCV31234, with one cause of action for PAGA penalties. Plaintiffs
25 then filed a First Amended Complaint on or around December 4, 2025 based on the theories as
26 outlined in the amended PAGA letter.

27 7. Through informal discovery, Defendant represented that it employed
28 approximately 2165 employees falling within Plaintiffs' Aggrieved Employees definition for
the period from January 10, 2022 (one year before Plaintiffs' PAGA notice filing date) through

1 October 4, 2024, and that there are paychecks issued for a total of approximately 90,132 pay
2 periods worked for that same time period, with 46,518 pay periods representing pay periods
3 worked by non-exempt employees.

4 8. The Settlement Agreement covers PAGA Members, which are Aggrieved
5 Employees employed on or after January 10, 2022 through October 4, 2024.

6 9. Defendant denies any liability or wrongdoing of any kind whatsoever associated
7 with the lawsuit and the Representative PAGA Claim. It is the desire of the Parties to fully,
8 finally, and forever compromise, and discharge all claims known or unknown related to those
9 alleged in Plaintiffs' lawsuit.

10 10. The parties attended private mediation with experienced wage and hour mediator
11 James W. Johnston (JJ Johnston) on July 3, 2024, and settled the matter following post-
12 mediation negotiations with the help of JJ Johnston. Before agreeing to the terms of the
13 Settlement, the Parties engaged in informal discovery regarding Defendant's policies, practices,
14 operations, time and payroll information and other topics. Prior to negotiation, Defendant
15 produced Plaintiffs' personnel file, and payroll data for Plaintiffs. Through extensive arm's
16 length negotiations with the assistance of Mediator JJ Johnston and only after informal discovery
17 and investigation were performed, the Parties agreed to settlement terms. Attached as **Exhibit**
18 **1** is a true and accurate copy of the "PAGA Settlement Agreement" (hereinafter "Settlement
19 Agreement") along with the notice that will be sent, with payment, to the PAGA Members
20 covered by the Settlement Agreement. As alluded to above, the Parties negotiated the PAGA
21 claims through arms-length negotiation during and after a private mediation, and only after
22 sufficient discovery was completed, including data being sent to Plaintiffs' data expert for
23 analysis/review.

24 11. The Parties conducted investigation of the facts and law both before and after the
25 lawsuit was filed. Counsel for the Parties have further investigated the applicable law as applied
26 to the facts discovered regarding Plaintiffs' claims, the defenses thereto, and the Labor Code
27 violations claimed by Plaintiffs. Based on their own independent investigations and evaluations,
28 the Parties and their respective counsel are of the opinion that the Settlement for the

1 consideration and on the terms set forth in this Motion are fair, reasonable and adequate and are
2 in the best interests of Plaintiffs, the PAGA Members, and Defendant in light of all known facts
3 and circumstances and the risks inherent in litigation.

4 12. The Parties further recognize that the issues presented in the Action are likely
5 only to be resolved with extensive and costly pretrial and trial proceedings, and that further
6 litigation will cause inconvenience, distraction, disruption, delay, and expense disproportionate
7 to the maximum potential benefits, especially in light of the post- pandemic era and the business
8 climate.

9 13. Plaintiffs allege that the strongest claims are that Plaintiff and other PAGA
10 Members were not provided meal and rest breaks under the law.

11 14. Plaintiffs contend that the civil penalty statutes applicable to the Action arise
12 from violations of the California Labor Code, including, but not limited to, Labor Code §§ 226.7,
13 512, 558, and 2699(f)(2). Under these civil penalty statutes, an employee who suffers a Labor
14 Code violation may be awarded a sum of money for each pay period in which he or she was
15 underpaid. However, under Labor Code § 2699(e)(2), the Court can reduce an award of civil
16 penalties if the award is unjust, arbitrary, oppressive, or confiscatory.

17 15. As it relates to Plaintiffs' argument for meal break violations, Plaintiffs' data
18 analysis revealed a shift violation rate of 14.6% for short, late, or no meal breaks for shifts that
19 were 6 hours or greater. This shift violation rate translates into a unique pay period violation
20 rate of 39.5%. The data revealed that 87.4% of shifts in the sample were 6 hours or greater. As
21 such, we are dealing with violations covering 40,656 pay periods [46,518 non-exempt pay
22 periods x 87.4%]. Plaintiff attributes a 60% chance of success on this claim if it were to forward
23 in Court, especially because Defendant had written meal period policies and due to
24 manageability issues as described further below. As such, the maximum exposure for meal
25 period violations in the PAGA period would be **\$798,900**, which is calculated as follows: 40,656
26 pay periods x 39.3% violation rate equals 15,978 affected pay periods; 15,978 pay periods x
27 \$50/pay period (civil penalty) amounts to \$798,900 in exposure, which would be multiplied by
28 a 65% chance of success, which yields **\$519,285**. The latter exposure calculation also does not

1 take into account the fact that Defendant actually paid meal premium payments when it believed
2 a violation had been committed. In addition, there are risks to Plaintiffs' meal period claims as
3 noted above and the reason by Plaintiffs attribute a 60% chance of success on the meal break
4 claims. Defendant contends that, to establish a violation for missed meal periods, a plaintiff
5 must do more than show that a meal break was not taken. Determining by a review of
6 Defendant's time records the exact reasons why a meal period appears to be short or late or not
7 taken would be difficult and would be a challenge as Plaintiffs would have issues with
8 manageability.

9 16. As it relates to Plaintiffs' argument for rest break violations, Plaintiff
10 extrapolated the meal break violation rate for pay periods and used it for the rest break analysis.
11 The data revealed that 98.5% of shifts in the sample were 3.5 hours or greater. As such, we are
12 dealing with violations covering 45,820 pay periods [46,518 pay periods x 98.5%]. Moreover,
13 and due to the difficulties in proving rest break violations, which are not tracked on paper,
14 Plaintiff attributes a 35% chance of success on this claim if it were to forward in Court,
15 especially because Defendant had written rest period policies. Moreover, Defendant contends
16 they provided non-exempt employees with the opportunity to take rest breaks in accordance
17 with California law, and, accordingly, that Plaintiffs' rest break claim has no support.
18 Furthermore, employers are not required to record rest periods, and such periods are paid. Unlike
19 meal periods, where there are often records showing whether an employee clocked out or not,
20 there is no such evidence to prove a missed rest period or that the employer refused to authorize
21 and permit one. As such, the realistic exposure for rest period violations in the PAGA period
22 would be \$360,140, which is calculated as follows: 45,820 pay periods x 39.3% violation rate
23 equals 18,007 affected pay periods; 18,007 pay periods x \$100/pay period (civil penalty)
24 amounts to \$1,800,700 in maximum exposure, which would be multiplied by a 35% chance of
25 success, which yields **\$630,245**.

26 17. As it relates to Plaintiffs' other claims, there would be significant issues with
27 proof. As it relates to Plaintiffs' claims for rounding, Plaintiffs' expert found no evidence of
28 rounding in the sample, with hours being paid to the second decimal point. In terms of any
potential regular rate issue as it relates to overtime or meal/rest period premiums based on

1 bonuses paid, Defendant argued that they pay a percentage bonus based on total compensation
2 so the bonuses do not need to be factored into overtime pursuant to Lemm v. Ecolab, Inc., 87
3 Cal. App. 5th 698 (2023) . As it relates to straight overtime issues, the data showed that overtime
4 was paid properly when it was paid. As it relates to Plaintiffs’ claim of business expense
5 reimbursement, there was evidence that Defendant maintained a specific reimbursement policy
6 for cell phone reimbursement and there was no evidence seen regarding required reimbursement
7 for equipment or mileage. Moreover, there was no evidence that a distinct type of clothing was
8 required in terms of uniforms. Finally, there was no evidence that Defendant failed to pay the
9 proper and accurate sick pay. Plaintiffs’ other claims are derivative claims for violations of
10 Labor Code sections 203, 204, and 226 for not being paid all wages owed every pay period or
11 at the end of employment as well as not receiving accurate, itemized wage statements would not
12 be triggered since meal and rest period violations do not trigger these derivative claims.

13 18. Based on the above calculations, Plaintiffs’ aggregate exposure for the strongest
14 disputed claims would be \$1,149,530. Assuming that Plaintiffs’ calculations and analysis are
15 accurate, the maximum exposure presumes that the Court will not reduce the penalty award as
16 unjust, arbitrary, oppressive, or confiscatory. Based on the above analysis, a gross settlement in
17 the amount of \$410,000, which is 36% of the realistic exposure, is a very strong result, especially
18 in light of the risk factors as discussed above.

19 19. Moreover, Plaintiff is aware of no California state courts awarding Plaintiff
20 multiple PAGA penalties for the same violation for the same pay period under different Labor
21 Code provisions. As such, one of the risks Plaintiff faces is that the Court would refuse to “stack”
22 civil penalties arising under the various Labor Code statutes. Furthermore, judges have awarded
23 extremely small sums to PAGA claimants in the past. Defendant also adamantly disputes all of
24 Plaintiffs’ allegations in the operative Complaint.

25 20. PAGA states a court has discretion to award a lesser amount than the maximum
26 penalty. See Lab. Code § 2699(e)(2) (“...a court may award a lesser amount than the maximum
27 civil penalty amount specified by this part if, based on the facts and circumstances of the
28 particular case, to do otherwise would result in an award that is unjust, arbitrary and oppressive,

1 or confiscatory.”); *see also* *Thurman v. Bayshore Transit Management, Inc.* (2012) 203
2 Cal.App.4th 1112, 1135 (reducing PAGA award). There is a substantial risk that the Court could
3 reduce civil penalties to an insignificant amount if it is unpersuaded by Plaintiffs’ evidence of
4 willful and intentional conduct. *Carrington v. Starbucks* (2018) 30 Cal.App.5th 504
5 (“*Carrington*”) illustrates this. In that case, the Court of Appeal affirmed a trial court’s heavily
6 discounted award of only \$5 per violation because it was within the Court’s discretion to
7 significantly reduce PAGA penalties even when there is a finding that a violation of the
8 California Labor Code occurred. The plaintiff in *Carrington* had requested penalties in excess of
9 \$70 million and was successful in proving the PAGA claim during a bench trial. However, the
10 trial court reduced the total award after trial to only \$150,000 (30,000 violations x \$5) and stated
11 that this reduction was warranted because imposing the maximum penalty would be “unjust,
12 arbitrary, and oppressive”, based on Starbucks’s “good faith attempts” to comply with meal break
13 obligations and because the Court found the violations were minimal. Thus, the chance of
14 Plaintiffs recovering a higher amount than the Gross Settlement Amount is uncertain.

15 21. The Parties further recognize that the issues presented in the Action are likely
16 only to be resolved with extensive and costly pretrial and trial proceedings, and that further
17 litigation will cause inconvenience, distraction, disruption, delay, and expense disproportionate
18 to the maximum potential benefits to the PAGA Members and Plaintiff from continued
19 litigation.

20 22. The settlement of the Action involves monetary relief to all PAGA Members,
21 Plaintiffs, their attorneys, and the State of California.

22 23. Furthermore, Plaintiffs recognize that continued litigation presents significant
23 risks that support a significant downward departure from Plaintiffs’ estimated civil penalties
24 amount. In view of the risks, the Settlement represents a fair, adequate, and reasonable
25 compromise amount for these claims and is in the best interest of Plaintiffs and PAGA Members
26 and thus, warrants approval. *See Laguna v. Coverall N. Am., Inc.*, Case No. 12-55479 (9th Cir.
27 June 3, 2014) 2014 WL 2465049, * 3. The PAGA settlement and its terms are fair, just,
28 reasonable, adequate, and equitable to Plaintiff, the aggrieved employees, and the State,

1 especially in light of the current economic climate, and are the product of good faith, and
2 informed arms-length negotiations between the Parties consistent with public policy and fully
3 comply with applicable provisions of law.

4 24. As such, the settlement of PAGA penalties in the gross sum of 410,000.00, of which
5 75% of the net amount after attorney's fees of \$136,666.66, attorney costs of \$15,650.06, and
6 settlement administrator fees of \$10,000, which is \$185,762.46 will be paid to the LWDA, and
7 25%, which equates to \$61,920.82, will be distributed to the PAGA Members, is reasonable and
8 appropriate under the circumstances.

9 ***Plaintiffs' Individual Settlement***

10 25. Plaintiffs did have individual claims that were also settled by the parties. The
11 parties agreed that the consideration Plaintiffs received pursuant to individual settlement
12 agreements was to settle their individual claims. As part of this confidential agreement,
13 Plaintiffs also provided Defendant with a general release of all claims, whether known or
14 unknown, including unknown claims covered by Civil Code Section 1542. Plaintiffs have no
15 conflict of interest with the absent Aggrieved Employees and are adequate to represent the
16 Aggrieved Employees.

17 ***Attorneys' Fees and Costs***

18 26. I represent Plaintiff McAuliffe on a straight contingency basis. The attorneys'
19 global request for \$136,666.66 [1/3] in attorney fees and \$7,897.81 in litigation costs for
20 Plaintiff McAuliffe is fair and reasonable. To date, I have investigated and prosecuted this
21 matter, including drafting the initial and amended PAGA notices as well as the original and First
22 Amended complaint; reviewing Defendant's informal data and document production; sending
23 and receiving emails on the case with defense counsel; sending the PAGA data to Plaintiffs'
24 expert for review/analysis and reviewing the expert's findings/conclusions; preparing for the
25 mediation, including providing material and arguments to the mediator; engaging in the
26 mediation; and drafting this PAGA approval motion. I also expect to perform additional work
27 on this case if the Court grants final approval of the Settlement, including supervision of the
28 Settlement Administrator's disbursement of the settlement funds to the Aggrieved Employees.
"Empirical studies show that, regardless of whether the percentage method or the lodestar

1 method is used, fee awards in class actions average around one-third of the recovery. *Chavez v.*
2 *Netflix, Inc.* (2008) 162 Cal.App.4th 43, 47 fn. 11 (quoting *Shaw v. Toshiba America Information*
3 *Systems, Inc.* (E.D. Tex. 2000) 91 F.Supp.2d 942, 972; *See also Lafitte v. Robert Half Int'l Inc.*
4 (Cal. Aug. 11, 2016) 1 Cal.5th 480, 503, 376 P.3d 672, 686 (holding that courts can use the
5 percentage method for the calculation of attorneys' fees). This is also consistent with my
6 experience in cases involving PAGA claims. This award is justified here because I achieved a
7 strong result for the PAGA Members and the State while bearing the substantial burdens of
8 contingency representation.

9 27. My previous experience in litigating wage and hour actions also supports the
10 reasonableness of the fee request, as does the caliber of opposing counsel. My previous
11 experience in similar matters was integral in evaluating the strengths and weaknesses of the
12 case against Defendant and the reasonableness of the Settlement. Because it is reasonable to
13 compensate me commensurate with my skill, reputation, and experience, attorney's fees of
14 approximately 1/3 of the Gross Settlement Amount is reasonable. Likewise, the caliber and
15 experience of opposing counsel in labor and employment litigation supports the fairness and
16 reasonableness of the requested fee award.

17 28. Messrelian Law Inc and Bradley/Grombacher LLP have executed a Joint
18 Prosecution Agreement to which Plaintiff Kathleen McAuliffe has provided express written
19 consent to a fee splitting agreement between co-counsel as follows: 60% to Messrelian Law Inc.
20 and 40% to Bradley/Grombacher LLP.

21 29. The litigation costs expended to aid in the representation of the PAGA Members
22 on behalf of Plaintiff McAuliffe include the following: lawsuit filing fee of \$454.22; service of
23 lawsuit fee of \$245.00; PAGA initial filing fees of \$75.00; expert data analysis fee of \$1,150.00;
24 mediation fee of \$5837.01; and miscellaneous court filing fees of \$136.58 for a total of
25 \$7,897.81. All of these costs are documented and reasonably incurred.

26 ***Settlement Administration Costs***

27 30. With regard to the settlement administration costs provision, it is reasonable.
28 Before agreeing to Apex Class Action Administration ("Apex"), the parties sought and reviewed

1 bids from other reputable third-party administrators, including ILYM and Phoenix, and Apex's
2 bid was comparable. Apex's bid has been attached as **Exhibit 2** to this declaration.

3 ***Notice of Settlement to the LWDA***

4 31. Pursuant to Lab. Code § 2699(1)(2), my firm submitted a copy of the
5 Settlement with the LWDA at the same time the Settlement is being filed with the Court. True
6 and correct copies of this submission with the LWDA and the confirmation email are
7 collectively attached as **Exhibit 3** to this declaration. My firm will further provide a copy of the
8 Court's Order and Judgment to the LWDA within ten (10) calendar days after entry of said
9 judgment or order as required by Labor Code sections 2699(s)(3).

10 I declare under the penalty of perjury of the laws of the State of California that the
11 foregoing is true and correct to the best of my knowledge.

12 Executed on April 12, 2026, at Glendale, California.

13
14 
15 HAROUT MESSRELIAN,
16 Declarant
17
18
19
20
21
22
23
24
25
26
27
28

EXHIBIT 1

PAGA SETTLEMENT AGREEMENT

This PAGA Settlement Agreement (“Agreement”) is made by and between Plaintiffs Kathleen McAuliffe and Jared Morgan Chandler (“Plaintiffs”) and Defendant Alo, LLC (“Alo” or “Defendant”). The Agreement refers to Plaintiffs and Defendant collectively as “Parties,” or individually as “Party.”

1. DEFINITIONS.

- 1.1. “Action” means Plaintiffs’ PAGA lawsuits alleging wage and hour violations against Alo captioned *McAuliffe v. Alo, LLC* initiated on May 23, 2023, and pending in Superior Court of the State of California, County of Los Angeles, Case No. 23STCV11684 (“McAuliffe Action”) and *Chandler v. Alo, LLC* initiated on October 3, 2023, and pending in Superior Court of the State of California, County of Orange, Case No. 30-2023-01354815-CU-OE-CXC (“Chandler Action”).
- 1.2. “Administrator” means Apex Class Action Administration, the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.3. “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with approval of this Settlement.
- 1.4. “Aggrieved Employee” means a person employed or formerly employed by Alo in California and classified as an exempt or non-exempt employee who worked for Alo during the PAGA Period.
- 1.5. “Aggrieved Employee Data” means Aggrieved Employee identifying information in Alo’s possession including the Aggrieved Employee’s name, last-known mailing address, Social Security number, and number of PAGA Pay Periods.
- 1.6. “Aggrieved Employee Address Search” means the Administrator’s investigation and search for current Aggrieved Employee mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Aggrieved Employees.
- 1.7. “Alo” means named Defendant Alo, LLC.
- 1.8. “Approval Order” means the proposed Court Order Granting Approval of PAGA Settlement.
- 1.9. “Court” means the Superior Court of California, County of Los Angeles.

- 1.10. "Defense Counsel" means Alo, LLC – Legal Department.
- 1.11. "Effective Date" means the later of (i) the 61st day after service of notice of entry of the Approval Order and Judgment, if no appeal, review, or writ has been filed; or (ii) if an appeal, review, or writ is sought from the Approval Order and Judgment, the day after the Approval Order and Judgment is affirmed or the appeal, review, or writ is dismissed or denied, and the Approval Order and Judgment is no longer subject to further judicial review.
- 1.12. "Funding Date" means fifteen (15) calendar days after the Effective Date and is the date on which Alo shall fund the "Gross Settlement Amount" to the Administrator.
- 1.13. "Gross Settlement Amount" means \$410,000.00 which is the total amount Alo agrees to pay under the Settlement except as provided in Paragraph 8 below. The Gross Settlement Amount will be used to pay Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, and the Administrator's Expenses Payment.
- 1.14. "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 25% of the PAGA Penalties calculated according to the number of Pay Periods the Aggrieved Employee worked during the PAGA Period.
- 1.15. "Judgment" means the judgment entered by the Court based upon the approval of the Settlement.
- 1.16. "LWDA" means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).
- 1.17. "LWDA PAGA Payment" means the 75% of the Net Settlement paid to the LWDA under Labor Code section 2699, subd. (i).
- 1.18. "Net Settlement Amount" means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is the Net Settlement Amount, which shall be allocated to PAGA Penalties.
- 1.19. "Notice of PAGA Settlement" means the notice to be provided to the PAGA Employees by the Administrator in the form set forth as Exhibit A to this Agreement.
- 1.20. "Operative Complaint" means the First Amended Complaint in this Action.
- 1.21. "PAGA Counsel" means Messrelian Law Inc. and Bradley/Grombacher, LLP, the

attorneys representing Plaintiffs in the Action.

- 1.22. "PAGA Counsel Fees Payment" and "PAGA Counsel Litigation Expenses Payment" mean the amounts allocated to PAGA Counsel for reimbursement of reasonable attorneys' fees and expenses, respectively, incurred to prosecute the Action.
- 1.23. "PAGA Pay Period" means any pay period during which an Aggrieved Employee worked for Alo for at least one day during the PAGA Period.
- 1.24. "PAGA Period" means the period from January 10, 2022 to October 4, 2024.
- 1.25. "PAGA" means the Private Attorneys General Act (Labor Code §§ 2698. et seq.).
- 1.26. "PAGA Notice" means Plaintiffs' January 10, 2023, May 24, 2023, and October 20, 2025 PAGA letters to Alo and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a).
- 1.27. "PAGA Penalties" means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees (\$60,833.34) and the 75% to LWDA (\$182,500.00) in settlement of PAGA claims.
- 1.28. "Plaintiffs" mean Kathleen McAuliffe and Jared Morgan Chandler, the named plaintiffs in the Action.
- 1.29. "Released PAGA Claims" means all PAGA claims that were alleged or could have reasonably been alleged against Alo based upon the facts and circumstances identified in the PAGA Notice, and in the Operative Complaint filed in the Action on behalf of the Aggrieved Employees, which arose during the PAGA Period. Without limiting the foregoing, and in addition to the foregoing, the release includes all civil penalties under California Labor Code Section 2699 *et seq.* for alleged failure to compensate for all hours worked, failure to pay minimum wages, failure to pay overtime, failure to provide wages during and at the end of employment, failure to provide meal/rest breaks, failure to provide accurate itemized wage statements, failure to reimburse business expenses, failure to maintain and preserve accurate records, failure to provide paid sick leave, failure to provide COVID-19 supplemental paid sick leave, failure to provide at least one day of rest in a workweek, and failure to provide suitable seating, pursuant to the corresponding applicable sections of the California Labor Code, California Code of Regulations and IWC Wage Orders.
- 1.30. "Released Parties" means: Alo LLC and each of its former and present directors, officers, shareholders, owners, investors, members, employees,

attorneys, representatives, agents, insurers, predecessors, successors, assigns, parent companies, holding companies, subsidiaries, and affiliates, and any individual or entity which could be jointly liable with Alo.

- 1.31. "Settlement" means the disposition of the Action effected by this Agreement and the Judgment.

2. RECITALS.

- 2.1. On May 23, 2023, Plaintiff Kathleen McAuliffe commenced the McAuliffe Action by filing a Complaint against Alo. On October 3, 2023, Plaintiff Jared Morgan Chandler commenced the Chandler Action by filing a Complaint against Alo. The McAuliffe Action and Chandler Action are collectively referred to as the "Action." The Action alleges Civil Penalties Pursuant to PAGA Labor Code section 2698 et seq. against Alo for failure to compensate for all hours worked, failure to pay minimum wages, failure to pay overtime, failure to provide wages during and at the end of employment, failure to provide meal/rest breaks, failure to provide accurate itemized wage statements, failure to reimburse business expenses, failure to maintain accurate records, and failure to provide COVID-19 supplemental paid sick leave, and failure to provide suitable seating. Alo denies the allegations in the Action, denies any failure to comply with the laws identified in the Action, and denies any and all liability for the causes of action alleged.
- 2.2. Pursuant to Labor Code section 2699.3, subd.(a), Plaintiffs gave timely written notice to Alo and the LWDA by sending their PAGA Notice.
- 2.3. On July 3, 2024, the Parties participated in an all-day mediation presided over by James W. Johnston, Esq. ("JJ Johnston"), which led to this Agreement to settle the Action.
- 2.4. Prior to mediation, Plaintiffs obtained, through informal discovery, Alo's applicable employee handbook and Plaintiffs' personnel records, payroll records, and time records. Plaintiffs also received a data sampling of other employees' time and pay records for review and analysis.
- 2.5. As part of the Settlement, the Parties agreed to stipulate to the filing of a First Amended Complaint in the McAuliffe Action, and the submission of an amended PAGA notice letter to the LWDA, adding in additional underlying Labor Code violations, which are already listed in the Released Claims. On October 20, 2025, Plaintiffs served the amended PAGA notice letter on Alo and the LWDA.
- 2.6. For purposes of approval of the Settlement, the Parties also agreed to stipulate to add Plaintiff Chandler as an additional plaintiff to the McAuliffe Action and dismiss the Chandler Action.

- 2.7. The Parties, PAGA Counsel and Defense Counsel represent that they are aware of only two other pending matters or actions asserting claims that will be extinguished or affected by the Settlement: *Trisha Frisbie v. Alo, LLC*, Los Angeles Superior County Case Number 24STCV27357, *Haley Marlene Escajeda v. Alo, LLC*, Los Angeles Superior County Case Number 25STCV12229.

3. MONETARY TERMS.

- 3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 8 below, Alo promises to pay \$410,000.00 and no more as the Gross Settlement Amount. Alo has no obligation to pay the Gross Settlement Amount prior to the deadline stated in Paragraph 4.4 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Alo.
- 3.2. Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Approval Order:
- 3.2.1. To PAGA Counsel: A PAGA Counsel Fees Payment of not more than 1/3 which is currently estimated to be \$ 136,666.66 and PAGA Counsel Litigation Expenses Payment of not more than \$ 20,000.00. Alo will not oppose requests for Court approval of these payments provided that they do not exceed these amounts. Plaintiffs and/or PAGA Counsel will file an application or motion for PAGA Counsel Fees Payment and PAGA Litigation Expenses Payment. If the Court approves a PAGA Counsel Fees Payment and/or a PAGA Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to PAGA Counsel or any other Plaintiffs' Counsel arising from any claim to any portion any PAGA Counsel Fee Payment and/or PAGA Counsel Litigation Expenses Payment. The Administrator will pay the PAGA Counsel Fees Payment and PAGA Counsel Expenses Payment using one or more IRS 1099 Forms. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment and holds Alo and the Released Parties harmless, and indemnifies Alo and the Released Parties, from any dispute or controversy regarding any division or sharing of any of these Payments.
- 3.2.2. To the Administrator: An Administrator Expenses Payment not to exceed \$10,000.00 except for a showing of good cause and as approved by the

Court. To the extent the Administration Expenses are less or the Court approves payment less than \$10,000, the Administrator will retain the remainder in the Net Settlement Amount.

3.2.3. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of \$243,333.34 to be paid from the Gross Settlement Amount, with 75% (\$182,500.00) allocated to the LWDA PAGA Payment and 25% (\$60,833.34) allocated to the Individual PAGA Payments.

3.2.3.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties (\$60,833.34) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

3.2.3.2. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms.

3.2.4. Additional Attorneys' Fees and Costs: No PAGA Employee, or PAGA Counsel, or any other attorney acting for any PAGA Employee may recover or seek to recover any amounts for fees, costs, or disbursements arising from the Action or the Gross Settlement Amount from the Released Parties except as expressly provided for in this Agreement.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1. Aggrieved Employee Pay Periods. Based on a review of its records and in preparation for mediation, as of the date of mediation, July 3, 2024, Alo estimates there are 2,165 Aggrieved Employees. The Settlement is based on the assumption that there were 90,132 Pay Periods in the period from January 10, 2022, through October 4, 2024.

4.2. Aggrieved Employee Data. Within 10 days of the Effective Date, Alo will simultaneously deliver the Aggrieved Employee Data to the Administrator in the form of a Microsoft Excel spreadsheet. To protect Aggrieved Employee' privacy rights, the Administrator must maintain the Aggrieved Employee Data in confidence, use the Aggrieved Employee Data only for purposes of this Settlement and for no other purpose, and restrict access to the Aggrieved Employee Data to Administrator employees who need access to the Aggrieved Employee Data to effect and perform under this Agreement. Alo has a continuing duty to immediately notify PAGA Counsel if it discovers that the Aggrieved Employee Data omitted employee identifying information

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

- 4.3. Funding of Gross Settlement Amount. Alo shall fully fund the Gross Settlement Amount by transmitting the funds to the Administrator on or before the Funding Date.
- 4.4. Payments from the Gross Settlement Amount. Within 15 days after Alo funds the Gross Settlement Amount, the Administrator will mail checks for all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the PAGA Counsel Fees Payment, and the PAGA Counsel Litigation Expenses Payment. Disbursement of the PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment shall not precede disbursement of Individual PAGA Payments.
 - 4.4.1. The Administrator will issue checks for the Individual PAGA Payments and send them to the Aggrieved Employees via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided (the "Void Date"). The Administrator will cancel all checks not cashed by the Void Date. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.
 - 4.4.2. The Administrator must conduct an Aggrieved Employee Address Search for all Aggrieved Employees whose checks are returned undelivered without USPS forwarding address. Within 5 days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Aggrieved Employee Address Search. The Administrator need not take further steps to deliver checks to Aggrieved Employees whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, requested by the Aggrieved Employee prior to the Void Date.
 - 4.4.3. For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Aggrieved Employee.
 - 4.4.4. The payment of Individual PAGA Payments shall not obligate Alo to

confer any additional benefits or make any additional payments to the Aggrieved Employees (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

5. RELEASES OF CLAIMS. Effective on the date when Alo fully funds the entire Gross Settlement Amount Plaintiffs and PAGA Counsel will release claims against all Released Parties as follows:

- 5.1 **Plaintiffs' Release.** Plaintiffs and their respective former, present, and future spouses, representatives, agents, attorneys (including PAGA Counsel), heirs, executors, administrators, successors, and assigns generally, release and discharge Released Parties from all PAGA claims, transactions, or occurrences that occurred during the PAGA Period, including but not limited to: (a) all claims that were or reasonably could have been, alleged, based on the facts contained in the Action and the PAGA Notice ("**Plaintiffs' Release**"). Plaintiffs' Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the PAGA Period. Plaintiffs acknowledge that Plaintiffs may discover facts or law different from, or in addition to, the facts or law that Plaintiffs now know or believe to be true but agree, nonetheless, that Plaintiffs' Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiffs' discovery of them.
- 5.2 **Release by Aggrieved Employees and the State of California:**
Upon the Effective Date and Funding in full of the Gross Settlement Amount by Alo, all Aggrieved Employees and the State of California are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, Alo the Released Parties from the Released PAGA Claims. The Parties agree there is no statutory right for any Aggrieved Employee to object, opt out or otherwise exclude himself or herself from the Settlement. The Parties further agree there is no right or opportunity for any Aggrieved Employee to appeal the approval of the PAGA settlement by the Court. This Agreement shall not be subject to collateral attack by any Aggrieved Employee.
- 5.3 **Release by PAGA Counsel:**
PAGA Counsel release on behalf of themselves, their present and former attorneys, employees, agents, successors and assigns the Released Parties from all claims for PAGA Fees incurred in connection with the Operative Complaint and the PAGA Period, facts stated in the Operative Complaint, the PAGA Notice, or otherwise incurred to prosecute the McAuliffe Action or the Chandler Action.

6. MOTION OR APPLICATION FOR APPROVAL OF SETTLEMENT. The Parties agree to jointly prepare and file an application or motion for approval of this Settlement.

- 6.1 Plaintiffs' Responsibilities. Plaintiffs will prepare and deliver to Defense Counsel all documents necessary for obtaining approval of this Settlement under Labor Code Section 2699, subd. (f)(2)) including (i) a draft motion for approval of the PAGA Settlement, which PAGA Counsel will submit to Alo for review and comment at least five (5) days prior to filing with the Court; (ii) a draft proposed Order Granting Approval of PAGA Settlement; (iii) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Aggrieved Employee Data; amounts of insurance coverage for any data breach, defalcation of funds or other misfeasance; all facts relevant to any actual or potential conflicts of interest with Aggrieved Employees or the LWDA; and the nature and extent of any financial relationship with Plaintiffs, PAGA Counsel or Defense Counsel; (iv) a signed declaration from PAGA Counsel firm attesting to its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2)); (v) a redlined version of the parties' Agreement showing all modifications made to the Model Agreement ready for filing with the Court; and (vi) all facts relevant to any actual or potential conflict of interest with Aggrieved Employees and/or the Administrator. In their Declarations, Plaintiffs and PAGA Counsel shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.
- 6.2 Responsibilities of PAGA Counsel. PAGA Counsel is responsible for expeditiously finalizing and filing the application or motion for approval of this Settlement no later than [60] days after the full execution of this Agreement and, if necessary, obtaining a prompt hearing date for the motion and appearing in Court to advocate in favor of the motion. PAGA Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.
- 6.3 Duty to Cooperate. If the Parties disagree on any aspect of the proposed application or motion for approval of this Settlement and/or the supporting declarations and documents, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant the motion for approval of this Settlement or conditions its approval on any material change to this Agreement, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

7. SETTLEMENT ADMINISTRATION.

- 7.1 Selection of Administrator. The Parties have jointly selected Apex Class Action Administration to serve as the Administrator and verified that, as a condition of appointment, Apex Class Action Administration agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.
- 7.2 Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports to state and federal tax authorities.
- 7.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.
- 7.4 Administrator Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

8. AGGRIEVED EMPLOYEE SIZE ESTIMATES AND ESCALATOR CLAUSE.

The Settlement is based on the assumption that there were 90,132 pay periods in the period from January 10, 2022, through October 4, 2024. If the number of pay periods increases by more than 10% as of the date of approval of the Settlement, Alo will have the choice of: (a) paying a proportional increase in the Gross Settlement Amount for each additional pay period over 90,132; or (b) modifying the end date of the PAGA Period to any date prior to the Approval Date, and paying a pro rate increase, if applicable (*i.e.*, for any pay periods over 90,132).

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

- 9.1 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment, the Parties, and their respective counsel waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to

oppose such motions, writs or appeals. If another party appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

10. ADDITIONAL PROVISIONS.

- 10.1 No Admission of Liability or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Alo that any of the allegations in the Action have merit or that Alo or any of the Released Parties have any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiffs that Alo's defenses in the Action have merit. The Parties agree that representative treatment is for purposes of this Settlement only. If, for any reason the Court does not approve this Settlement, Alo reserves all available defenses to the claims in the Action, and Plaintiffs reserve the right to contest Alo's defenses. The Settlement, this Agreement, and the Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).
- 10.2 Effective Date of Alo's Obligations Under This Agreement. Alo's obligations under this Agreement will become final and effective only upon the occurrence of the Effective Date. In the event that any of the conditions specified in this Agreement are not satisfied, or in the event that this Settlement does not obtain approval of the Court for any reason, all matters covered by this Agreement will be null and void. In such event, neither this Agreement, nor any negotiations leading to this Settlement, will be used or construed by or against any Party as a determination, admission, or concession of any issue of law or fact in the litigation; and the Parties do not waive, and instead expressly reserve, their respective rights regarding the prosecution and defense of the Action, including all available defenses and affirmative defenses, and to challenge any claim, as if this Agreement never existed.
- 10.3 Nullification. If: (1) the Court should for any reason fail to enter the Final Order and Judgment; or (2) the Court's Final Order and Judgment is reversed or modified as to any material term as defined above, or declared or rendered void as to any material term as defined above, then (a) the Agreement shall become null and void; and (b) the Parties will revert to their respective positions immediately prior to reaching the settlement.
- 10.4 Invalidation. Invalidation of any material term of this Settlement Agreement will invalidate this Agreement in its entirety unless the Parties

subsequently agree in writing that the remaining provisions will remain in full force and effect.

- 10.5 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.
- 10.6 Attorney Authorization. PAGA Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiffs and Alo, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.
- 10.7 Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of the mediator JJ Johnston and/or the Court for resolution.
- 10.8 No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.
- 10.9 No Tax Advice. Neither Plaintiffs, PAGA Counsel, Alo, nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.
- 10.10 Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.
- 10.11 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.

- 10.12 Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.
- 10.13 Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.
- 10.14 Corporate Signatories. Any person executing this Agreement or any related document on behalf of a corporate signatory warrants and promises for the benefit of all Parties that such person has been duly authorized by such corporation to execute this Agreement or any related document.
- 10.15 Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement. In addition, other than information necessary to secure Court approval of this settlement, Plaintiffs and PAGA Counsel agree that the terms of this Settlement Agreement (including, but not limited to, the Gross Settlement Amount), the negotiations leading to the execution of this Settlement Agreement, and the Settlement Agreement itself, shall not be discussed with or publicized or promoted to the media (including, without limitation, legal periodicals and publications such as "Jury Verdicts," disclosure of the Settlement Agreement on any web site of PAGA Counsel or any other website, or on any blogs, articles, or on any social media platforms or channels), or the public at large, without the advance written consent of Alo. The Parties intend this Paragraph 10.15 to prohibit Plaintiffs and PAGA Counsel from discussing, answering questions about, promoting or publicizing the Settlement Agreement, its terms, or the negotiations leading to the Settlement Agreement with anyone other than the Court or those individuals necessary to effectuate the terms of the Agreement. Notwithstanding the foregoing, Plaintiffs and PAGA Counsel (1) may tell the public in general only that certain claims "have been resolved by the Parties;" and (2) may disclose the terms of the Settlement Agreement (a) in appropriate filings with the Court in this case; (b) where required by law (e.g., income tax returns); and (c) to accountants or other tax professionals for the purpose of preparing tax returns. In addition, PAGA Counsel may respond to questions received from, and discuss any aspect of this Agreement with PAGA Employees. Nothing herein shall prevent PAGA Counsel from referring to the Action in any declaration before the courts relating to the adequacy or in future applications by PAGA Counsel for approval of attorneys' fees.
- 10.16 Use and Return of Aggrieved Employee Data. Information provided to PAGA

Counsel pursuant to Cal. Evid. Code § 1152, and all copies and summaries of the PAGA Data provided to PAGA Counsel by Alo in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the Administrator discharges its obligation to pay out of all Settlement funds, Plaintiffs shall destroy all paper and electronic versions of Aggrieved Employee Data received from Alo unless, prior to the Administrator's payment of all Settlement Funds, Alo makes a written request to PAGA Counsel for the return, rather than the destructions, of Aggrieved Employee Data.

- 10.17 Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.
- 10.18 Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.
- 10.19 Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiffs:

Harout Messrelian, Esq.
Messrelian Law Inc.
101 N. Brand Blvd., Suite 1450
Glendale, CA 91203
hm@messrelianlaw.com

Marcus Bradley, Esq.
Bradley Grombacher LLP
31365 Oak Crest Drive, Suite 240
Westlake Village, CA 91361
mbradley@bradleygrombacher.com

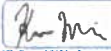
To Defendant:

Andrew P. Holland, Esq.
Alo, LLC - Legal Department
9830 Wilshire Blvd.
Beverly Hills, CA 90212
legal@aloyoga.com
andy.holland@aloyoga.com

10.20 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

10.21 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

Dated: 1/27/2026


ID 9avd8WaAcxwmyGcCecR&RT7R

Plaintiff Kathleen McAuliffe

Dated: _____

Plaintiff Jared Morgan Chandler

Dated: _____

Defendant Alo, LLC

Dated: 1/27/26

By: 

Harout Messrelian, Esq.
Attorney for Plaintiff Kathleen McAuliffe

Dated: _____

Marcus Bradley, Esq.
Attorney for Plaintiff Kathleen McAuliffe

Dated: _____

Attorneys for Defendant Alo, LLC

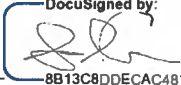
10.20 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.

10.21 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

Dated: _____

Plaintiff Kathleen McAuliffe

Dated: 1/28/2026

DocuSigned by:

8B13C8DDECAC481...

Plaintiff Jared Morgan Chandler

Dated: 1/28/2026

DocuSigned by:

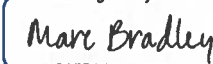
E037D92C6577437...

Defendant Alo, LLC
By: Andrew P. Holland

Dated: _____

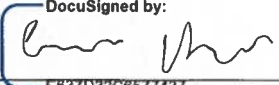
Harout Messrelian, Esq.
Attorney for Plaintiff Kathleen McAuliffe

Dated: 1/28/2026

DocuSigned by:

4EC77CC0440240A...

Marcus Bradley, Esq.
Attorney for Plaintiff Kathleen McAuliffe

Dated: 1/28/2026

DocuSigned by:

E837D92C6577437...

Attorneys for Defendant Alo, LLC

EXHIBIT 2



Quotation Request:

Harout Messrelian
Messrelian Law
hm@messrelianlaw.com

Case Name:

McAuliffe v Alo

Date:

Thursday, June 26, 2025

RFP Number:

201880011

Prepared By:

Michael Sutherland
Apex Class Action LLC
mike@apexclassaction.com
321.223.5067

Settlement Specifications	
Number of Aggrieved Employees	2,165
Certified Language Translation:	No
Static Settlement Website	No
Percentage of Undeliverable Mail	20%

Professional Services	Fee Calculation	Rate(s)	Quantity	Estimated Cost
-----------------------	-----------------	---------	----------	----------------

Data Analytics and Standardization				
Import and Standardize Data*	Per Hour	\$125.00	3	\$375.00
Data Analyst	Per Hour	\$150.00	3	\$450.00
Sub Total:				\$825.00

Project Management				
Project Management	Per Hour	\$150.00	3	\$450.00
Project Coordinator	Per Hour	\$90.00	3	\$270.00
Data Analyst and Reporting	Per Hour	\$140.00	3	\$420.00
Sub Total:				\$1,140.00

Toll-Free Contact Center, Website, Reporting & Pre-Distribution				
Form Set Up	Per Hour	\$120.00	1	WAIVED
Bilingual Toll-Free Contact Center	Static Rate	\$100.00	1	\$100.00
NCOA Address Update (USPS)	Static Rate	\$416.55	1	\$416.55
Settlement Status Reports	Static Rate	\$750.00	1	Waived
Sub Total:				\$516.55



Professional Services	Fee Calculation	Rate(s)	Quantity	Estimated Cost
-----------------------	-----------------	---------	----------	----------------

Distribution & Settlement Fund Management				
Settlement Calculations	Per Hour	\$120.00	3	\$360.00
Account Management and Reconciliation	Per Hour	\$140.00	3	\$420.00
Print & Mail Distribution Settlement Check (IRS Form 1099 if applicable)	Per Piece	\$1.00	2,165	\$2,165.00
USPS First Class Postage	Per Piece	\$0.68	2,165	\$1,472.20
Remail Distribution to Updated Address (Skip Trace)	Per Piece	\$2.50	217	\$541.25
Individual Income Tax Preparation & Reporting	Per Hour	\$100.00	6	\$600.00
QSF Income Tax Reporting (per calendar year)	Per Year	\$1,250.00	1	\$1,250.00
Sub Total:				\$6,808.45

Post Distribution Reconciliation				
Bank Account Reconciliation	Per Hour	\$135.00	2	\$270.00
Project Management Reconciliation	Per Hour	\$100.00	2	\$200.00
Declarations	Per Hour	\$120.00	2	\$240.00
Sub Total:				\$710.00

WILL NOT EXCEED:				\$10,000.00
------------------	--	--	--	-------------

Thank you for your business!



Terms & Conditions

The following Terms and Conditions govern the provision of all services to be provided by Apex Class Action and its affiliates ("Apex") to the Client. These terms and conditions are binding and shall apply to all services provided by Apex in relation to any related services or products.

1. **Services:** Apex commits to providing the Client with the administrative services detailed in the attached Proposal (the "Services").
2. **Payment Terms:** As compensation for the legal services to be provided, the Client agrees to pay Apex all fees detailed in the Proposal. The fees quoted in the Proposal (and any subsequent proposals for additional services) are estimates based on the information provided to Apex by the Client. Apex makes no representation that the estimated fees in the Proposal or any subsequent proposals for additional services shall equal the actual fees charged by Apex to the Client, which fees (including individual line items) may be greater or less than estimated. If additional services are requested on an hourly basis and are not specifically detailed in the Proposal, Apex will prepare estimates for such services subject to approval by the Client. In the performance of such additional services, Apex will charge standard hourly fees which shall apply.
3. **Incurred Expenses:** In relation to the provision of services outlined in this agreement, the Client agrees to reimburse Apex for all reasonable out-of-pocket expenses incurred. Such expenses may include, but are not limited to, costs associated with postage, media production or publication, banking fees, brokerage fees, messenger and delivery service expenses, travel expenses, filing fees, office supplies, meals, staff overtime expenses, and other related costs and expenses. If not otherwise specified in writing, fees for print notice and certain expenses, such as media publication and postage, must be paid immediately upon invoicing and, in certain cases, at least ten (10) days prior to the date on which such expenses will be incurred.
4. **Invoicing:** Apex shall present invoices for its fees and expenses on a monthly basis, except as provided in Section 3. The Client agrees to pay each invoice within 30 days of receipt. In the event of non-payment within 90 days of the billing date, an additional service charge of 1.5% per month may apply. Apex reserves the right to increase its prices, charges, and rates annually, subject to reasonable adjustments. If any price increases exceed 10%, Apex shall give thirty (30) days' notice to the Client. In the event of any unpaid invoices beyond 120 days of the due date, Apex reserves the right to withhold services and reports until payment is received, subject to notice to the Client. It is important to note that Apex's failure to provide services and reports in such instances shall not constitute a default under this agreement.
5. **Case Duration:** The duration of these Terms and Conditions, except for the data storage obligations stated in Section 13, shall be in effect until 30 days following the completion of the Services as described in the Proposal. The parties may extend these Terms and Conditions in writing for a mutually agreed-upon period beyond this initial 30-day period.
6. **Termination of Services:** Either party may terminate the Services by providing thirty (30) days written notice to the other party. Alternatively, termination may occur immediately upon written notice for Cause, as defined below. Cause means (i) Apex's gross negligence or willful misconduct that causes serious and material harm to the Client; (ii) the Client's failure to pay Apex invoices for more than one hundred twenty (120) days from the date of the invoice; or (iii) the accrual of invoices or unpaid services where Apex reasonably believes it will not be paid. Termination of the Services shall not relieve the Client of its obligation to pay Apex for services rendered prior to the termination.
7. **Independent Contractor:** As an independent contractor, Apex will provide services under the terms of this agreement. It is agreed that neither Apex nor any of its employees will be considered an employee of the Client. Consequently, Apex and its employees will not be eligible for any benefits provided by the Client to its employees. The Client will not make any tax deductions from the payments due to Apex for state or federal tax purposes. Apex will be solely responsible for paying all taxes and other payments due on payments received from the Client under this agreement.
8. **Apex warrants** that the Services outlined in the Proposal will be performed in accordance with the standards generally adhered to by professionals providing similar services. It is acknowledged that the Services may entail the likelihood of some human and machine errors, omissions, delays, and losses that may result in damage. However, Apex shall not be held liable for such errors, omissions, delays, or losses unless they are caused by its gross negligence or willful misconduct. In the event of any breach of this warranty by Apex, the Client's sole remedy will be limited to Apex's rerunning, at its expense, any inaccurate output provided that such inaccuracies occurred solely as a result of Apex's gross negligence or willful misconduct under this agreement.
9. **Limitation of Liability:** The Client acknowledges that Apex shall not be held liable for any consequential, special, or incidental damages incurred by the Client in relation to the performance of Services, whether the claim is based on breach of warranty, contract, tort (including negligence), strict liability, or any other grounds. Under no circumstances shall Apex's liability to the Client, for any Losses (including court costs and reasonable attorney's fees), arising out of or in connection with these Terms and Conditions, exceed the total amount charged or chargeable to the Client for the specific service(s) that caused the Losses.
10. **Indemnification:** The Client agrees to indemnify and hold harmless Apex from any losses, suits, actions, judgments, fines, costs, liabilities, or claims arising from any action or proceeding relating to the Services provided by Apex, regardless of whether or not it results in liability (collectively referred to as "Indemnified Claims"). However, this indemnification provision shall not apply to the extent that such Indemnified Claims are caused by Apex's willful misconduct, gross negligence, or breach of these Terms and Conditions. This provision shall survive termination of the Services.

11. **Confidentiality:** Apex will uphold strict confidentiality between Apex and the Client and applies to all non-public records, documents, systems, procedures, processes, software, and other information received by either party in connection with the performance of services under these terms. Both Apex and the Client agree to keep confidential all such non-public information, including any material marked or identified as confidential or proprietary. Any such confidential information shall not be disclosed, provided, disseminated, or otherwise made available to any third party, except as required to fulfill the parties' obligations under these terms. The parties acknowledge that in the event of any request to disclose any confidential information in connection with a legal or administrative proceeding, or otherwise to comply with a legal requirement, prompt notice of such request must be given to the other party to enable that party to seek an appropriate protective order or other remedy or to waive compliance with the relevant provisions of these terms. If the Client seeks a protective order or another remedy, Apex, at the Client's expense, will cooperate with and assist the Client in such efforts. If the Client fails to obtain a protective order or waives compliance with the relevant provisions of these terms, Apex will disclose only that portion of the confidential information that it determines it is required to disclose. This confidentiality provision shall survive termination of the services provided. Both parties acknowledge and agree that any breach of this confidentiality provision may cause irreparable harm to the non-breaching party and that injunctive relief may be necessary to prevent any actual or threatened breach. The terms set forth between the parties supersede all prior negotiations, understandings, and agreements between the parties concerning confidentiality. These terms may only be amended in writing and signed by both parties.

12. **Ownership** of the programs, system data, and materials provided by Apex to the Client during the course of providing services herein shall solely belong to Apex. It is acknowledged that fees and expenses paid by the Client do not confer any rights in such property. It is also understood that the said property is made available to the Client solely for the purpose of using it during and in connection with the services provided by Apex.

13. Upon the completion of the administration and unless retention instructions are ordered by the court, Apex will notify the client that it will destroy and/or return all confidential information and property within 90 days upon the client's written request. Alternatively, the material may be stored for one year at a monthly fee of \$1.50 per storage box for paper documents and \$0.01 per image for electronic copies over a period of three years, which compensates Apex for its electronic and hard-copy storage costs. Apex will not be liable for any damages, liability, or expenses incurred in connection with any delay in delivery of, or damage to disks, magnetic tapes, or any input data provided by the client or its representatives unless Apex has agreed in writing to assume such responsibility.

14. **COMPLETE AGREEMENT.** These Terms and Conditions, along with the attached Proposal, represent the complete agreement and understanding between the parties and override any prior agreements (whether written or oral) between Apex and the Client regarding the subject matter. Any modification to these Terms and Conditions may only be made in writing and must be signed by both Apex and the Client. The headings in this document are included for convenience only and do not alter or restrict any provisions in these Terms and Conditions. They may not be used in the interpretation of these Terms and Conditions.

15. This provision outlines the requirements for providing notice or other communication under this agreement. All such communications must be in writing and can be delivered either by personal delivery or through U.S. Mail with prepaid postage or overnight courier. Once delivered personally or sent through the mail, the notice will be considered given after five (5) days from the deposit date in the U.S. Mail. Alternatively, if sent through an overnight courier, the notice will be considered given one business day after delivery to the such courier. It's important to note that the notice must be provided to a responsible officer or principal of the Client or Apex, depending on the case.

16. **Force Majeure:** In the event of any failure or delay in performance due to circumstances beyond Apex's control, including but not limited to strikes, lockouts, fires, floods, acts of God or public enemy, riots, civil disorders, insurrections, war or war conditions, or interference by civil or military authorities, Apex shall not be held liable for any resulting loss or damage. The time for performance under this agreement shall be extended for a period equal to the duration of the disabling cause and a reasonable time thereafter. This provision shall constitute a force majeure clause and shall be construed accordingly.

17. The applicable state and federal laws shall govern the interpretation and enforcement of these Terms and Conditions. No choice of law or conflict of laws provisions shall affect this governing law provision.

18. **Severability:** This applies to all clauses and covenants contained within these Terms and Conditions. In the event that any clause or covenant is deemed invalid, illegal, or unenforceable, the remaining provisions shall remain valid and enforceable to the fullest extent permissible by law. The validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired by the invalidity, illegality, or unenforceability of any provision deemed so.

19. **Nonwaiver:** This applies to these Terms and Conditions. This means that any failure by one party to enforce a provision of these terms on one or more occasions shall not be construed as a waiver of that provision. In other words, any failure to enforce a provision does not give up the right to enforce it in the future. All provisions of these Terms and Conditions remain in full force and effect, regardless of any prior failure to enforce them.

EXHIBIT 3