

Benjamin H. Haber (SBN 315664)  
benjamin.haber@wilshirelawfirm.com  
Daniel J. Kramer (SBN 314625)  
daniel.kramer@wilshirelawfirm.com  
Angela Leong (SBN 300813)  
angela.leong@wilshirelawfirm.com  
Karen L. Wallace (SBN 272309)  
karen.wallace@wilshirelawfirm.com  
**WILSHIRE LAW FIRM, PLC**  
660 South Figueroa Street, Sky Lobby  
Los Angeles, California 90017  
Telephone: (213) 381-9988  
Facsimile: (213) 381-9989

Attorneys for Plaintiff

**SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF NAPA**

MICHAEL PAUL SHERIDAN, individually,  
on behalf of all others similarly situated, and  
on behalf of the State of California and other  
aggrieved persons,

Plaintiff,

v.

HEITZ CELLAR LLC, a California limited  
liability company; LAWRENCE WINE  
ESTATES LLC, a California limited liability  
company; and DOES 1 through 10, inclusive,

Defendants.

Case No.: 23CV000136

*[Assigned for all purposes to the Hon.  
Cynthia P. Smith, Dept. A]*

**DECLARATION OF KAREN L.  
WALLACE IN SUPPORT OF  
PLAINTIFF'S MOTION FOR  
PRELIMINARY APPROVAL OF CLASS  
ACTION AND PAGA SETTLEMENT**

**PRELIMINARY APPROVAL HEARING**

Date: October 29, 2026

Time: 9:30 a.m.

Dept: A

*[Filed concurrently with Plaintiff's Notice of  
Motion and Motion for Preliminary  
Approval of Class and PAGA Action  
Settlement]*

Complaint filed: January 30, 2023

FAC filed: April 21, 2023

Trial date: None set

I, Karen L. Wallace, declare as follows:

2. This declaration is submitted in support of Plaintiff’s Motion for Preliminary Approval of Class Action and PAGA Settlement (the “Motion”).

3. Defendants Heitz Cellar LLC and Lawrence Wine Estates LLC (“Defendants”) operate six vineyards located throughout California’s Napa Valley. Plaintiff worked for Defendants as a non-exempt employee during the proposed Class Period, from August 5, 2018, to August 4, 2025 (“Class Period”).

5. On February 13, 2023, pursuant to the Private Attorneys General Act (“PAGA”), Lab. Code § 2698, *et seq.*, Plaintiff provided written notice to Defendants and the California Labor and Workforce Development Agency (“LWDA”) LWDA of the specific provisions of the Labor Code alleged to have been violated, including the facts and theories in support (“PAGA Notice”). A true and correct copy of the PAGA Notice is attached as **Exhibit 1**.

6. The LWDA did not notify Plaintiff that it intended to investigate within 65 days.

7. On April 21, 2023, Plaintiff filed a First Amended Complaint adding a PAGA cause of action seeking civil penalties for the violations alleged in the PAGA Notice (“Operative Complaint”).

8. On July 1, 2025, the Parties participated in a full-day mediation with experienced class action mediator David Phillips, Esq. (“Mediator”). The Parties’ settlement discussions were adversarial and conducted at arms’ length, with each Party prepared to litigate their position through trial and appeal if a settlement had not been reached. The mediation was successful and led to the proposed Class Action and PAGA Settlement Agreement (“Agreement”). A true and correct copy of the Agreement is attached as **Exhibit 2**. A true and correct copy of the Notice of Class Action Settlement and Hearing Date for Final Court Approval (“Class Notice”) is attached thereto as **Exhibit A**.

9. On September 28, 2026, Plaintiff submitted a copy of the Agreement to the LWDA. A true and correct copy of the email confirming receipt by the LWDA is attached as **Exhibit 3**.

## Settlement Terms

10. The “Class” or “Class Members” are defined as all persons who were employed by Defendants in California as hourly paid or non-exempt employees during the Class Period, from August 5, 2018, to August 4, 2025. (Agreement §§ 1.5, 1.12.)

11. “Aggrieved Employees” are defined as all persons employed by Defendants in California as an hourly-paid or non-exempt employee at any time during the “PAGA Period,” from February 13, 2022, to August 30, 2025. (Agreement §§ 1.4, 1.31.)

12. The Parties have agreed to settle the claims alleged in the Action for a Gross Settlement Amount (“GSA”) of \$350,000.00. (Agreement §§ 1.22, 3.1.)

13. The Parties agree that the employers' share of any payroll taxes associated with Settlement payments made to Class Members shall be paid by Defendants separately from the GSA. (Agreement § 3.1.)

14. Subject to Court approval, the following payments will be deducted therefrom: a) a Class Representative Service Payment of up to \$10,000.00; b) Class Counsel Fees up to 33.33%

1 of the GSA (currently \$116,666.67) and reimbursement of Class Counsel Litigation Expenses up  
2 to \$35,000.; c) Administration Expenses up to \$4,490.00; and d) PAGA Penalties in the amount of  
3 \$20,000.00, allocated 75% (\$15,000.00) to the LWDA and 25% (\$5,000.00) to Aggrieved  
4 Employees. (Agreement §§ 1.34 (“PAGA Penalties”), 3.2.)

5 15. After all requested payments are deducted, the amount remaining (“Net Settlement  
6 Amount”) is estimated to be \$163,843.33, which will be distributed to Participating Class Members  
7 as Individual Class Payments. (Agreement § 1.28.)

8 16. Plaintiff and Class Members shall be responsible for any and all tax obligations,  
9 other than the employer’s share of any payroll taxes, associated with any Settlement payment they  
10 receive. (Agreement § 3.2.4.1.)

11 17. Class Members may exclude themselves from (opt out of) the class portions of the  
12 Settlement or object to the Settlement by sending a signed, written request to the Administrator by  
13 fax, email, or mail. (Agreement §§ 7.5.1, 7.7.)

14 18. Individual Class Payments will be calculated based on the number of Workweeks  
15 each Class Member worked during the Class Period and allocated 20% to wages and 80% to  
16 penalties and interest for tax purposes. (Agreement §§ 1.23, 3.2.4, 3.2.4.1.)

17 19. Individual PAGA Payments to Aggrieved Employees shall be divided on a pro rata  
18 basis based on the number of pay periods each Aggrieved Employee worked during the PAGA  
19 Period and allocated 100% to penalties. (Agreement §§ 1.24, 1.31.)

20 20. Any Settlement payments not approved by the Court, or the remainder of any  
21 payment approved in an amount less than requested, will be retained by the Administrator in the  
22 Net Settlement Amount, and funds from any uncashed checks will be transmitted by the  
23 Administrator to Bay Area Legal Aid (“Cy Pres Recipient”). (Agreement §§ 3.2, 4.4.3.)

24 21. None of the Gross Settlement Amount will revert to Defendant. (Agreement § 3.1.)

### 25 **Proposed Releases**

26 22. After the Judgment is final and Defendants have fully funded the Gross Settlement  
27 Amount and separately paid all employer payroll taxes owed on the Wage Portion of the Individual  
28

1 Class Payments, Plaintiff, Participating Class Members, and Class Counsel will release claims  
2 against all Released Parties as provided in the Agreement. (Agreement § 5.)

3 23. “Released Parties” means Defendants and each of its former and present directors,  
4 officers, shareholders, owners, members, managers, insurers, predecessors, successors, assigns,  
5 subsidiaries, its and their and affiliates. (Agreement § 1.41.)

6 24. In addition to the claims released by all Participating Class Members and Aggrieved  
7 Employees, *infra*, Plaintiff agrees to a waiver of Civil Code § 1542 related to any claims he may  
8 have against any Released Party. (Agreement §§ 5.1, 5.1.1.)

9 25. All Participating Class Members, on behalf of themselves and their respective  
10 former and present representatives, agents, attorneys, heirs, administrators, successors, and  
11 assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have  
12 been alleged, based on the facts stated in the Operative Complaint during the Class Period,  
13 including but not limited to, State wage and hour claims for any and all violations of California's  
14 Labor Code and the UCL based on Defendant's failure to pay for all hours worked (including  
15 minimum, straight time, and overtime wages), failure to provide meal periods, failure to authorize  
16 and permit rest periods, failure to timely pay final wages at termination, failure to furnish accurate  
17 itemized wage statements, and failure to indemnify employees for expenditures based on the  
18 alleged Labor Code violations, and all damages, interest, penalties, attorneys' fees, costs, and other  
19 amounts recoverable under said causes of action under California law, to the extent permissible,  
20 including, but not limited to, the California Labor Code and the applicable Wage Orders. Except  
21 as set forth in Section 6.3 of the Agreement, Participating Class Members do not release any other  
22 claims, including claims for vested benefits, wrongful termination, violation of the Fair  
23 Employment and Housing Act, unemployment insurance, disability, social security, workers'  
24 compensation, or claims based on facts occurring outside the Class Period. (Agreement § 5.2.)

25 26. Plaintiff, acting in his representative capacity as the authorized proxy of the LWDA  
26 pursuant to Labor Code section 2699, releases on behalf of the State of California all claims for  
27 civil penalties for violations of the law allegedly experienced by the Aggrieved Employees under  
28 PAGA that were alleged in, or arise from the facts and theories set forth in, the PAGA Notice. All

1 Aggrieved Employees are deemed to release, on behalf of themselves and their respective former  
2 and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the  
3 Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have  
4 been alleged, based on the facts stated in the Operative Complaint and the PAGA Notice during  
5 the PAGA Period, including any and all claims involving any alleged failure to pay minimum  
6 wages or overtime, failure to provide meal and rest periods, failure to provide accurate wage  
7 statements, failure to pay all wages due at separation, and failure to reimburse business expenses.  
8 (Agreement § 5.3.)

### 9 Settlement Administration

10 27. The Parties agreed to use Apex Class Action, LLC (“Apex”) as the Administrator.  
11 Apex’s “not-to-exceed” bid was for \$4,490.00, which does not include the cost of translating to  
12 Spanish the Notice of Class Action Settlement and Hearing Date for Final Court Approval (“Class  
13 Notice”), as the Parties determined that no such translation was needed. A true and correct copy of  
14 the Administrator’s bid is attached as **Exhibit 4**.

15 28. The proposed Class Notice, Ex. A, *supra*, complies with the requirements of  
16 California Rules of Court, Rule 3.766(d). The Class Notice, which will be mailed to approximately  
17 88 Class Members by First-Class Mail, provides information regarding: the nature of this lawsuit;  
18 a summary of the settlement terms, including the amounts requested for the Class Representative  
19 Service Payment, Class Counsel Fees and Litigation Expenses, and Administration Expenses; the  
20 formula used for calculating Individual Class and PAGA Payments; how to opt out of the  
21 Settlement; how to object to the Settlement or dispute Workweek calculations; and the date, time,  
22 and location of the final approval hearing. (Agreement § 7.4.2.)

23 29. The Class Notice also advises Class Members that they do not need to submit a  
24 claim in order to participate in the Settlement and receive a payment. (Agreement § 4.4.)

25 30. Subject to Court approval, the Administrator will re-mail within three (3) business  
26 days any Class Notice returned as undeliverable to the forwarding address provided. If no  
27 forwarding address is provided, the Administrator will conduct a Class Member Address Search  
28 and re-mail the Class Notice to the most current address obtained. The deadline to opt out of the

1 Settlement or to submit an objection or dispute will be extended by fourteen (14) days after the  
2 Response Deadline (45 days after the notice is mailed) for all Class Members whose Class Notice  
3 was re-mailed. (Agreement § 7.4.4.)

4 31. The Administrator shall transmit the funds represented by any check uncashed and  
5 cancelled after the void date to the Cy Pres Recipient. (Settlement § 4.4.3.)

6 32. No one at WLF, including the law firm itself and anyone employed at the law firm,  
7 has any interest, financial or otherwise, in the Administrator or the intended Cy Pres Recipient.

### 8 **Investigation and Exposure Analysis**

9 33. Before the mediation, my office thoroughly investigated the claims and defenses at  
10 issue and all applicable law. WLF assessed the value of the class claims using the data and documents  
11 that Defendants produced in informal discovery, including Plaintiff's personnel file, Class data, Class  
12 Members' time and payroll records, and Defendants' written policies in effect during the Class  
13 Period. Plaintiff engaged a consultant to calculate Defendants' potential exposure, including  
14 discounts based on the risks presented by class certification and trial.

15 34. Defendants' records show that there are approximately 88 Class Members, making  
16 joinder of all Class Members impracticable. Further, given the size and amount of each Class  
17 Member's claim, Class Members have little incentive to litigate their claims on an individual basis  
18 because the out-of-pocket expenses and personal commitment necessary to litigate each claim  
19 likely exceed the value of any potential recovery.

20 35. Plaintiff has alleged that Defendants maintained uniform employment policies  
21 and/or practices that unlawfully deprived Class Members of wages, meal period, rest periods,  
22 reimbursement for business expenses, accurate wage statements, and timely payment of wages,  
23 including upon separation of employment. These allegations present common factual and legal  
24 questions, including: whether Defendants applied the same policies and practices to all Class  
25 Members, including for compensation, scheduling, timekeeping, meal periods, rest periods, and  
26 reimbursement; whether Defendants' policies and practices resulted in Labor Code violations;  
27 whether Defendants' conduct was intentional; and whether Class Members are entitled to damages  
28 and/or penalties. These questions can be resolved based on Plaintiff's common proof, including

1 Class Members' time and payroll records, and, for purposes of trial on the merits, testimony by  
2 Defendants and Class Members.

3 36. After reviewing Defendants' wage and hour policies and practices and analyzing  
4 Class Members' timekeeping and payroll records, Class Counsel was able to evaluate reliably the  
5 probability of class certification, success on the merits, and Defendants' maximum exposure for  
6 all claims. Class Counsel also investigated the applicable law regarding the claims and defenses  
7 asserted in the Action and used a third-party consultant to prepare a damages analysis for purposes  
8 mediation.

9 37. Based on Plaintiff's discovery and investigation, Class Counsel concluded that  
10 Defendants had the following uniform policies and practices: 1) requiring employees to work "off-  
11 the-clock" before clocking in for the workday, during meal periods, and after clocking out for the  
12 workday, time for which Class Members were not compensated; 2) failing to provide all lawful  
13 meal and rest periods to which Class Members were entitled or pay appropriate premiums in lieu  
14 thereof; and 3) failing to reimburse Class Members for necessary business-related expenses.  
15 Defendants deny these claims.

16 38. While Plaintiff is confident in the merits of his claims, a legitimate controversy exists  
17 as to each cause of action. Furthermore, the Parties had not yet completed formal written discovery  
18 or oral depositions or prepared for class certification or trial, and the prospect remained for the  
19 Parties of decertification and/or appeal from any adverse summary judgment ruling, which would  
20 incur considerably more attorneys' fees and costs. Thus, despite Defendants' substantial potential  
21 exposure, the risks of further litigation, including the risks of failing to certify a class or prevail at  
22 trial, affected Plaintiff's valuation for purposes of settlement, and Plaintiff recognizes that proving  
23 each Class Member's damages would be expensive, time-consuming, and uncertain.

24 39. Class Counsel assessed and analyzed the evidence and legal contentions in this case  
25 to calculate Defendants' maximum potential exposure, taking into account the risks of class  
26 certification and trial, even if the claims are certified. With the consultant's assistance, Class  
27 Counsel evaluated the realistic range of potential class-wide recovery using the data Defendants  
28 provided.

40. Plaintiff's estimated figures are based on the following benchmarks:

Total Class Members: 88

Terminated Class Members during 3-year statute of limitations period: 73

Total Workweeks: 6,785

PAGA Pay Periods: 2,132

Aggrieved Employees: 63

Avg. Hourly Rate: \$ 26.01

41. Minimum and Overtime Wages: Plaintiff alleged that Defendants required Class Members to perform work duties while off the clock, without compensation, which resulted in unpaid minimum and overtime wages. For example, Plaintiff alleged that he and other Class Members were required to perform tasks while they were supposed to be on breaks. Assuming one (1) hour of unpaid work per workweek at the overtime rate of pay, Defendants' estimated maximum exposure for this claim is \$264,716.78 (6,785 Workweeks  $\times$  (\$26.01 hourly average rate  $\times$  1.5 overtime rate)  $\times$  1 hour per week). However, the risk of failing to certify a class or prevail at trial was substantial, given that this claim would not be evidenced in Defendants' time and payroll records and thus would require Class Member testimony. Accordingly, Class Counsel discounted this figure based on a 40% chance of certifying a class and a 40% chance of prevailing at trial on the merits. Defendant's estimated realistic exposure is \$42,354.68 (\$264,716.78  $\times$  .4  $\times$  .4).

42. Meal Periods: Plaintiff alleged that Defendants failed to provide Class Members with legally compliant meal periods or pay meal period premiums in lieu thereof. For example, Plaintiff alleged that, due to non-compliant policies and a heavy workload, he and other Class Members were required to take their meal periods late or perform work when they were supposed to be off duty. Plaintiff's consultant found a violation rate of approximately 23.3% for meal-period eligible shifts in Class Members' time and payroll records, where meal breaks were late, short, or missed. Therefore, Defendant's estimated maximum exposure for the meal period claim is approximately \$169,792.27 (28,017 shifts per Workweek  $\times$  .233  $\times$  \$26.01). Taking into account Defendants' contentions that a 23.3% violation rate is unrealistic and that the claim generally lacks merit, as well as the difficulty of certifying and proving meal period claims, Class Counsel

discounted this figure based on a 60% chance of certifying a class and a 40% chance of prevailing at trial. Defendant's estimated realistic exposure is thus \$40,750.14 ( $\$169,792.27 \times .6 \times .4$ ).

43. Rest Periods: Plaintiff alleges that Defendants failed to provide Class Members with legally compliant rest periods or pay rest period premiums in lieu thereof. For example, as with meal periods, Plaintiff alleged that Defendants' policies and practices resulted in Class Members' working while they were supposed to be off duty. Because rest periods are not recorded, Class Counsel assumed a 100% violation rate, and Defendants' estimated maximum exposure for the rest period claim is \$742,377.42 (28542 shifts per Workweek  $\times$  1 (100% violation rate)  $\times$  \$26.01). However, Class Counsel considered the difficulty of certifying and proving rest period claims, not only because rest periods do not have to be recorded, but also because Class Members may elect to forego them. Moreover, because it would have relied exclusively on Class Member testimony, this figure was discounted by a 50% chance of certifying a class and a 30% chance of prevailing at trial. Defendants' estimated realistic exposure is thus \$111,356.61 ( $\$742,377.42 \times .5 \times .3$ ).

44. Reimbursements: Plaintiff alleges that Defendants failed to reimburse expenses necessarily incurred in the performance of their duties. For example, Plaintiff and other Class Members were required use their personal cell phones to communicate with supervisors, including for purposes of scheduling and managing workloads. Assuming expenses of \$50 per month (\$12.50 per Workweek) per Class Member, Defendants' estimated maximum exposure is \$84,812.50 ( $\$12.50 \times 6,785$ ). However, this figure was discounted by a 30% chance of certifying a class and 30% chance of prevailing at trial on the merits, and Defendant's estimated realistic exposure for this claim is \$7,633.13 ( $\$84,812.50 \times .3 \times .3$ ).

45. In sum, we estimated that Defendant's maximum exposure for off-the-clock work and meal and rest period violations, excluding reimbursements ("Wage Claims"), is approximately \$1,176,886.47. However, after factoring in the risk and uncertainty of certifying a class and prevailing at trial, Class Counsel estimates that Defendant's realistic exposure for the Wage Claims is approximately \$194,461.43.

46. Derivative Penalties: Plaintiff alleged that, as a result of Defendants' failure to pay all wages owed, Defendants owed waiting time penalties and wage statement penalties. Based on

1 approximately 73 formerly employed Class Members working an average 8-hour shift during the  
2 3-year limitations period, Defendants' maximum potential exposure for waiting time penalties is  
3 approximately \$256,328.55 (73 employees x \$26.01 average hourly rate x 4.5 hours/day x 30 days).  
4 Based on approximately 63 Class Members who worked approximately 12,471 pay periods during  
5 the 1-year limitations period, Defendant's maximum potential exposure for inaccurate wage  
6 statements is approximately \$210,050 (63 employees x 1 x \$50 for an initial violation) + [(2,132  
7 pay periods - 63 initial violation) x \$100 for each subsequent violation]). Class Counsel believe  
8 that it would be unrealistic to expect the Court to award the full \$466,378.55 in statutory penalties,  
9 given Defendants' defenses, the contested nature of Plaintiff's claims, the challenges of  
10 establishing willfulness, and the discretionary nature of penalties. Considering further that the  
11 underlying Wage Claims are realistically estimated to be approximately \$194,461.43, such a  
12 disproportionate award would also raise due process concerns. Accordingly, these figures were  
13 discounted to account for the risk and uncertainty of certifying a class and prevailing at trial, and  
14 Defendants' estimated realistic exposure is \$38,449.28 for waiting time penalties (\$256,328.55 x  
15 .5 x .3), and \$31,507.50 for wage statement penalties (\$210,050 x .5 x .3), or approximately  
16 \$69,956.78 total realistic exposure for statutory penalties.

17 47. PAGA: Class Counsel determined that Defendants' maximum potential exposure  
18 could reach \$213,200, assuming the initial \$100 penalty would apply for each of 2,132 pay periods  
19 in the PAGA Period. However, even assuming success on the merits of each claim, the Court has  
20 discretion to reduce penalties, including where to do otherwise would result in an award that is  
21 unjust, arbitrary, and oppressive or confiscatory. Accordingly, this figure was discounted to  
22 account for the risk and uncertainty of prevailing at trial, and Defendant's realistic exposure is  
23 approximately \$106,600 for PAGA penalties (\$213,200 x .5). The PAGA allocation of \$20,000  
24 represents approximately 9.4% of the Gross Settlement Amount and approximately 19% of the  
25 realistic maximum for PAGA penalties (\$20,000 / \$106,600).

26 48. Using these figures, my office estimated that Defendants' realistic exposure for all  
27 claims, including the PAGA penalties, is \$378,651.34. The \$350,000.00 settlement figure thus  
28 represents approximately 92% of Defendants' realistic maximum liability (\$350,000.00 /

1 \$378,651.34). Given the risk and uncertainty of prevailing on class certification and at trial, the  
2 Settlement will give Class Members timely, guaranteed relief and avoid the risk of an unfavorable  
3 judgment, which is an excellent result for the Class.

4 49. Based on these calculations and all payments under the Settlement, the Net  
5 Settlement Amount is currently estimated to be \$163,843.33. With an estimated Workweek value  
6 of \$24.15 ( $\$163,843.33 / 6,785$ ), the Net Settlement Amount would be distributed to 88  
7 Participating Class Members as an average Individual Class Payment of approximately \$1,861.86  
8 each.

9 50. Weighed against the risks of litigation, the uncertainty of certifying a class, the  
10 burdens of proof necessary to establish liability at trial, and the likely appeal from a favorable  
11 judgment, the Settlement is within the “ballpark” of reasonableness, and preliminary approval is  
12 appropriate.

### 13 **The Request For Attorneys’ Fees And Costs Is Reasonable**

14 51. We believe that the Class Counsel Fees and Class Counsel Litigation Expenses  
15 Payments are reasonable. The fee percentage requested is less than that charged by counsel for  
16 most employment class actions. WLF invested significant time and resources into the Action, with  
17 payment deferred to the end, and then, of course, contingent on the outcome.

18 52. WLF estimates that Class Counsel will need to expend at least another 10 to 15  
19 hours to monitor the process leading up to the final approval and payments made to the Class.  
20 Class Counsel also bears the risk of taking the necessary actions if Defendants fails to pay.

21 53. The risk to Class Counsel has been significant. If we were not successful in pursuing  
22 this Action, WLF would have been left with no compensation for the expenditures of money and  
23 other resources in litigating the Action. The contingent risk in these types of cases is very real and  
24 they do occur regularly. Indeed, WLF has taken on a number of class actions that have resulted in  
25 thousands of attorney hours being expended and ultimately having certification denied or the  
26 defendants’ company going bankrupt. Furthermore, taking on the Action prevented WLF from  
27 taking on, or focusing on, other cases that could have resulted in greater, and less risky, monetary  
28 gain.

1           54.     Because most people cannot afford to pay for representation in litigation on an  
2 hourly basis, WLF represents virtually all its employment law clients on contingency. Pursuant to  
3 this arrangement, WLF is not compensated for its time unless we prevail at trial or successfully  
4 settle our clients' cases. Because we take the risk that we will not be reimbursed for our time unless  
5 our client settles or wins their case, WLF cannot afford to represent an individual employee on a  
6 contingency basis if, at the end of our representation, all the firm receives is attorneys' regular  
7 hourly rate for services. It is essential that WLF recover more when Class Counsel wins or settles  
8 to remain in practice and continue representing other individuals in civil rights employment  
9 disputes.

#### 10                           **Class Counsel's Experience And Qualifications**

11           55.     Plaintiff is represented by WLF. The attorneys at WLF performed significant work  
12 and expended litigation costs in prosecuting this matter with no guarantee of payment.

13           56.     WLF was selected by Best Lawyers and U.S. News & World Report as one of the  
14 nation's Best Law Firms for every year since 2020 and is comprised of more than 100 attorneys  
15 and over 600 employees. WLF is actively and continuously practicing in employment litigation,  
16 representing employees in both individual and class actions in both state and federal courts  
17 throughout California.

18           57.     WLF is qualified to handle this Action because its attorneys are experienced in  
19 litigating Labor Code violations in both individual, class action, and representative action cases.  
20 WLF has handled, and is currently handling, numerous wage and hour class action lawsuits, as  
21 well as class actions involving consumer rights and data privacy litigation.

#### 22                           Benjamin H. Haber's Qualifications

23           58.     Benjamin H. Haber is a Partner at WLF. He graduated from the University of  
24 California, Los Angeles, in 2012 and received his Juris Doctor from the University of California,  
25 Hastings College of the Law (now the University of California College of Law, San Francisco) in  
26 2016. During law school, he was a member of the executive board for the *Hastings Law Journal*;  
27 a student mediator at the San Francisco Superior Court, Small Claims Division; and a managing  
28 editor for *SCOCAblog*, which continues to be a leading online publication for analysis regarding

1 trends and cases before the California Supreme Court. Since graduating from law school, he has  
2 focused his legal work primarily on wage-and-hour litigation and has helped obtain more than one  
3 hundred class settlements on behalf of tens of thousands of workers in California. He was also  
4 selected as a “Southern California Rising Star” in 2024 and 2025.

5 59. He has been appointed as class counsel in numerous wage-and-hour cases  
6 throughout California. Below is a non-exhaustive list of cases where he was appointed as class  
7 counsel or he and other members of WLF were appointed as class counsel:

- 8 a. *Colter v. Propulsion Controls Engineering*, San Diego County, Case No. 37-2020-  
9 00030682-CU-OE-CTL; Motion for Final Approval granted on October 28, 2022.
- 10 b. *Rodriguez v. Modesto Restaurant Group, LLC*, Stanislaus County, Case No. CV-  
11 21-000269; Motion for Final Approval granted on January 10, 2023.
- 12 c. *Kingsbury v. Caravan Foods II, Inc.*, Alameda County, Case No. RG21096357;  
13 Motion for Final Approval granted on January 31, 2023.
- 14 d. *Frias-Estrada v. Trek Retail Corporation*, Contra Costa County, Case No. MSC20-  
15 01916; Motion for Final Approval granted on March 3, 2023.
- 16 e. *Varez v. Valley Connection, LLC dba Carl’s Jr.*, Merced County, Case No. 22CV-  
17 00985; Motion for Final Approval granted on April 27, 2023.
- 18 f. *Reyes v. Everytable, PBC, et al.*, Los Angeles County, Case No. 21STCV35987;  
19 Motion for Final Approval granted on May 3, 2023.
- 20 g. *Ortiz v. Tara Materials, Inc.*, San Diego County, Case No. 37-2021-0001473-CU-  
21 OE-CTL; Motion for Final Approval granted on May 30, 2023.
- 22 h. *Cruz-Sanchez v. Eagle Lath & Plaster, Inc.*, Sacramento County, Case No. 34-  
23 2021-00293739-CU-OE-GDS; Motion for Final Approval granted on May 30,  
24 2023.
- 25 i. *Garduno v. New Generation Framing, Inc., et al.*, Stanislaus County, Case No. CV-  
26 21-000544; Motion for Final Approval granted on August 11, 2023.
- 27 j. *Hernandez, et al. v. Burford Farming Company, Inc.*, Fresno County, Case No.  
28 21CECG03817; Motion for Final Approval granted on August 21, 2023.

- 1 k. *Barajas v. Final Phase Construction, Inc.*, San Bernardino County, Case No.  
2 CIVSB2118622; Motion for Final Approval granted on September 13, 2023.
- 3 l. *Jaimes, et al. v. Infiniti Health LLC*, Los Angeles County, Case No.  
4 22STCV07261; Motion for Final Approval granted on October 17, 2023.
- 5 m. *Nunez v. Gabriel Container*, Los Angeles County, Case No. 21STCV09787;  
6 Motion for Final Approval granted on November 2, 2023.
- 7 n. *Gutierrez v. Next Level Door & Millwork, Inc.*, Riverside County, Case No.  
8 CVRI2105455; Motion for Final Approval granted on January 11, 2024.
- 9 o. *Lupercio v. Western CNC, Inc.*, San Diego County, Case No. 37-2021-00010314-  
10 CU-OE-CTL; Motion for Final Approval granted on January 26, 2024.
- 11 p. *Jackson, et al. v. Apple Valley Communications, Inc., et al.*, San Bernardino  
12 County, Case No. CIVSB2124721; Motion for Final Approval granted on February  
13 1, 2024.
- 14 q. *Cuadras, et al. v. Guinn Corporation*, Kern County, Case No. BCV-21-101520;  
15 Motion for Final Approval granted on February 22, 2024.
- 16 r. *Canton, et al v. John B. Sanfilippo & Sons, Inc.*, Merced County, Case No. 22-CV-  
17 01145; Motion for Final Approval granted on March 15, 2024.
- 18 s. *Williams v. Total Longterm Care, Inc., et al.*, San Bernardino County, Case No.  
19 CIVSB2213347; Motion for Final Approval granted on April 2, 2024.
- 20 t. *Williams, et al v. Eisenhower Medical Center*, Riverside County, Case No.  
21 RIC1905151; Motion for Final Approval granted on April 18, 2024.
- 22 u. *Espinoza v. Delallo's Italian Foods, Inc.*, Butte County, Case No. 21CV02640;  
23 Motion for Final Approval granted on April 24, 2024.
- 24 v. *Hernandez v. Facey Medical Foundation*, Los Angeles County, Case No.  
25 20STCV41624; Motion for Final Approval granted on April 29, 2024.
- 26 w. *Meza v. Argus Management Company, LLC, et al.*, Los Angeles County, Case No.  
27 21STCV31612; Motion for Final Approval granted on May 20, 2024.
- 28 x. *Wade v. Mallory Safety and Supply LLC*, Siskiyou County, Case No. 23CV00951;

1 Motion for Final Approval granted on July 11, 2024.

2 y. *Abarca-Rueda, et al. v. Foley Family Wines, Inc., et al.*, Sonoma County, Case No.  
3 S-CV-268148; Motion for Final Approval granted on August 21, 2024.

4 z. *Aguilar v. American Pasteurization Company, Inc., et al.*, Sacramento County,  
5 Case No. 34-2021-00312027-CU-OE-GDS; Motion for Final Approval granted on  
6 September 3, 2024.

7 aa. *Hayes, et al. v. Gonzales Park, LLC, et al.*, Butte County, Case No. 21CV02456;  
8 Motion for Final Approval granted on May 1, 2024.

9 bb. *Hernandez v. KW California, et al.*, Kern County, Case No. BCV-23-100346;  
10 Motion for Final Approval Granted on December 4, 2024.

11 cc. *Arias v. The Shyft Group GTB, LLC, et al.*, Los Angeles County, Case  
12 No.22STCV37390; Motion for Final Approval granted on December 3, 2024.

13 dd. *Barajas Maya v. United Facilities Group, Inc., et al.*, Santa Clara County, Case  
14 No. 22CV397353; Motion for Final Approval granted on November 22, 2024.

15 60. The reasonableness of my firm's hourly rates is also supported by several surveys  
16 of legal rates, including the following:

17 a. The 2022 Real Rate Report survey compiled by Wolters Kluwer, which presents  
18 the real market rates of Los Angeles area attorneys who practice litigation. For  
19 that category, the third quartile 2022 rate was \$1,045 per hour for partners and  
20 \$855 for associates. Likewise, page 32 of the Report describes the rates charged  
21 by 183 Los Angeles partners with "21 or more years of experience" and "Fewer  
22 than 21 years." For those categories, the third quartile Los Angeles partner rate in  
23 2022 were \$1,133 per hour for 21 or more years and \$1,075 for attorneys with  
24 fewer than 21 years. A true and correct copy of portions of the 2022 Real Rate  
25 Report is attached hereto as **Exhibit 5**.

26 b. In an article entitled "Big Law Rates Topping \$2,000 Leave Value 'In Eye of  
27 Beholder,'" written by Roy Strom and published by Bloomberg Law on June 9,  
28 2022, the author describes how Big Law firms have crossed the \$2,000-per hour

1 rate. The article also notes that law firm rates have been increasing by just under  
2 3% per year. A true and correct copy of this article is attached hereto as **Exhibit**  
3 **6.**

4 Daniel J. Kramer's Qualifications

5 61. Daniel J. Kramer is a ninth-year Senior Attorney at WLF. He is admitted to practice  
6 law in the State of California in 2017 and as also admitted to the Central, Eastern, Southern, and  
7 Northern Districts of California. He graduated from Stanford University with a Bachelor of Arts  
8 in History and Political Science, and received his Juris Doctor from Loyola Law School, Los  
9 Angeles in 2016. During law school, he was a research editor for the Loyola of Los Angeles  
10 International and Comparative Law Review. Before joining WLF, he practiced briefly at a firm  
11 that focused on municipal law and code enforcement and then moved to a respected plaintiff-side  
12 firm to practice wage and hour class action litigation. He has several years of work experience  
13 litigating wage and hour class actions.

14 Angela Leong's Qualifications

15 62. Angela Leong is a 12-year Associate Attorney at Wilshire Law Firm, PLC. She is  
16 admitted to practice law in the State of California and the Central Districts of California. She  
17 graduated from the University of Macau with a Bachelor's Degree in English Communications,  
18 received a Master of Science from the Southern Illinois University Carbondale, and received her  
19 Juris Doctor from Whittier Law School in 2014. In the early years of her legal career, Ms. Leong  
20 advocated for low-income individuals, which eventually led her to pursue employment law.  
21 Angela's practice now focuses on litigating wage and hour class actions.

22 Justin F. Marquez's Qualifications

23 63. Justin F. Marquez was a former Senior Partner at WLF actively involved in the  
24 litigation and resolution of this Action from its inception through December 2024. He graduated  
25 from University of California, Los Angeles's College Honors Program in 2004 with Bachelor of  
26 Arts degrees in History and Japanese, magna cum laude and Phi Beta Kappa. He graduated from  
27 Notre Dame Law School with a Juris Doctorate. He was admitted to the State Bar of California in  
28 February 2019. His practice focused primarily on advocating for the rights of consumers and

employees in class action litigation and appellate litigation. He received numerous awards for his legal work: from 2017 to 2020, Super Lawyers selected him as a “Southern California Rising Star,” and from 2022 to 2025, he was selected as a “Southern California Super Lawyer”; he was selected as one of the “Best Lawyers in America” from 2023 to 2025; and in 2024, he, along with his colleagues at WLF, received a CLAY (California Lawyer Attorneys of the Year) award for their work on a false advertising case against Apple which ultimately led to a \$25 million settlement. He also was selected to speak at multiple CELA conferences throughout his career – in 2019, he spoke on the topic of manageability of class actions at CELA’s 2019 Advanced Wage & Hour Seminar, and in 2024, he spoke on the topic of dealings with multiple cases against the same defendant at CELA’s 2024 Advanced Wage & Hour Seminar. He served as lead or co-lead in negotiating class action settlements worth over \$10 million in gross recovery to class members for each year since 2020, including over \$37.5 million in 2022 and over \$75 million in 2023.

64. I am a Senior Settlement Attorney at WLF. I earned a Ph.D. in English at the University of California, Los Angeles, and taught literature and writing for many years. I returned to school in 2007 and earned a J.D. with a public service distinction from Southwestern Law School in 2010, when I was admitted to the California State Bar. My practice has focused on complex wage and hour and consumer cases on behalf of plaintiffs, and I have litigated class and representative actions in both state and federal courts throughout California. My current hourly billing rate is \$950.00.

#### **No Conflicts**

65. WLF has no actual or potential conflicts of interest with Class Members or the proposed Administrator, Phoenix Settlement Administrators.

66. WLF is not aware of any pending matter or action against Defendant that may be extinguished or adversely affected by this Settlement.

#### **Class Representative Service Payment**

67. Plaintiff seeks a Class Representative Service Payment of up to \$10,000.00 for taking on the litigation and representing the interests of the Class as a whole, despite concomitant potential costs not borne by any other Class Member. (Agreement §§ 1.14, 5.1, 5.1.1.)

68. Notably, no action would likely have been taken by Class Members individually, and no compensation recovered, but for Plaintiff's efforts and service on their behalf. Plaintiff elected to pursue this action actively, despite reputational and financial risks, and thereby promoting California's public policy and goal of enforcing the State's wage-and-hour laws.

## Administrator

69. Class Counsel proposed administrators to Defendant's counsel and selected the "not-to-exceed" bid from Apex for \$4,490.00 to administer this Settlement. A true and correct copy of the Apex bid is attached as **Exhibit 4**.

I declare under penalty of perjury under the laws of the State of California and the United States that the foregoing is true and correct.

Executed on September 24, 2026, in Santa Monica, California.

  
Karen L. Wallace

# EXHIBIT 1

**WILSHIRE LAW FIRM, PLC**

3055 Wilshire Blvd, 12<sup>th</sup> Floor  
Los Angeles, CA 90010  
Tel: (213) 381-9988  
Fax: (213) 381-9989  
www.wilshirelawfirm.com



Bobby Saadian, Esq. JD/MBA

Colin M. Jones, Esq.  
A. Ilyas Akbari, Esq.  
Justin F. Marquez, Esq.  
John G. Yslas, Esq.  
Jon Teller, Esq.  
Johnny Ogata, Esq.  
Tae Kim, Esq.

Benjamin H. Haber, Esq.  
Christina M. Le, Esq.  
Daniel Kramer, Esq.  
Arsiné Grigoryan, Esq.  
Arrash T. Fattahi, Esq.  
Zachary D. Greenberg, Esq.  
Aram Boyadjian, Esq.

February 13, 2023

LWDA  
Attn. PAGA Administrator  
1515 Clay Street, Ste. 801  
Oakland, CA 94612  
**(Via Online Submission)**

Lawrence Wine Estates LLC  
899 Adams Street  
St. Helena, CA 94574  
**(Via Certified Mail, Return Receipt Requested)**  
**#9489 0090 0027 6372 1958 83**

Heitz Cellar LLC  
500 Taplin Road  
Saint Helena, CA 94574  
**(Via Certified Mail, Return Receipt Requested)**  
**#9489 0090 0027 6372 1958 69**

Daniel Reidy, Esq.  
Agent for Service of Process for:  
Lawrence Wine Estates LLC  
1230 Spring Street  
Saint Helena, CA 94574  
**(Via Certified Mail, Return Receipt Requested)**  
**#9489 0090 0027 6372 1958 90**

Daniel A. Reidy, Esq.  
Agent for Service of Process for: Heitz Cellar LLC  
1230 Spring Street  
Saint Helena, CA 94574  
**(Via Certified Mail, Return Receipt Requested)**  
**#9489 0090 0027 6372 1958 76**

Re: ***Michael Paul Sheridan v. Heitz Cellar LLC, et al.***  
**Notice of Labor Code Violations and PAGA Penalties**

To Whom It May Concern:

Please be advised that my office has been retained by Michael Paul Sheridan ("Plaintiff") to pursue a Labor Code Private Attorneys General Act ("PAGA") representative action (Cal. Lab. Code §§ 2699, *et seq.*) against his former employers, Heitz Cellar LLC and Lawrence Wine Estates LLC ("Defendants"). The purpose of this letter is to comply with PAGA and set forth the facts and theories of California Labor Code violations which we allege Defendants engaged in with respect to Plaintiff and all of Defendants' Aggrieved Employees.

Plaintiff wishes to pursue this action on behalf of himself as an aggrieved employee, on behalf of the State of California, as well as on behalf of all other persons who worked for Defendants in California as a non-exempt or hourly-paid employee at any time within the applicable statutory period (hereafter, the "Aggrieved Employees").

Plaintiff and the Aggrieved Employees suffered the Labor Code violations described below.

**Plaintiff's Employment with Defendants**

Defendants own/owned and operate/operated an industry, business, and establishment within the State of California, including Napa County. As such, and based upon all the facts and circumstances incident to Defendants' business in California, Defendants are subject to the California Labor Code, Wage Orders issued by the Industrial Welfare Commission ("IWC"), and the California Business & Professions Code.

Plaintiff Michael Paul Sheridan is a California resident who worked for Defendants in Napa County, California as an hourly-paid, non-exempt employee from approximately May 2022 to approximately November 2022. Defendants typically scheduled Plaintiff to work at least five days in a workweek and at least eight hours per day, but Plaintiff regularly worked more than eight hours in a workday and/or more than forty (40) hours in a workweek.

Throughout Plaintiff's employment, Defendants failed to pay for all hours worked (including minimum, straight time, and overtime wages), failed to provide Plaintiff with legally compliant meal periods, failed to authorize and permit Plaintiff to take rest periods, failed to timely pay all final wages to Plaintiff when Defendants terminated his employment, failed to furnish accurate wage statements to Plaintiff, and failed to indemnify Plaintiff for expenditures. As discussed below, Plaintiff's experience working for Defendants was typical and illustrative.

**Defendants Failed to Pay for All Hours Worked, Including Minimum, Straight Time, and Overtime Wages**

Under California law, an employer must pay for all hours worked by an employee. "Hours worked" is the time during which an employee is subject to the control of an employer, and includes all the time the employee is suffered or permitted to work, whether or not required to do so.

In addition, Labor Code § 510 provides that employees in California shall not be employed more than eight hours in any workday or forty (40) hours in a workweek unless they receive additional compensation beyond their regular wages in amounts specified by law.

Labor Code §§ 1194 and 1198 also provide that employees in California shall not be employed more than eight hours in any workday unless they receive additional compensation beyond their regular wages in amounts specified by law. Additionally, Labor Code § 1198 states that the employment of an employee for longer hours than those fixed by the IWC is unlawful.

Throughout the statutory period, Defendants maintained a policy and practice of not paying Plaintiff and the Aggrieved Employees for all hours worked, including minimum, straight time, and overtime wages. Defendants required Plaintiff and the Aggrieved Employees to work "off-the-clock," uncompensated. Some of this unpaid work should have been paid at the overtime rate. In failing to pay for all hours worked, Defendants also failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

For a portion of the statutory period, Defendants also used a system of time rounding and/or synthetic timekeeping that resulted, over a period of time, in failing to compensate Plaintiff and the Aggrieved Employees properly for all the time they have actually worked, even though the realities of Defendants' operations are such that it is possible, practical, and feasible to count and pay for work time to the minute. Accordingly, Defendants frequently paid Plaintiff and the Aggrieved Employees less than all their work time. Some of this unpaid work also should have been paid at the overtime rate. In failing to pay for all hours worked, Defendants also failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

Throughout the statutory period, Defendants wrongfully failed to include non-discretionary bonuses, commissions, incentive pay, production pay, performance pay, and/or shift differentials in the calculation of Plaintiff's and the other Aggrieved Employees' regular rate of pay used to calculate their overtime rate for the payment of overtime wages. Plaintiff and the other Aggrieved Employees Members earned non-discretionary bonuses, commissions, incentive pay, production pay, performance pay, and/or shift differentials in the same pay periods where they worked overtime hours. Accordingly, Defendants failed to compensate Plaintiff and the Aggrieved Employees for all overtime compensation they were owed.

As a result, Defendants are liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210, 1197.1, and 2699(f)(2) for failing to pay for all hours worked, including minimum, straight time, and overtime wages.

### **Failure to Provide Meal Periods**

Under California law, employers have an affirmative obligation to relieve employees of all duty in order to take their first 30-minute, duty-free meal periods no later than the start of sixth hour of work in a workday, and to allow employees to take their second 30-minute, duty-free meal period no later than the start of the eleventh hour of work in the workday. Further, employees are entitled to be paid one hour of additional wages for each workday they were not provided with all required meal period(s).

Despite these legal requirements, Defendants wrongfully failed to provide Plaintiff and the Aggrieved Employees with legally compliant meal periods. Defendants regularly, but not always, required Plaintiff and the Aggrieved Employees to work in excess of five consecutive hours a day without providing a 30-minute, uninterrupted, and duty-free meal period for every five hours of work, or without compensating Plaintiff and the Aggrieved Employees for meal periods that were not provided by the end of the fifth hour of work or tenth hour of work. Instead, Defendants continued to assert control over Plaintiff and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory meal periods, or by denying Plaintiff and the Aggrieved Employees permission to take a meal period. Defendants also failed to permit Plaintiff to take a second meal period when Plaintiff worked at least ten hours of work in a

workday. Accordingly, Defendants' policy and practice was not to provide meal periods to Plaintiff and the Aggrieved Employees in compliance with California law.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not provided with all required meal period(s). Defendants, however, regularly failed to pay Plaintiff and the Aggrieved Employees the additional wages to which they were entitled for meal periods and that were not provided.

As a result, Defendants are liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210 and 2699(f)(2) for failing to provide meal periods and pay meal period premium wages.

#### **Failure to Authorize and Permit Rest Periods**

Employers are required by California law to authorize and permit breaks of ten uninterrupted minutes for each four hours of work or major fraction of four hours (i.e. more than two hours). Thus, for example, if an employee's work time is six hours and ten minutes, the employee is entitled to two rest breaks. Each failure to authorize rest breaks as so required is itself a violation of California's rest break laws.

Throughout the statutory period, Defendants have wrongfully failed to authorize and permit Plaintiff and the Aggrieved Employees to take legally compliant rest periods. Defendants regularly required Plaintiff and the Aggrieved Employees to work in excess of four consecutive hours a day without Defendants authorizing and permitting them to take a 10-minute, uninterrupted, duty-free rest period for every four hours of work (or major fraction of four hours), or without compensating Plaintiff and the Aggrieved Employees for rest periods that were not authorized or permitted. Instead, Defendants continued to assert control over Plaintiff and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory rest periods, or by denying Plaintiff and the Aggrieved Employees permission to take a rest period.

Accordingly, Defendants' policy and practice was to not authorize and permit Plaintiff and the Aggrieved Employees to take rest periods in compliance with California law.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not authorized and permitted to take all required rest period(s). Defendants, however, regularly failed to pay Plaintiff and the Aggrieved Employees the additional wages to which they were entitled for rest periods and that they were not authorized and permitted to take.

As a result, Defendants are liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 210 and 2699(f)(2) for failing to authorize and permit rest periods and pay rest period premium wages.

///

**Failure to Pay All Earned Wages Twice Per Month**

Based on its failure to pay Plaintiff and the Aggrieved Employees for all wages as discussed above, Defendants also violated Labor Code § 204.

Labor Code § 204 requires employers to pay employees all earned wages two times per month. Throughout the statute of limitations period applicable to this cause of action, employees were entitled to be paid twice a month at their regular rates, including all meal period premium wages owed, rest period premium wages owed, and wages owed for overtime hours worked. However, during all such times, Defendants systematically failed and refused to pay the employees all wages due, and failed to pay those wages twice a month, in that employees were not paid all wages for all meal periods not provided by Defendants, all wages for all rest periods not authorized and permitted by Defendants, and all wages for all hours worked. As a result, Defendants owe employees the legally required wages for unpaid wages, and Plaintiff and the Aggrieved Employees suffered damages in those amounts.

Moreover, Defendants are liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 210 for failing to pay all earned wages twice per month.

**Failure to Maintain Accurate Records of Hours Worked and Meal Periods**

Plaintiff seeks penalties under California Labor Code § 1174(d). Pursuant to California Labor Code § 1174.5, any person, including any entity, employing labor who willfully fails to maintain accurate and complete records required by California Labor Code § 1174 is subject to a penalty under § 1174.5. Pursuant to the applicable IWC Order § 7(A)(3), every employer shall keep time records showing when the employee begins and ends each work period. Meal periods and total hours worked daily shall also be recorded.

Defendants, however, failed to maintain accurate records of hours worked and all meal periods taken or missed by Plaintiff and the Aggrieved Employees.

Defendants' failure to provide and maintain records required by the California Labor Code and the applicable IWC Wage Orders deprived Plaintiff and the Aggrieved Employees the ability to know, understand and question the accuracy and frequency of meal periods, and the accuracy of their hours worked stated in Defendants' records. Therefore, Plaintiff and the Aggrieved Employees had no way to dispute the resulting failure to pay wages, all of which resulted in an unjustified economic enrichment to Defendants. As a direct result, Plaintiff and the Aggrieved Employees have suffered and continue to suffer, substantial losses related to the use and enjoyment of such wages, lost interest on such wages and expenses and attorney's fees in seeking to compel Defendants to fully perform its obligation under state law, all to their respective damage in amounts according to proof at trial. As a result of Defendants' knowing failure to comply with the California Labor Code and applicable IWC Wage Orders, Plaintiff and

the Aggrieved Employees have also suffered an injury in that they were prevented from knowing, understanding, and disputing the wage payments paid to them.

**Failure to Timely Pay All Wages at Termination**

Labor Code §§ 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an employee voluntarily leaves his or her employment, his or her wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting.

Within the applicable statute of limitations, the employment of Plaintiff and many other Aggrieved Employees ended, i.e., was terminated by quitting or being discharged, and the employment of others will be terminated. However, during the relevant time period, Defendants failed, and continues to fail to pay Plaintiff and terminated Aggrieved Employees, without abatement, all wages required to be paid by Labor Code sections 201 and 202 either at the time of discharge, or within seventy-two (72) hours of their leaving Defendants' employment. These unpaid wages include wages for unpaid work time (including minimum, straight time, and overtime wages), missed meal period premium wages, and missed rest period premium wages.

Defendants' conduct violates Labor Code §§ 201 and 202. Labor Code § 203 provides that if an employer willfully fails to pay wages owed, in accordance with sections 201 and 202, then the wages of the employee shall continue as a penalty wage from the due date, and at the same rate until paid or until an action is commenced; but the wages shall not continue for more than thirty (30) days.

Accordingly, Plaintiff and the Aggrieved Employees are entitled to recover from Defendants their additionally accruing wages for each day they were not paid, at their regular hourly rate of pay, up to thirty (30) days maximum pursuant to Labor Code § 203.

Moreover, Defendants are liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 2699(f)(2) for failing to timely pay all wages at termination.

**Failure to Furnish Accurate Itemized Wage Statements**

Labor Code § 226(a) provides that every employer shall furnish each of his or her employees an accurate itemized wage statement in writing showing nine pieces of information, including: (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and the last four digits of his or her social security number or an employee identification number other than a social security number,

(8) the name and address of the legal entity that is the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee. An employee is presumed to suffer an injury if this information is missing. (Lab. Code § 226(e)(2)(B)(iii).)

The statute further provides: “An employee suffering injury as a result of a knowing and intentional failure by an employer to comply with subdivision (a) is entitled to recover the greater of all actual damages or fifty dollars (\$50) for the initial pay period in which a violation occurs and one hundred dollars (\$100) per employee for each violation in a subsequent pay period, not to exceed an aggregate penalty of four thousand dollars (\$4,000), and is entitled to an award of costs and reasonable attorney’s fees.” (Lab. Code § 226(e)(1).)

Throughout the statutory period, Defendants failed to furnish Plaintiff and the Aggrieved Employees with accurate, itemized wage statements showing all applicable hourly rates, and all gross and net wages earned (including correct hours worked, correct wages for meal periods that were not provided in accordance with California law, and correct wages for rest periods that were not authorized and permitted to take in accordance with California law).

Because Defendants violated Labor Code § 226, Plaintiff and similarly Aggrieved Employees suffered injury and damage to their statutorily protected rights. Accordingly, Plaintiff and similarly Aggrieved Employees are entitled to recover from Defendants the greater of their actual damages caused by Defendants’ failure to comply with Labor Code § 226(a), or an aggregate penalty not exceeding four thousand dollars (\$4,000) per employee.

Moreover, Defendants are liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 226.3 for failing to furnish accurate itemized wage statements.

#### **Failure to Indemnify for Necessary Expenditures**

Labor Code § 2802(a) provides that employers shall indemnify his or her employees for all necessary business expenditures or losses that have been incurred by the employees in direct discharge of his or her duties. Throughout the statute of limitations period applicable to this cause of action, Defendants wrongfully required Plaintiff and the Aggrieved Employees to pay expenses that they incurred in direct discharge of their duties for Defendants. Plaintiff and the Aggrieved Employees regularly paid out-of-pocket for necessary employment-related expenses, including, without limitation, use of personal cell phones. Plaintiff and the Aggrieved Employees incurred substantial expenses as a direct result of performing their job duties for Defendants, but Defendants failed to indemnify Plaintiff and the Aggrieved Employees for these employment-related expenses.

As a result, Defendants are liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code §§ 2802 and 2699(f)(2) for failing to indemnify Plaintiff and the Aggrieved Employees for necessary business expenditures.

**Action for Civil Penalties Under PAGA**

In light of the above, Plaintiff alleges that Defendants violated the following provisions of the Labor Code with respect to the Aggrieved Employees:

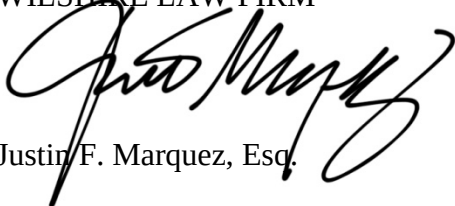
1. Labor Code § 204, 510, 1194, 1197, and 1198 by failing to pay for all hours worked, including minimum wages, straight time wages, and overtime wages;
2. Labor Code § 226.7 and applicable Wage Orders by failing to provide meal periods;
3. Labor Code § 226.7 and applicable Wage Orders by failing to authorize and permit rest periods;
4. Labor Code § 204 by failing to pay all earned wages two times per month;
5. California Labor Code § 1174.5 and applicable Wage Orders by failing to maintain accurate records of hours worked and meal periods taken or missed;
6. Labor Code §§ 201 to 203 by willfully failing to pay all wages owed at termination;
7. Labor Code § 226 by failing to provide accurate itemized wage statements; and
8. Labor Code § 2802 by failing to indemnify for necessary expenditures.

Therefore, on behalf of all Aggrieved Employees, Plaintiff seeks applicable penalties related to the violations alleged above pursuant to the PAGA. These include, but are not limited to, penalties under Labor Code §§ 210, 226.3, 1174.5, 1197.1, and 2699(f)(2).

Plaintiff has placed Defendants on notice by mailing a certified copy of this correspondence, as indicated on the first page. Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

WILSHIRE LAW FIRM



Justin F. Marquez, Esq.

# EXHIBIT 2

## CLASS ACTION AND PAGA SETTLEMENT AGREEMENT AND CLASS NOTICE

This Class Action and PAGA Settlement Agreement (“Agreement”) is made by and between plaintiff Michael Paul Sheridan (“Plaintiff”) and defendants Heitz Cellar LLC and Lawrence Wine Estates LLC (“Defendants” or “Heitz Cellar”). The Agreement refers to Plaintiff and Defendants collectively as “Parties,” or individually as “Party.”

### 1. DEFINITIONS.

- 1.1. “Action” means the Plaintiff’s lawsuit alleging wage and hour violations against Defendants captioned *Michael Paul Sheridan v. Heitz Cellar LLC, et al.*, case number 23CV000136 initiated on January 30, 2023 and pending in Superior Court of the State of California, County of Napa.
- 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 Preliminary Approval of the Settlement.
- 1.4. “Aggrieved Employee” means a person employed by Defendants in California as an hourly-paid or non-exempt employee at any time during the PAGA Period.
- 1.5. “Class” means all persons who were employed by Defendants in California as hourly-paid or non-exempt employees during the Class Period.
- 1.6. “Class Counsel” means Benjamin Haber, Daniel J. Kramer, Angela Leong, and Alan Wilcox of Wilshire Law Firm, PLC .
- 1.7. “Class Counsel Fees Payment” and “Class Counsel Litigation Expenses Payment” mean the amounts allocated to Class Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute the Action.
- 1.8. “Class Data” means Class Member identifying information in Defendants’ possession including the Class Member’s name, last-known mailing address, Social Security number, and number of Class Period Workweeks and PAGA Pay Periods.
- 1.9. “Class Member” or “Settlement Class Member” means a member of the Class, as either a Participating Class Member or Non-Participating Class Member (including a Non-Participating Class Member who qualifies as an Aggrieved Employee).
- 1.10. “Class Member Address Search” means the Administrator’s investigation and search for current Class Member 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 Class Members.

- 1.11. "Class Notice" means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class Members in English with a Spanish translation, if applicable in the form, without material variation, attached as Exhibit A and incorporated by reference into this Agreement.
- 1.12. "Class Period" means the period from August 5, 2018 to August 4, 2025.
- 1.13. "Class Representative" means the named Plaintiff in the operative complaint in the Action seeking Court approval to serve as a Class Representative.
- 1.14. "Class Representative Service Payment" means the payment to the Class Representative for initiating the Action and providing services in support of the Action.
- 1.15. "Court" means the Superior Court of California, County of Napa.
- 1.16. "Defendants" or "Heitz Cellar" means named Defendants Heitz Cellar LLC and Lawrence Wine Estates LLC.
- 1.17. "Defense Counsel" means Arif Virji and Samantha Pungprakearti of Carle, Mackie, Power & Ross LLP and Daniel A. Reidy of Reidy Law Group.
- 1.18. "Effective Date" means the date by when both of the following have occurred:  
(a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (a) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (b) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.
- 1.19. "Final Approval" means the Court's order granting final approval of the Settlement.
- 1.20. "Final Approval Hearing" means the Court's hearing on the Motion for Final Approval of the Settlement.
- 1.21. "Final Judgment" means the Judgment Entered by the Court upon Granting Final Approval of the Settlement.
- 1.22. "Gross Settlement Amount" means \$350,000.00 which is the total amount Defendants agree to pay under the Settlement except as provided in Paragraph 9 below. The Gross Settlement Amount will be used to pay Individual Class Payments, Individual

PAGA Payments, the LWDA PAGA Payment, Class Counsel Fees, Class Counsel Expenses, Class Representative Service Payment and the Administrator's Expenses.

- 1.23. "Individual Class Payment" means the Participating Class Member's pro rata share of the Net Settlement Amount calculated according to the number of Workweeks worked during the Class Period.
- 1.24. "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 25% of the PAGA Penalties calculated according to the number of Workweeks worked during the PAGA Period.
- 1.25. "Judgment" means the judgment entered by the Court based upon the Final Approval.
- 1.26. "LWDA" means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).
- 1.27. "LWDA PAGA Payment" means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).
- 1.28. "Net Settlement Amount" means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and the Administration Expenses Payment. The remainder is to be paid to Participating Class Members as Individual Class Payments.
- 1.29. "Non-Participating Class Member" means any Class Member who opts out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.
- 1.30. "PAGA Pay Period" means any Pay Period during which an Aggrieved Employee worked for Defendants for at least one day during the PAGA Period.
- 1.31. "PAGA Period" means the period from February 13, 2022 to August 30, 2025.
- 1.32. "PAGA" means the Private Attorneys General Act (Labor Code §§ 2698. et seq.).
- 1.33. "PAGA Notice" means Plaintiff's February 13, 2023 letter to Defendants and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a).
- 1.34. "PAGA Penalties" means the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees (5,000.00) and the 75% to LWDA (\$15,000.00) in settlement of PAGA claims.
- 1.35. "Participating Class Member" means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.

- 1.36. "Plaintiff" means Michael Paul Sheridan, the named plaintiff in the Action.
- 1.37. "Preliminary Approval" means the Court's Order Granting Preliminary Approval of the Settlement.
- 1.38. "Preliminary Approval Order" means the proposed Order Granting Preliminary Approval and Approval of PAGA Settlement.
- 1.39. "Released Class Claims" means the claims being released as described in Paragraph 5.2 below.
- 1.40. "Released PAGA Claims" means the claims being released as described in Paragraph 5.2 below.
- 1.41. "Released Parties" means: Defendants and each of its former and present directors, officers, shareholders, owners, members, managers, insurers, predecessors, successors, assigns, subsidiaries, its and their and affiliates.
- 1.42. "Request for Exclusion" means a Class Member's submission of a written request to be excluded from the Class Settlement signed by the Class Member.
- 1.43. "Response Deadline" means 45 days after the Administrator mails Notice to Class Members and Aggrieved Employees, and shall be the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail his or her Objection to the Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional 14 calendar days beyond the Response Deadline has expired.
- 1.44. "Settlement" means the disposition of the Action effected by this Agreement and the Judgment.
- 1.45. "Workweek" means any week during which a Class Member worked for Defendants for at least one day, during the Class Period.

## **2. RECITALS.**

- 2.1. On January 30, 2023, Plaintiff commenced this Action by filing a Complaint alleging causes of action against Defendants for violations under the Labor Code and Business and Professions Code for: (1) failure to pay minimum and straight time wages; (2) failure to pay overtime wages; (3) failure to provide meal periods; (4) failure to authorize and permit rest periods; (5) failure to timely pay final wages at termination; (6) failure to provide accurate itemized wage statements; (7) failure to indemnify employees for expenditures; and (8) violation of California's Unfair Competition Law, California Business and Professions Code §§ 17200, *et seq.* On April 21, 2023, Plaintiff filed a First Amended Class and Representative Action Complaint adding the PAGA cause of

action. The First Amended Class and Representative Action Complaint is the operative complaint in the Action (the "Operative Complaint.") Defendants deny the allegations in the Operative Complaint, deny any failure to comply with the laws identified in the Operative Complaint and deny any and all liability for the causes of action alleged.

- 2.2. Pursuant to Labor Code section 2699.3, subd.(a), Plaintiff gave timely written notice to Defendants and the LWDA by sending the PAGA Notice.
- 2.3. On July 1, 2025, the Parties participated in an all-day mediation presided over by David Phillips, Esq. which led eventually to this Agreement to settle the Action.
- 2.4. Prior to mediation, Plaintiff obtained, through informal discovery, documents and information pertaining to his wage and hour claims, including, but not limited to, wage and hour policy and procedure documents, putative class members' time and payroll records, and relevant data points pertaining to the Class and PAGA claims. Plaintiff's investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Ford Motor Company, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130 ("*Dunk/Kullar*").
- 2.5. The Court has not granted class certification.
- 2.6. The Parties, Class Counsel and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

### 3. MONETARY TERMS.

- 3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 9 below, Defendants promise to pay \$350,000.00 and no more as the Gross Settlement Amount and to separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. Defendants have no obligation to pay the Gross Settlement Amount (or any payroll taxes) prior to the deadline stated in Paragraph 6.1 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Participating Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendants.
- 3.2. Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval:
  - 3.2.1. To Plaintiff: Class Representative Service Payment to the Class Representative of not more than \$10,000.00 (in addition to any Individual Class Payment and any Individual PAGA Payment the Class Representative is entitled to receive as a Participating Class Member). Defendants will not oppose Plaintiff's request for a Class Representative Service Payment that does not exceed this

amount. As part of the motion for Class Counsel Fees Payment and Class Litigation Expenses Payment, Plaintiff will seek Court approval for any Class Representative Service Payments no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Representative Service Payment less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment.

3.2.2. To Class Counsel: A Class Counsel Fees Payment of not more than 33 1/3%, which is currently estimated to be \$116,666.67 and a Class Counsel Litigation Expenses Payment of not more than \$35,000.00. Defendants will not oppose requests for these payments provided that do not exceed these amounts. Plaintiff and/or Class Counsel will file a motion for Class Counsel Fees Payment and Class Litigation Expenses Payment no later than 16 court days prior to the Final Approval Hearing. If the Court approves a Class Counsel Fees Payment and/or a Class Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiff's Counsel arising from any claim to any portion of Class Counsel Fee Payment and/or Class Counsel Litigation Expenses Payment. The Administrator will pay the Class Counsel Fees Payment and Class Counsel Expenses Payment using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Class Counsel Fees Payment and the Class Counsel Litigation Expenses Payment and holds Defendants harmless, and indemnifies Defendants, from any dispute or controversy regarding any division or sharing of any of these Payments.

3.2.3. To the Administrator: An Administrator Expenses Payment not to exceed \$4,490.00 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 \$4,490.00, the Administrator will retain the remainder in the Net Settlement Amount.

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

3.2.4.1. Tax Allocation of Individual Class Payments. 20% of each Participating Class Member's Individual Class Payment will be allocated to settlement of wage claims (the "Wage Portion"). The Wage Portions are subject to tax withholding and will be reported on an IRS W-2 Form. 80% of each Participating Class Member's Individual Class Payment will be allocated to settlement of claims for interest and penalties (the "Non-Wage Portion"). The Non-Wage Portions are not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full

responsibility and liability for any employee taxes owed on their Individual Class Payment.

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

3.2.5. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of \$20,000.00 to be paid from the Gross Settlement Amount, with 75% (\$15,000) allocated to the LWDA PAGA Payment and 25% (\$5,000) allocated to the Individual PAGA Payments.

3.2.5.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties (\$5,000) 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.

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

#### **4. SETTLEMENT FUNDING AND PAYMENTS.**

4.1. Class Workweeks and Aggrieved Employee Pay Periods. Based on a review of its records to date, Defendants estimates there are 88 Class Members who collectively worked a total of 6785 Workweeks, and 39 Aggrieved Employees who worked a total of 2,544 PAGA Pay Periods.

4.2. Class Data. Not later than 15 days after the Court grants Preliminary Approval of the Settlement, Defendants will simultaneously deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet. To protect Class Members' privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Defendants have a continuing duty to immediately notify Class Counsel if it discovers that the Class Data omitted class member identifying information and to provide corrected or updated Class Data as soon as reasonably feasible. Without any extension of the deadline by which Defendants just send the Class Data to the Administrator, the Parties and their counsel will expeditiously

use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Class Data.

4.3. Funding of Gross Settlement Amount. Defendants shall fully fund the Gross Settlement Amount, and also fund the amounts necessary to fully pay Defendants share of payroll taxes by transmitting the funds to the Administrator no later than 14 days after the Effective Date.

4.4. Payments from the Gross Settlement Amount. Within 14 days after Defendants funds the Gross Settlement Amount, the Administrator will mail checks for all Individual Class Payments, all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment, and the Class Representative Service Payment. Disbursement of the Class Counsel Fees Payment, the Class Counsel Litigation Expenses Payment and the Class Representative Service Payment shall not precede disbursement of Individual Class Payments and Individual PAGA Payments.

4.4.1. The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Settlement Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees including Non-Participating Class Members who qualify as Aggrieved Employees (including those for whom Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining the penalty and interest portion of the Individual Class Payment with the Individual PAGA Payment. 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 a Class Member Address Search for all other Class Members whose checks are returned undelivered without USPS forwarding address. Within 7 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 Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the void date.

4.4.3. For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to Bay Area

Legal Aid, 1735 Telegraph Avenue, Oakland, California 94612 ("Cy Pres Recipient"). The Parties, Class Counsel and Defense Counsel represent that they have no interest or relationship, financial or otherwise, with the intended Cy Pres Recipient.

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

**5. RELEASES OF CLAIMS.** Effective on the date when Defendants fully fund the entire Gross Settlement Amount and funds all employer payroll taxes owed on the Wage Portion of the Individual Class Payments, Plaintiff, Class Members, and Class Counsel will release claims against all Released Parties as follows:

- 5.1 Plaintiff's Release. Plaintiff and his respective former and present spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences that occurred during the Class Period, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained, in the Operative Complaint and (b) all PAGA claims that were, or reasonably could have been, alleged based on facts contained in Plaintiff's PAGA Notice. ("Plaintiff's Release.") Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the Class Period. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

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

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

- 5.2 Release by Participating Class Members: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the facts stated in the Operative Complaint during the Class Period, including but not limited to,

state wage and hour claims for any and all violations of California's Labor Code and Unfair Competition Law based on Defendant's failure to pay for all hours worked (including minimum, straight time, and overtime wages), failure to provide meal periods, failure to authorize and permit rest periods, failure to timely pay final wages at termination, failure to furnish accurate itemized wage statements, and failure to indemnify employees for expenditures based on the alleged Labor Code violations, and all damages, interest, penalties, attorneys' fees, costs, and other amounts recoverable under said causes of action under California law, to the extent permissible, including, but not limited to, the California Labor Code and the applicable Wage Orders. Except as set forth in Section 6.3 of this Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

5.3 Release by Aggrieved Employees: Plaintiff, acting in his representative capacity as the authorized proxy of the California Labor and Workforce Development Agency ("LWDA") pursuant to Labor Code section 2699, releases on behalf of the State of California all claims for civil penalties for violations of the law allegedly experienced by the Aggrieved Employees under the Private Attorneys General Act ("PAGA") that were alleged in, or arise from the facts and theories set forth in, the PAGA Notice submitted to the LWDA on February 13, 2023, and any amended PAGA notice thereafter provided. All Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the facts stated in the Operative Complaint and the PAGA Notice during the PAGA Period, including any and all claims involving any alleged failure to pay minimum wages or overtime, failure to provide meal and rest periods, failure to provide accurate wage statements, failure to pay all wages due at separation, and failure to reimburse business expenses.

6. **MOTION FOR PRELIMINARY APPROVAL.** The Parties agree to jointly prepare and file a motion for preliminary approval ("Motion for Preliminary Approval") that complies with the Court's current checklist for Preliminary Approvals.

6.1 Plaintiff's Responsibilities. Plaintiff will prepare and deliver to Defense Counsel all documents necessary for obtaining Preliminary Approval, including: (i) a draft of the notice, and memorandum in support, of the Motion for Preliminary Approval that includes an analysis of the Settlement under *Dunk/Kullar* and a request for approval of the PAGA Settlement under Labor Code Section 2699, subd. (f)(2)); (ii) a draft proposed Order Granting Preliminary Approval and Approval of PAGA Settlement; (iii) a draft proposed Class Notice; (iv) a signed declaration from 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 Class 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 Class Members and/or the proposed Cy Pres; and the nature and extent of any financial

relationship with Plaintiff, Class Counsel or Defense Counsel; (v) a signed declaration from Plaintiff confirming willingness and competency to serve and disclosing all facts relevant to any actual or potential conflicts of interest with Class Members, and/or the proposed Cy Pres, and/or the Administrator; (v) a signed declaration from each Class Counsel firm attesting to its competency to represent the Class Members; 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. (1)(1)), this Agreement (Labor Code section 2699, subd. (1)(2)); and all facts relevant to any actual or potential conflict of interest with Class Members, and/or the Cy Pres, and/or the Administrator. In their Declarations, Plaintiff and Class 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 Counsel. Class Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the Motion for Preliminary Approval within a reasonable time frame after the full execution of this Agreement; obtaining a prompt hearing date for the Motion for Preliminary Approval; and for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.

6.3 Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to 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 Notice to Class Members.
- 7.4.1 No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and state the number of Class Members, PAGA Members, Workweeks, and Pay Periods in the Class Data.
- 7.4.2 Using best efforts to perform as soon as possible, and in no event later than 14 days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service ("USPS") mail, the Class Notice with Spanish translation, if applicable substantially in the form attached to this Agreement as Exhibit A. The first page of the Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Class Member, and the number of Workweeks and PAGA Pay Periods (if applicable) used to calculate these amounts. Before mailing Class Notices, the Administrator shall update Class Member addresses using the National Change of Address database.
- 7.4.3 Not later than 3 business days after the Administrator's receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notice to Class Members whose Class Notice is returned by the USPS a second time.
- 7.4.4 The deadlines for Class Members' written objections, Challenges to Workweeks and/or Pay Periods, and Requests for Exclusion will be extended an additional 14 days beyond the 45 days otherwise provided in the Class Notice for all Class Members whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.
- 7.4.5 If the Administrator, Defendants, or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received Class Notice, the Parties will expeditiously meet and confer in person or by telephone, and in good faith in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later

than 14 days after receipt of Class Notice, or the deadline dates in the Class Notice, which ever are later.

**7.5 Requests for Exclusion (Opt-Outs).**

**7.5.1** Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion not later than 45 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address and email address or telephone number. To be valid, a Request for Exclusion must be timely faxed, emailed, or postmarked by the Response Deadline.

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

**7.5.3** Every Class Member who does not submit a timely and valid Request for Exclusion is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' Releases under Paragraphs 5.2 and 5.3 of this Agreement, regardless whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.

**7.5.4** Every Class Member who submits a valid and timely Request for Exclusion is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement. Because future PAGA claims are subject to claim preclusion upon entry of the Judgment, Non-Participating Class Members who are Aggrieved Employees are deemed to release the claims identified in Paragraph 6.4 of this Agreement and are eligible for an Individual PAGA Payment.

**7.6** Challenges to Calculation of Workweeks. Each Class Member shall have 45 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Workweeks and PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator

via fax, email or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks contained in the Class Notice are correct so long as they are consistent with the Class Data. The Administrator's determination of each Class Member's allocation of Workweeks and/or Pay Periods shall be final and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide copies of all challenges to calculation of Workweeks and/or Pay Periods to Defense Counsel and Class Counsel and the Administrator's determination of the challenges.

7.7 Objections to Settlement.

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

7.7.2 Participating Class Members may send written objections to the Administrator, by fax, email, or mail. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. A Participating Class Member who elects to send a written objection to the Administrator must do so not later than 45 days after the Administrator's mailing of the Class Notice (plus an additional 14 days for Class Members whose Class Notice was re-mailed).

7.7.3 Non-Participating Class Members have no right to object to any of the class action components of the Settlement.

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

7.8.1 Website, Email Address and Toll-Free Number. The Administrator will establish and maintain and use an internet website to post information of interest to Class Members including the date, time and location for the Final Approval Hearing and copies of the Settlement Agreement, Motion for Preliminary Approval, the Preliminary Approval, the Class Notice, the Motion for Final Approval, the Motion for Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and Class Representative Service Payment, the Final Approval and the Judgment. The Administrator will also maintain and monitor an email address and a toll-free telephone number to receive Class Member calls, faxes and emails.

7.8.2 Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion to ascertain their

validity. Not later than 5 days after the expiration of the deadline for submitting Requests for Exclusion, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion (“Exclusion List”); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion; (c) copies of all Requests for Exclusion from Settlement submitted (whether valid or invalid).

- 7.8.3        Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion (whether valid or invalid) received, objections received, challenges to Workweeks and/or Pay Periods received and/or resolved, and checks mailed for Individual Class Payments and Individual PAGA Payments (“Weekly Report”). The Weekly Reports must include the Administrator’s assessment of the validity of Requests for Exclusion and attach copies of all Requests for Exclusion and objections received.
- 7.8.4        Workweek and/or Pay Period Challenges. The Administrator has the authority to address and make final decisions consistent with the terms of this Agreement on all Class Member challenges over the calculation of Workweeks and/or Pay Periods. The Administrator’s decision shall be final and not appealable or otherwise susceptible to challenge.
- 7.8.5        Administrator’s Declaration. Not later than 14 days before the date by which Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion from Settlement it received (both valid or invalid), the number of written objections and attach the Exclusion List. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator’s declaration(s) in Court.
- 7.8.6        Final Report by Settlement Administrator. Within 10 days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least 15 days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator’s declaration in Court.

8. **CLASS SIZE ESTIMATES and ESCALATOR CLAUSE** Based on its records, Defendants estimate that, as of the date of this Settlement Agreement, (1) there are 88 Class Members and 6785 Total Workweeks during the Class period and (2) there were 39 Aggrieved Employees who worked 2544 Pay Periods during the PAGA Period. If it is determined that the workweeks during the Class Period is determined to be more than 10% higher than this estimate (i.e., more than 7,464 workweeks), Defendant will increase the Gross Settlement Amount proportionally for the excess increase in the total number of workweeks beyond the 7464 workweeks. The Gross Settlement Amount will not be reduced due to Defendant's estimate.
9. **DEFENDANTS' RIGHT TO WITHDRAW.** If the number of valid Requests for Exclusion identified in the Exclusion List exceeds 10% of the total of all Class Members, Defendants may, but is not obligated, elect to withdraw from the Settlement. The Parties agree that, if Defendants withdraws, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Defendants will remain responsible for paying all Settlement Administration Expenses incurred to that point. Defendants must notify Class Counsel and the Court of its election to withdraw not later than seven days after the Administrator sends the final Exclusion List to Defense Counsel; late elections will have no effect.
10. **MOTION FOR FINAL APPROVAL.** Not later than 16 court days before the calendared Final Approval Hearing, Plaintiff will file a Motion for Final Approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subd. (I), a Proposed Final Approval Order and a proposed Judgment (collectively "Motion for Final Approval"). Plaintiff shall provide drafts of these documents to Defense Counsel not later than seven days prior to filing the Motion for Final Approval. Class Counsel and Defense Counsel will expeditiously meet and confer in person or by telephone, and in good faith, to resolve any disagreements concerning the Motion for Final Approval.
- 10.1 Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than five court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.
- 10.2 Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court's concerns by revising the Agreement as necessary to obtain Final Approval. The Court's decision to award less than the amounts requested for the Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administrator Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.

- 10.3 Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.
- 10.4 Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment reflected in this Settlement, the Parties, their respective counsel, and all Participating Class Members who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. If an objector appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.
- 10.5 Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Class Members), this Agreement shall be null and void. The Parties shall nevertheless expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional Administration Expenses reasonably incurred after remittitur. An appellate decision to vacate, reverse, or modify the Court's award of the Class Representative Service Payment or any payments to Class Counsel shall not constitute a material modification of the Judgment within the meaning of this paragraph, as long as the Gross Settlement Amount remains unchanged.
11. **AMENDED JUDGMENT.** If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit and a proposed amended judgment.
12. **ADDITIONAL PROVISIONS.**
- 12.1 No Admission of Liability, Class Certification or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendants that any of the allegations in the Operative Complaint have merit or that Defendants have any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Defendants' defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does grant Preliminary Approval, Final Approval or enter Judgment, Defendants reserve the right to

contest certification of any class for any reasons, and Defendants reserve all available defenses to the claims in the Action, and Plaintiff reserves the right to move for class certification on any grounds available and to contest Defendants' defenses. The Settlement, this Agreement and 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).

- 12.2 Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, Defendants and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other Party of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff, Class Counsel, Defendants and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval with any third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.
- 12.3 No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.
- 12.4 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.
- 12.5 Attorney Authorization. Class Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Defendants, respectively, to take all appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

- 12.6 Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the 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 a mediator and/or the Court for resolution.
- 12.7 No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.
- 12.8 No Tax Advice. Neither Plaintiff, Class Counsel, Defendants 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.
- 12.9 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.
- 12.10 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 12.11 Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.
- 12.12 Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.
- 12.13 Confidentiality. To the extent permitted by law, all agreements made, and orders entered during the Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.
- 12.14 Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendants in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the date when the Court discharges the Administrator's obligation to provide a Declaration confirming the final pay out of all Settlement funds, Plaintiff shall destroy, all paper and

electronic versions of Class Data received from Defendants unless, prior to the Court's discharge of the Administrator's obligation, Defendants make a written request to Class Counsel for the return, rather than the destructions, of Class Data.

- 12.15 Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.
- 12.16 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.
- 12.17 Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff:

Benjamin H. Haber  
[benjamin.haber@wilshirelawfirm.com](mailto:benjamin.haber@wilshirelawfirm.com)  
Daniel J. Kramer  
[daniel.kramer@wilshirelawfirm.com](mailto:daniel.kramer@wilshirelawfirm.com)  
Angela Leong  
[angela.leong@wilshirelawfirm.com](mailto:angela.leong@wilshirelawfirm.com)  
Alan Wilcox  
[alan.wilcox@wilshirelawfirm.com](mailto:alan.wilcox@wilshirelawfirm.com)  
Wilshire Law Firm  
660 South Figueroa Street, Sky Lobby  
Los Angeles, CA 90017  
Telephone: (213) 784-3830  
Facsimile: (213) 381-9989

To Defendant Heitz Cellar LLC:

Arif Virji  
[avirji@cmpirlaw.com](mailto:avirji@cmpirlaw.com)  
Samantha Pungprakearti  
[spungprakearti@cmpirlaw.com](mailto:spungprakearti@cmpirlaw.com)  
**CARLE, MACKIE, POWER & ROSS LLP**  
520 Third Street, Suite 500  
Santa Rosa, CA 95401

Telephone: (707) 526-4200  
Facsimile: (707) 526-4707  
To Defendant Lawrence Wine Estates LLC:

Daniel A. Reidy  
[dan@reidylawgroup.com](mailto:dan@reidylawgroup.com)  
**REIDY LAW GROUP**  
1230 Spring Street, Suite B  
St. Helena, California 94574  
Telephone: (707) 963-3030  
Facsimile: (707) 963-3130

- 12.18 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e. DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.
- 12.19 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.

PLAINTIFF:

Michael Sheridan  
Michael Sheridan (Apr 24, 2026 17:59:22 PDT)  
Michael Paul Sheridan

APPROVED AS TO FORM:

WILSHIRE LAW FIRM

  
Benjamin H. Haber  
Daniel J. Kramer  
Angela Leong  
Alan Wilcox

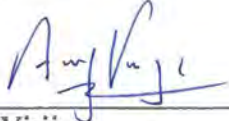
Attorneys for Plaintiff

DEFENDANT:

HEITZ CELLAR LLC

By:   
Name: Samantha Pungprakearti  
Title: CEO

**CARLE, MACKIE, POWER & ROSS  
LLP**

  
Arif Virji  
Samantha Pungprakearti  
Attorneys for Defendant Heitz Cellar LLC

DEFENDANT:

LAWRENCE WINE ESTATES LLC

By:   
Name: Daniel A. Reidy  
Title: CEO

**REIDY LAW GROUP**

  
Daniel A. Reidy  
Attorneys for Defendant Lawrence Wine  
Estates LLC

# EXHIBIT A

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

*Michael Paul Sheridan v. Heitz Cellar LLC, et al., case number 23CV000136*

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

**You may be eligible to receive money** from an employee class action lawsuit ("Action") against Heitz Cellar LLC and Lawrence Wine Estates LLC ("Heitz Cellar" or "Defendants" are used herein as a placeholder) for alleged wage and hour violations. The Action was filed by a former Heitz Cellar employee Michael Paul Sheridan ("Plaintiff") and seeks payment of (1) back wages and other relief for a class of hourly paid, non-exempt employees ("Class Members") who worked for Defendants during the Class Period (August 5, 2018 to August 4, 2025); and (2) penalties under the California Private Attorney General Act ("PAGA") for all hourly, non-exempt employees who worked for Defendants during the PAGA Period (February 13, 2022 to August 4, 2025) ("Aggrieved Employees").

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

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

The above estimates are based on Defendants' records showing that **you worked \_\_\_\_\_ workweeks** during the Class Period and **you worked \_\_\_\_\_ pay periods** during the PAGA Period. If you believe that you worked more workweeks or during more pay periods during either period, you can submit a challenge by the deadline date. See Section 4 of this Notice.

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

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

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

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

#### **SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT**

|                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>You Don't Have to Do Anything to Participate in the Settlement</b>                                                                                          | If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against Defendants that are covered by this Settlement (Released Claims).                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>You Can Opt-out of the Class Settlement but not the PAGA Settlement</b><br><br><b>The Opt-out Deadline is [date]</b>                                        | <p>If you don't want to fully participate in the proposed Settlement, you can opt-out of the Class Settlement by sending the Administrator a written Request for Exclusion. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section 6 of this Notice.</p> <p>You cannot opt-out of the PAGA portion of the proposed Settlement. Defendants must pay Individual PAGA Payments to all Aggrieved Employees and the Aggrieved Employees must give up their rights to pursue Released Claims (defined below).</p> |
| <b>Participating Class Members Can Object to the Class Settlement but not the PAGA Settlement</b><br><br><b>Written Objections Must be Submitted by [date]</b> | All Class Members who do not opt-out ("Participating Class Members") can object to any aspect of the proposed Settlement. The Court's decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Plaintiff who pursued the Action on behalf of the Class. You are not personally responsible for any payments to Class Counsel or Plaintiff, but every dollar paid to Class Counsel and Plaintiff reduces the overall amount paid to Participating Class Members. You can object to the amounts requested by Class Counsel or                                                                              |

|                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                     | Plaintiff if you think they are unreasonable. See Section 7 of this Notice.                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>You Can Participate in the [date] Final Approval Hearing</b>                                                                     | The Court's Final Approval Hearing is scheduled to take place on [date]. You don't have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court's virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.                                                                                                                |
| <b>You Can Challenge the Calculation of Your Workweeks/Pay Periods</b><br><br><b>Written Challenges Must be Submitted by [date]</b> | The amount of your Individual Class Payment and PAGA Payment (if any) depend on how many workweeks you worked at least one day during the Class Period and how many Pay Periods you worked at least one day during the PAGA Period, respectively. The number of Class Period Workweeks and number of PAGA Period Pay Periods you worked according to Defendants' records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by [date]. See Section 4 of this Notice. |

## 1. WHAT IS THE ACTION ABOUT?

Plaintiff is a former Heitz Cellar employee. The Action accuses Defendants of violating California labor laws by failing to pay overtime wages, minimum wages, wages due upon termination and reimbursable expenses and failing to provide meal periods, rest breaks and accurate itemized wage statements. Based on the same claims, Plaintiff has also asserted a claim for civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698, et seq.) ("PAGA"). Plaintiff is represented by attorneys in the Action: Benjamin H. Haber, Daniel J. Kramer, Angela Leong, and Alan Wilcox of Wilshire Law Firm PLC ("Class Counsel.")

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

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

So far, the Court has made no determination whether Defendants or Plaintiff is correct on the merits. In the meantime, Plaintiff and Defendants hired an experienced, neutral mediator in an effort to resolve the Action by negotiating to end the case by agreement (settle the case) rather than continuing the expensive and time-consuming process of litigation. The negotiations were successful. By signing a lengthy written settlement agreement ("Agreement") and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement, Plaintiff and Defendants have negotiated a proposed Settlement that is subject to the Court's Final Approval. Both sides agree the proposed Settlement is a compromise of disputed claims. By agreeing to settle, Defendants do not admit any violations or concede the merit of any claims.

Plaintiff and Class Counsel strongly believe the Settlement is a good deal for you because they believe that: (1) Defendants have agreed to pay a fair, reasonable and adequate amount

considering the strength of the claims and the risks and uncertainties of continued litigation; and (2) Settlement is in the best interests of the Class Members and Aggrieved Employees. The Court preliminarily approved the proposed Settlement as fair, reasonable and adequate, authorized this Notice, and scheduled a hearing to determine Final Approval.

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

1. Defendants Will Pay \$350,000 as the Gross Settlement Amount (Gross Settlement).

Defendants have agreed to deposit the Gross Settlement into an account controlled by the Administrator of the Settlement. The Administrator will use the Gross Settlement to pay the Individual Class Payments, Individual PAGA Payments, Class Representative Service Payment, Class Counsel's attorney's fees and expenses, the Administrator's expenses, and penalties to be paid to the California Labor and Workforce Development Agency ("LWDA"). Assuming the Court grants Final Approval, Defendants will fund the Gross Settlement not more than 14 days after the Judgment entered by the Court become final. The Judgment will be final on the date the Court enters Judgment, or a later date if Participating Class Members object to the proposed Settlement or the Judgment is appealed.

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

- A. Up to \$116,666.67 (33 1/3% of the Gross Settlement) to Class Counsel for attorneys' fees and up to \$35,000 for their litigation expenses. To date, Class Counsel have worked and incurred expenses on the Action without payment.
- B. Up to \$10,000.00 as a Class Representative Award for filing the Action, working with Class Counsel and representing the Class. A Class Representative Award will be the only monies Plaintiff will receive other than Plaintiff's Individual Class Payment and any Individual PAGA Payment.
- C. Up to \$4,490 to the Administrator for services administering the Settlement.
- D. Up to \$20,000 for PAGA Penalties, allocated 75% to the LWDA PAGA Payment and 25% in Individual PAGA Payments to the Aggrieved Employees based on their PAGA Period Pay Periods.

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

3. Net Settlement Distributed to Class Members. After making the above deductions in amounts approved by the Court, the Administrator will distribute the rest of the Gross Settlement (the "Net Settlement") by making Individual Class Payments to Participating Class Members based on their Class Period Workweeks.

4. Taxes Owed on Payments to Class Members. Plaintiff and Defendants are asking the Court to approve an allocation of 20% of each Individual Class Payment to taxable wages ("Wage Portion") and 80% to interest and penalties ("Non-Wage Portion."). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. Defendants will separately pay employer payroll taxes it owes on the Wage Portion. The Individual PAGA Payments are counted as penalties rather than wages for tax purposes. The Administrator will report the Individual PAGA Payments and the Non-Wage Portions of the Individual Class Payments on IRS 1099 Forms.

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

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

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

7. The Proposed Settlement Will be Void if the Court Denies Final Approval. It is possible the Court will decline to grant Final Approval of the Settlement or decline to enter a Judgment. It is also possible the Court will enter a Judgment that is reversed on appeal. Plaintiff and Defendants have agreed that, in either case, the Settlement will be void: Defendants will not pay any money and Class Members will not release any claims against Defendants.
8. Administrator. The Court has appointed a neutral company, Apex Class Action Administration (the "Administrator") to send this Notice, calculate and make payments,

and process Class Members' Requests for Exclusion. The Administrator will also decide Class Member Challenges over Workweeks, mail and re-mail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Administrator's contact information is contained in Section 9 of this Notice.

9. Participating Class Members' Release. After the Judgment is final and Defendants have fully funded the Gross Settlement (and separately paid all employer payroll taxes), Participating Class Members will be legally barred from asserting any of the claims released under the Settlement. This means that unless you opted out by validly excluding yourself from the Class Settlement, you cannot sue, continue to sue, or be part of any other lawsuit against Defendants or related entities for wages based on the Class Period facts and PAGA penalties based on PAGA Period facts, as alleged in the Action and resolved by this Settlement.

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

All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, release Released Parties from (i) all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint including but not limited to, state wage and hour claims for any and all violations of California's Labor Code and Unfair Competition Law based on Defendant's failure to pay for all hours worked (including minimum, straight time, and overtime wages), failure to provide meal periods, failure to authorize and permit rest periods, failure to timely pay final wages at termination, failure to furnish accurate itemized wage statements, and failure to indemnify employees for expenditures based on the alleged Labor Code violations, and all damages, interest, penalties, attorneys' fees, costs, and other amounts recoverable under said causes of action under California law, to the extent permissible, including, but not limited to, the California Labor Code and the applicable Wage Orders. Except as set forth in Section 5.3 of this Agreement, Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation, or claims based on facts occurring outside the Class Period.

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

The Aggrieved Employees' Releases are as follows:

Plaintiff, acting in his representative capacity as the authorized proxy of the California Labor and Workforce Development Agency ("LWDA") pursuant to Labor Code section 2699, releases on behalf of the State of California all claims for civil penalties for violations of the law allegedly experienced by the Aggrieved Employees under the Private Attorneys General Act ("PAGA") that were alleged in, or arise from the facts and theories set forth in, the PAGA Notice submitted to the LWDA on February 13, 2023, and any amended PAGA notice thereafter provided. All Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and the PAGA Notice, including any and all claims involving any alleged failure to pay minimum wages or overtime, failure to provide meal and rest periods, failure to provide accurate wage statements, failure to pay all wages due at separation, and failure to reimburse business expenses.

#### **4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?**

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

You need to support your challenge by sending copies of pay stubs or other records. The Administrator will accept Defendants' calculation of Workweeks and/or Pay Periods based on Defendants' records as accurate unless you send copies of records containing contrary information. You should send copies rather than originals because the documents will not be returned to you. The Administrator will resolve Workweek and/or Pay Period challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and Defendants' Counsel. The Administrator's decision is final. You can't appeal or otherwise challenge its final decision.

## 5. HOW WILL I GET PAID?

1. Participating Class Members. The Administrator will send, by U.S. mail, a check to every Participating Class Member (i.e., every Class Member who doesn't opt-out) including those who also qualify as Aggrieved Employees. The single check will combine the Individual Class Payment and the Individual PAGA Payment.
2. Non-Participating Class Members. The Administrator will send, by U.S. mail, a single Individual PAGA Payment check to every Aggrieved Employee who opts out of the Class Settlement (i.e., every Non-Participating Class Member).

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

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

Submit a written and signed letter with your name, present address, telephone number, and a simple statement that you do not want to participate in the Settlement. The Administrator will exclude you based on any writing communicating your request to be excluded. Be sure to personally sign your request, identify the Action as *Michael Paul Sheridan v. Heitz Cellar LLC, et al.*, case number 23CV000136, and include your identifying information (full name, address, telephone number, approximate dates of employment, and social security number for verification purposes). You must make the request yourself. If someone else makes the request for you, it will not be valid. **The Administrator must be sent your request to be excluded by [date], or it will be invalid.** Section 9 of the Notice has the Administrator's contact information.

## 7. HOW DO I OBJECT TO THE SETTLEMENT?

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

A Participating Class Member who disagrees with any aspect of the Agreement, the Motion for Final Approval and/or Motion for Fees, Litigation Expenses and Service Award may wish to object, for example, that the proposed Settlement is unfair, or that the amounts requested

by Class Counsel or Plaintiff are too high or too low. **The deadline for sending written objections to the Administrator is [date].** Be sure to tell the Administrator what you object to, why you object, and any facts that support your objection. Make sure you identify the Action *Michael Paul Sheridan v. Heitz Cellar LLC, et al.*, case number 23CV000136, and include your name, current address, telephone number, and approximate dates of employment for Defendants and sign the objection. Section 9 of this Notice has the Administrator's contact information.

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

### **8. CAN I ATTEND THE FINAL APPROVAL HEARING?**

You can, but don't have to, attend the Final Approval Hearing on [date] at [time] in Department A of the Napa Superior Court, located at 825 Brown Street, Napa, CA 94559. At the Hearing, the judge will decide whether to grant Final Approval of the Settlement and how much of the Gross Settlement will be paid to Class Counsel, Plaintiff, and the Administrator. The Court will invite comment from objectors, Class Counsel and Defense Counsel before making a decision. You can attend (or hire a lawyer to attend) either personally or virtually via Zoom (<https://www.napa.courts.ca.gov/general-information/remote-appearance/courtroom-remote-appearances>). Check the Court's website for the most current information.

It's possible the Court will reschedule the Final Approval Hearing. You should check the Administrator's website [[www.etc.](#)] beforehand or contact Class Counsel to verify the date and time of the Final Approval Hearing.

### **9. HOW CAN I GET MORE INFORMATION?**

The Agreement sets forth everything Defendants and Plaintiff have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Judgment or any other Settlement documents is to go to [**specify whose**] website at [URL of website]. You can also telephone or send an email to Class Counsel or the Administrator using the contact information listed below, or consult the Superior Court website by going to (<https://portal.napa.courts.ca.gov/Secure/Home/Dashboard/29>) and entering the Case Number for the Action, Case No. 23CV000136. You can also call the Historic Courthouse by calling (707) 299-1100.

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

Class Counsel:

Benjamin H. Haber

[benjamin.haber@wilshirelawfirm.com](mailto:benjamin.haber@wilshirelawfirm.com)  
Daniel J. Kramer  
[daniel.kramer@wilshirelawfirm.com](mailto:daniel.kramer@wilshirelawfirm.com)  
Angela Leong  
[angela.leong@wilshirelawfirm.com](mailto:angela.leong@wilshirelawfirm.com)  
Alan Wilcox  
[alan.wilcox@wilshirelawfirm.com](mailto:alan.wilcox@wilshirelawfirm.com)  
Wilshire Law Firm  
660 South Figueroa Street, Sky Lobby  
Los Angeles, CA 90017  
Telephone: (213) 784-3830  
Facsimile: (213) 381-9989

Settlement Administrator:

Name of Company:  
Email Address:  
Mailing Address:  
Telephone:  
Fax Number

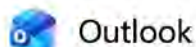
**10. WHAT IF I LOSE MY SETTLEMENT CHECK?**

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check. If your check is already void you will have no way to recover the money.

**11. WHAT IF I CHANGE MY ADDRESS?**

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

# EXHIBIT 3



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**Thank you for your Proposed Settlement Submission**

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**From** no-reply@formassembly.com <no-reply@formassembly.com>

**Date** Mon 9/28/2026 10:45 AM

**To** Giancarlo Recinos' Team <Giancarlorecinosteam@wilshirelawfirm.com>

09/28/2026 10:45:21 AM

Thank you for your submission to the Labor and Workforce Development Agency.

Item submitted: Proposed Settlement

On 09/28/2026 10:45:21 AM your Proposed Settlement was successfully processed for case number LWDA-CM-935860-23

If you have questions or concerns regarding this submission or your case, please send an email to [pagainfo@dir.ca.gov](mailto:pagainfo@dir.ca.gov).

DIR PAGA Unit on behalf of  
Labor and Workforce Development Agency

Website: [https://nam12.safelinks.protection.outlook.com/?](https://nam12.safelinks.protection.outlook.com/?url=http%3A%2F%2Flabor.ca.gov%2FPrivate+Attorneys+General+Act.htm&data=05%7C02%7Cdariane.rose%40wilshirelawfirm.com%7Cde72e2ff03374ec70be708df1d884f9c%7C9ada260a4f194da187b814d372333753%7C1%7C0%7C639262143439674113%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiwlLjAuMDAwMCIsIlAiOiJXaW4zMlslkFOljoitWFlpbCIsIldUljoyfQ%3D%3D%7C0%7C%7C%7C&data=iBBwtI%2B4HW6kOrN0k8lnFA9flSBdrl3voWrMATnTWXw%3D&reserved=0)

[url=http%3A%2F%2Flabor.ca.gov%2FPrivate Attorneys General Act.htm&data=05%7C02%7Cdariane.rose%40wilshirelawfirm.com%7Cde72e2ff03374ec70be708df1d884f9c%7C9ada260a4f194da187b814d372333753%7C1%7C0%7C639262143439674113%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiwlLjAuMDAwMCIsIlAiOiJXaW4zMlslkFOljoitWFlpbCIsIldUljoyfQ%3D%3D%7C0%7C%7C%7C&data=iBBwtI%2B4HW6kOrN0k8lnFA9flSBdrl3voWrMATnTWXw%3D&reserved=0](https://nam12.safelinks.protection.outlook.com/?url=http%3A%2F%2Flabor.ca.gov%2FPrivate+Attorneys+General+Act.htm&data=05%7C02%7Cdariane.rose%40wilshirelawfirm.com%7Cde72e2ff03374ec70be708df1d884f9c%7C9ada260a4f194da187b814d372333753%7C1%7C0%7C639262143439674113%7CUnknown%7CTWFpbGZsb3d8eyJFbXB0eU1hcGkiOnRydWUsIlYiOiwlLjAuMDAwMCIsIlAiOiJXaW4zMlslkFOljoitWFlpbCIsIldUljoyfQ%3D%3D%7C0%7C%7C%7C&data=iBBwtI%2B4HW6kOrN0k8lnFA9flSBdrl3voWrMATnTWXw%3D&reserved=0)

# EXHIBIT 4



**Quotation Request:**  
Daniel Kramer  
Wilshire Law Firm  
daniel.kramer@wilshirelawfirm.com

**Case Name:** Sheridan v. Heitz Cellar LLC  
**Date:** Tuesday, November 25, 2025  
**RFP Number:** 205630010

**Prepared By:**  
Michael Sutherland  
Apex Class Action LLC  
mike@apexclassaction.com  
321.223.5067

| Settlement Specifications         |     |
|-----------------------------------|-----|
| Estimated Class Size:             | 110 |
| Certified Language Translation:   | No  |
| Static Settlement Website:        | Yes |
| 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 | 1          | \$125.00 |
| Data Analyst                                                                                                       | Per Hour | \$150.00 | 1          | \$150.00 |
| *Data provided must be in a workable format. Apex can standardize provided data at an additional cost of \$150/hr. |          |          |            |          |
|                                                                                                                    |          |          | Sub Total: | \$275.00 |

| Mailing of Class Notice                                    |             |          |            |          |
|------------------------------------------------------------|-------------|----------|------------|----------|
| Form Set Up                                                | Per Hour    | \$120.00 | 1          | WAIVED   |
| Print & Mail Class Notice                                  | Per Piece   | \$1.00   | 110        | \$110.00 |
| USPS First Class Postage                                   | Per Piece   | \$0.78   | 110        | \$85.80  |
| Remail Undeliverable Mail (Skip-Trace)                     | Per Piece   | \$2.00   | 11         | \$22.00  |
| Receive and Process Undeliverable Mail                     | Per Hour    | \$75.00  | 1          | \$75.00  |
| Process Class Member Correspondence via mail, e-mail & fax | Per Piece   | \$75.00  | 1          | \$75.00  |
| NCOA Address Update (USPS)                                 | Static Rate | \$50.00  | 1          | \$50.00  |
|                                                            |             |          | Sub Total: | \$417.80 |

| Project Management         |          |          |            |          |
|----------------------------|----------|----------|------------|----------|
| Project Management         | Per Hour | \$150.00 | 2          | \$300.00 |
| Project Coordinator        | Per Hour | \$90.00  | 1          | \$90.00  |
| Data Analyst and Reporting | Per Hour | \$140.00 | 1          | \$140.00 |
|                            |          |          | Sub Total: | \$530.00 |



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

| Toll-Free Contact Center, Website & Reporting |             |          |   |          |
|-----------------------------------------------|-------------|----------|---|----------|
| Bilingual Toll-Free Contact Center            | Static Rate | \$75.00  | 1 | \$75.00  |
| Settlement Status Reports                     | Static Rate | \$750.00 | 1 | WAIVED   |
| Static Apex Website                           | Static Rate | \$300.00 | 1 | \$300.00 |
| Sub Total:                                    |             |          |   | \$375.00 |

| Distribution & Settlement Fund Management                           |             |            |     |            |
|---------------------------------------------------------------------|-------------|------------|-----|------------|
| Settlement Calculations (Preliminary and Final)                     | Per Hour    | \$120.00   | 2   | \$240.00   |
| Account Management and Reconciliation                               | Per Hour    | \$140.00   | 2   | \$280.00   |
| Print & Mail Distribution Settlement Check (W-2/1099)               | Per Piece   | \$1.00     | 110 | \$110.00   |
| USPS First Class Postage                                            | Per Piece   | \$0.78     | 110 | \$85.80    |
| Remail Distribution to Updated Address (Skip Trace)                 | Per Piece   | \$1.50     | 11  | \$16.50    |
| Individual Income Tax Preparation & Reporting                       | Per Hour    | \$100.00   | 4   | \$400.00   |
| QSF Income Tax Reporting (per calendar year)                        | Per Year    | \$1,200.00 | 1   | \$1,200.00 |
| Unclaimed Funds: State Controller's Unclaimed Property Fund-CCP 384 | Static Rate | \$250.00   | 1   | \$250.00   |
| Sub Total:                                                          |             |            |     | \$2,582.30 |

| Post Distribution Reconciliation  |          |          |   |          |
|-----------------------------------|----------|----------|---|----------|
| Bank Account Reconciliation       | Per Hour | \$135.00 | 1 | \$135.00 |
| Project Management Reconciliation | Per Hour | \$100.00 | 1 | \$100.00 |
| Declarations                      | Per Hour | \$120.00 | 1 | \$120.00 |
| Sub Total:                        |          |          |   | \$355.00 |

|                                   |            |
|-----------------------------------|------------|
| TOTAL CAPPED ADMINISTRATION COST: | \$4,490.00 |
|-----------------------------------|------------|

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 case 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 these terms 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.**

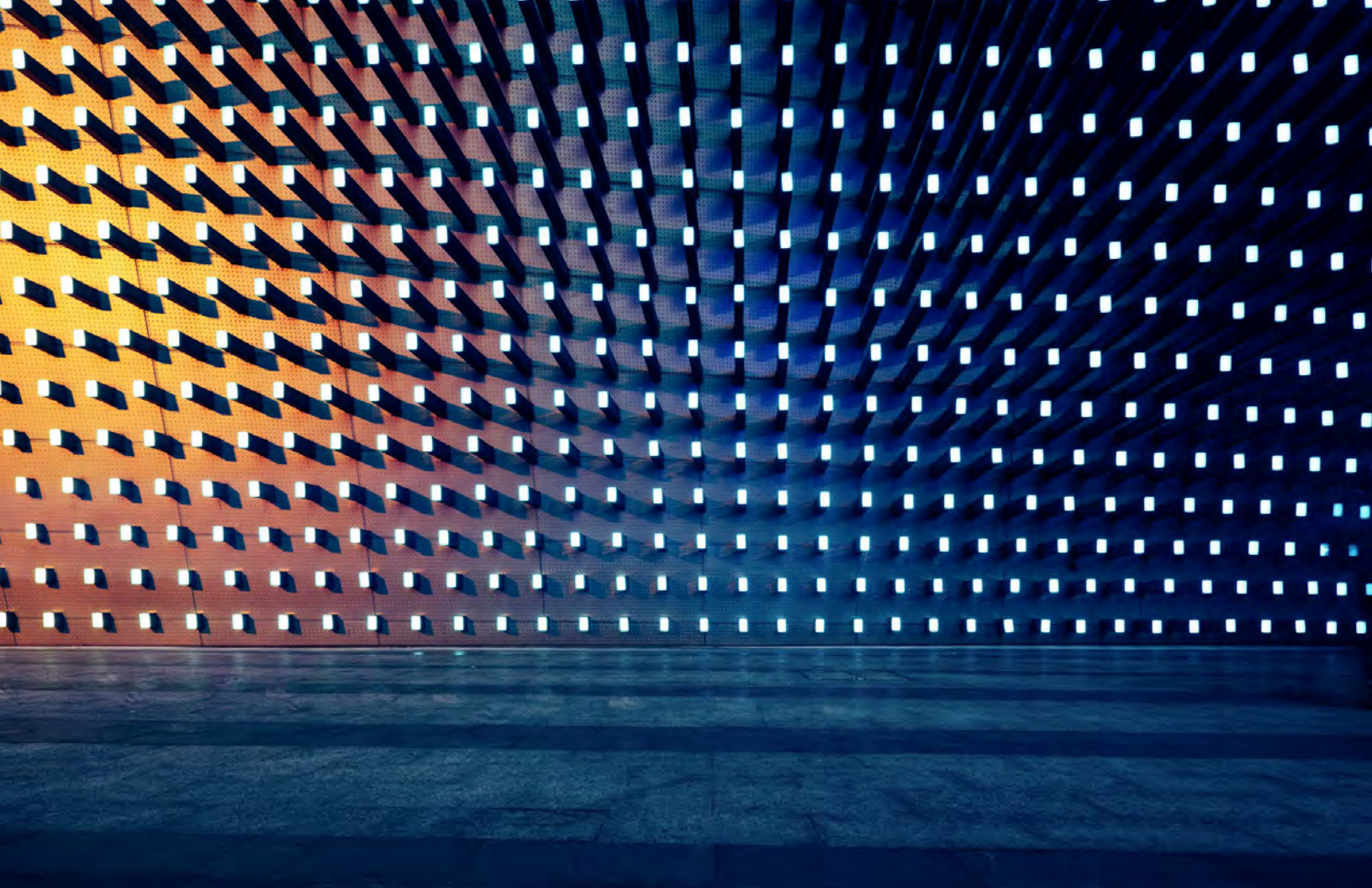
16. **Force Majeure:** In the event of any failure or delay in performance due to circumstances beyond Apex's control, including but not limited to strikes, lockouts, fires, floods, acts of God or public enemy, riots, civil disorders, insurrections, war or war conditions, or interference by civil or 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 5



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*ELM Solutions*

# 2022 Real Rate Report<sup>®</sup>

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The industry's leading  
analysis of law firm rates,  
trends, and practices

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# Report Use Considerations

## 2022 Real Rate Report

- Examines law firm rates over time
- Identifies rates by location, experience, firm size, areas of expertise, industry, and timekeeper role (i.e., partner, associate, and paralegal)
- Itemizes variables that drive rates up or down

All the analyses included in the report derive from the actual rates charged by law firm professionals as recorded on invoices submitted and approved for payment.

Examining real, approved rate information, along with the ranges of those rates and their changes over time, highlights the role these variables play in driving aggregate legal cost and income. The analyses can energize questions for both corporate clients and law firm principals.

Clients might ask whether they are paying the right amount for different types of legal services, while law firm principals might ask whether they are charging the right amount for legal services and whether to modify their pricing approach.

### Some key factors<sup>1</sup> that drive rates<sup>2</sup>:

**Attorney location** - Lawyers in urban and major metropolitan areas tend to charge more when compared with lawyers in rural areas or small towns.

**Litigation complexity** - The cost of representation will be higher if the case is particularly complex or time-consuming; for example, if there are a large number of documents to review, many witnesses to depose, and numerous procedural steps, the case is likely to cost more (regardless of other factors like the lawyer's level of experience).

**Years of experience and reputation** - A more experienced, higher-profile lawyer is often going to charge more, but absorbing this higher cost at the outset may make more sense than hiring a less expensive lawyer who will likely take time and billable hours to come up to speed on unfamiliar legal and procedural issues.

**Overhead** - The costs associated with the firm's support network (paralegals, clerks, and assistants), document preparation, consultants, research, and other expenses.

**Firm size** - The rates can increase if the firm is large and has various timekeeper roles at the firm. For example, the cost to work with an associate or partner at a larger firm will be higher compared to a firm that has one to two associates and a paralegal.

<sup>1</sup> David Goguen, J.D., University of San Francisco School of Law (2020) Guide to Legal Services Billing Retrieved from: <https://www.lawyers.com/legal-info/research/guide-to-legal-services-billing-rates.html>

<sup>2</sup> Source: 2018 RRR. Factor order validated in multiple analyses since 2010

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# Section I: High-Level Data Cuts

All data and analysis based on  
data collected thru Q2 2022

## Section I: High-Level Data Cuts

## Cities

By Matter Type

### 2022 - Real Rates for Associate and Partner

### Trend Analysis - Mean

| City           | Matter Type    | Role      | n   | First Quartile | Median | Third Quartile | 2022  | 2021  | 2020  |
|----------------|----------------|-----------|-----|----------------|--------|----------------|-------|-------|-------|
| Jackson MS     | Litigation     | Associate | 56  | \$55           | \$225  | \$250          | \$178 | \$203 | \$175 |
|                | Non-Litigation | Partner   | 24  | \$315          | \$420  | \$485          | \$418 | \$394 | \$375 |
|                |                | Associate | 25  | \$55           | \$126  | \$255          | \$155 | \$125 | \$259 |
| Kansas City MO | Litigation     | Partner   | 74  | \$413          | \$450  | \$556          | \$472 | \$450 | \$450 |
|                |                | Associate | 50  | \$252          | \$329  | \$385          | \$319 | \$316 | \$305 |
|                | Non-Litigation | Partner   | 101 | \$411          | \$487  | \$615          | \$519 | \$487 | \$464 |
|                |                | Associate | 73  | \$250          | \$320  | \$385          | \$322 | \$312 | \$285 |
| Las Vegas NV   | Non-Litigation | Partner   | 20  | \$350          | \$425  | \$525          | \$440 | \$422 | \$432 |
|                |                | Associate | 11  | \$238          | \$267  | \$368          | \$301 | \$297 | \$282 |
| Little Rock AR | Non-Litigation | Partner   | 11  | \$215          | \$215  | \$308          | \$264 | \$256 | \$298 |
| Los Angeles CA | Litigation     | Partner   | 322 | \$516          | \$725  | \$1,045        | \$799 | \$739 | \$702 |
|                |                | Associate | 408 | \$400          | \$615  | \$855          | \$642 | \$606 | \$564 |
|                | Non-Litigation | Partner   | 521 | \$596          | \$868  | \$1,201        | \$903 | \$902 | \$858 |
|                |                | Associate | 667 | \$441          | \$603  | \$845          | \$653 | \$712 | \$648 |
|                |                |           |     |                |        |                |       |       |       |

## Section I: High-Level Data Cuts

### Cities

By Matter Type

#### 2022 - Real Rates for Associate and Partner

#### Trend Analysis - Mean

| City             | Matter Type    | Role      | n     | First Quartile | Median  | Third Quartile | 2022    | 2021    | 2020    |
|------------------|----------------|-----------|-------|----------------|---------|----------------|---------|---------|---------|
| Minneapolis MN   | Non-Litigation | Associate | 83    | \$340          | \$421   | \$528          | \$425   | \$408   | \$384   |
| Nashville TN     | Litigation     | Partner   | 24    | \$275          | \$320   | \$456          | \$363   | \$378   | \$403   |
|                  | Non-Litigation | Partner   | 78    | \$412          | \$484   | \$576          | \$505   | \$481   | \$470   |
|                  |                | Associate | 59    | \$270          | \$330   | \$384          | \$340   | \$315   | \$285   |
| New Orleans LA   | Litigation     | Partner   | 47    | \$290          | \$332   | \$412          | \$343   | \$330   | \$340   |
|                  |                | Associate | 42    | \$231          | \$243   | \$340          | \$278   | \$290   | \$275   |
|                  | Non-Litigation | Partner   | 32    | \$295          | \$347   | \$405          | \$419   | \$380   | \$391   |
|                  |                | Associate | 21    | \$244          | \$250   | \$278          | \$273   | \$303   | \$258   |
| New York NY      | Litigation     | Partner   | 614   | \$475          | \$675   | \$1,088        | \$808   | \$784   | \$746   |
|                  |                | Associate | 631   | \$323          | \$460   | \$729          | \$545   | \$527   | \$509   |
|                  | Non-Litigation | Partner   | 1,376 | \$765          | \$1,235 | \$1,638        | \$1,189 | \$1,139 | \$1,090 |
|                  |                | Associate | 1,809 | \$550          | \$776   | \$1,050        | \$796   | \$766   | \$716   |
| Oklahoma City OK | Non-Litigation | Partner   | 14    | \$235          | \$338   | \$393          | \$337   | \$319   | \$311   |
| Omaha NE         | Litigation     | Partner   | 12    | \$293          | \$339   | \$353          | \$329   | \$338   | \$341   |

## Section I: High-Level Data Cuts

### Cities

By Matter Type

#### 2022 - Real Rates for Associate and Partner

#### Trend Analysis - Mean

| City              | Matter Type    | Role      | n   | First Quartile | Median | Third Quartile | 2022  | 2021  | 2020  |
|-------------------|----------------|-----------|-----|----------------|--------|----------------|-------|-------|-------|
| Rochester NY      | Non-Litigation | Partner   | 12  | \$270          | \$360  | \$488          | \$386 | \$341 | \$446 |
|                   |                | Associate | 13  | \$220          | \$310  | \$375          | \$314 | \$278 | \$287 |
| Sacramento CA     | Non-Litigation | Partner   | 11  | \$381          | \$437  | \$682          | \$534 | \$559 | \$516 |
| Salt Lake City UT | Litigation     | Partner   | 14  | \$246          | \$353  | \$468          | \$363 | \$333 | \$379 |
|                   | Non-Litigation | Partner   | 42  | \$297          | \$371  | \$447          | \$391 | \$363 | \$353 |
|                   |                | Associate | 22  | \$220          | \$240  | \$270          | \$248 | \$247 | \$228 |
| San Diego CA      | Litigation     | Associate | 23  | \$151          | \$225  | \$300          | \$255 | \$258 | \$264 |
|                   | Non-Litigation | Partner   | 89  | \$332          | \$540  | \$1,066        | \$699 | \$667 | \$649 |
|                   |                | Associate | 71  | \$250          | \$325  | \$424          | \$373 | \$378 | \$351 |
| San Francisco CA  | Litigation     | Partner   | 143 | \$423          | \$675  | \$995          | \$742 | \$711 | \$691 |
|                   |                | Associate | 98  | \$325          | \$430  | \$731          | \$525 | \$517 | \$470 |
|                   | Non-Litigation | Partner   | 221 | \$475          | \$750  | \$950          | \$758 | \$746 | \$741 |
|                   |                | Associate | 151 | \$338          | \$486  | \$702          | \$545 | \$563 | \$507 |
| San Jose CA       | Litigation     | Partner   | 33  | \$654          | \$921  | \$1,133        | \$916 | \$907 | \$864 |

# Section I: High-Level Data Cuts

## Cities

By Matter Type

### 2022 - Real Rates for Associate and Partner

### Trend Analysis - Mean

| City         | Matter Type    | Role      | n   | First Quartile | Median | Third Quartile | 2022  | 2021  | 2020  |
|--------------|----------------|-----------|-----|----------------|--------|----------------|-------|-------|-------|
| San Jose CA  | Litigation     | Associate | 22  | \$461          | \$580  | \$745          | \$608 | \$593 | \$498 |
|              | Non-Litigation | Partner   | 50  | \$660          | \$864  | \$1,303        | \$969 | \$985 | \$887 |
|              |                | Associate | 46  | \$380          | \$460  | \$775          | \$616 | \$639 | \$567 |
| Seattle WA   | Litigation     | Partner   | 76  | \$497          | \$655  | \$760          | \$635 | \$567 | \$510 |
|              |                | Associate | 61  | \$394          | \$468  | \$530          | \$447 | \$453 | \$395 |
|              | Non-Litigation | Partner   | 148 | \$410          | \$526  | \$760          | \$571 | \$547 | \$547 |
|              |                | Associate | 113 | \$310          | \$395  | \$502          | \$422 | \$401 | \$377 |
| St. Louis MO | Litigation     | Partner   | 46  | \$260          | \$350  | \$435          | \$376 | \$373 | \$388 |
|              |                | Associate | 17  | \$197          | \$225  | \$250          | \$228 | \$237 | \$232 |
|              | Non-Litigation | Partner   | 57  | \$352          | \$419  | \$540          | \$451 | \$446 | \$473 |
| Tampa FL     | Litigation     | Partner   | 31  | \$369          | \$508  | \$595          | \$490 | \$467 | \$452 |
|              |                | Associate | 15  | \$269          | \$298  | \$368          | \$316 | \$302 | \$306 |
| Trenton NJ   | Non-Litigation | Partner   | 21  | \$408          | \$600  | \$700          | \$569 | \$620 | \$581 |
|              |                | Associate | 12  | \$480          | \$495  | \$500          | \$448 | \$376 | \$387 |

## Section I: High-Level Data Cuts

## Cities

By Years of Experience

### 2022 - Real Rates for Associate

### Trend Analysis - Mean

| City           | Years of Experience     | n   | First Quartile | Median | Third Quartile | 2022  | 2021  | 2020  |
|----------------|-------------------------|-----|----------------|--------|----------------|-------|-------|-------|
| Kansas City MO | 3 to Fewer Than 7 Years | 15  | \$270          | \$325  | \$360          | \$318 | \$295 | \$283 |
|                | 7 or More Years         | 28  | \$292          | \$334  | \$391          | \$333 | \$312 | \$302 |
| Los Angeles CA | Fewer Than 3 Years      | 63  | \$429          | \$595  | \$654          | \$556 | \$524 | \$488 |
|                | 3 to Fewer Than 7 Years | 144 | \$486          | \$688  | \$838          | \$662 | \$626 | \$530 |
|                | 7 or More Years         | 171 | \$351          | \$550  | \$840          | \$600 | \$634 | \$586 |
| Miami FL       | 3 to Fewer Than 7 Years | 19  | \$300          | \$360  | \$457          | \$380 | \$331 | \$313 |
|                | 7 or More Years         | 36  | \$295          | \$450  | \$595          | \$460 | \$433 | \$385 |
| Minneapolis MN | Fewer Than 3 Years      | 11  | \$374          | \$405  | \$446          | \$408 |       | \$230 |
|                | 3 to Fewer Than 7 Years | 27  | \$340          | \$451  | \$510          | \$421 | \$358 | \$356 |
|                | 7 or More Years         | 27  | \$423          | \$468  | \$585          | \$478 | \$438 | \$392 |
| Nashville TN   | 7 or More Years         | 12  | \$219          | \$245  | \$345          | \$282 | \$266 | \$262 |
| New Orleans LA | 3 to Fewer Than 7 Years | 12  | \$232          | \$243  | \$265          | \$261 | \$242 | \$245 |
|                | 7 or More Years         | 18  | \$243          | \$312  | \$343          | \$306 | \$318 | \$294 |
| New York NY    | Fewer Than 3 Years      | 142 | \$443          | \$622  | \$775          | \$629 | \$600 | \$652 |

## Section I: High-Level Data Cuts

## Cities

By Years of Experience

### 2022 - Real Rates for Partner

### Trend Analysis - Mean

| City           | Years of Experience | n   | First Quartile | Median | Third Quartile | 2022  | 2021  | 2020  |
|----------------|---------------------|-----|----------------|--------|----------------|-------|-------|-------|
| Kansas City MO | Fewer Than 21 Years | 46  | \$400          | \$450  | \$537          | \$473 | \$411 | \$397 |
|                | 21 or More Years    | 68  | \$440          | \$553  | \$658          | \$539 | \$497 | \$491 |
| Las Vegas NV   | Fewer Than 21 Years | 12  | \$284          | \$381  | \$495          | \$389 | \$349 | \$343 |
|                | 21 or More Years    | 13  | \$350          | \$425  | \$515          | \$468 | \$456 | \$472 |
| Los Angeles CA | Fewer Than 21 Years | 183 | \$533          | \$801  | \$1,075        | \$804 | \$797 | \$682 |
|                | 21 or More Years    | 333 | \$550          | \$765  | \$1,133        | \$863 | \$842 | \$808 |
| Memphis TN     | Fewer Than 21 Years | 14  | \$288          | \$331  | \$380          | \$345 | \$317 | \$328 |
|                | 21 or More Years    | 15  | \$355          | \$415  | \$425          | \$394 | \$382 | \$375 |
| Miami FL       | Fewer Than 21 Years | 57  | \$370          | \$450  | \$598          | \$490 | \$498 | \$443 |
|                | 21 or More Years    | 104 | \$388          | \$581  | \$749          | \$584 | \$580 | \$536 |
| Milwaukee WI   | 21 or More Years    | 16  | \$302          | \$454  | \$613          | \$589 | \$515 | \$530 |
| Minneapolis MN | Fewer Than 21 Years | 36  | \$470          | \$530  | \$607          | \$532 | \$486 | \$499 |
|                | 21 or More Years    | 84  | \$507          | \$675  | \$796          | \$656 | \$620 | \$589 |
| Nashville TN   | Fewer Than 21 Years | 28  | \$375          | \$405  | \$535          | \$449 | \$405 | \$397 |

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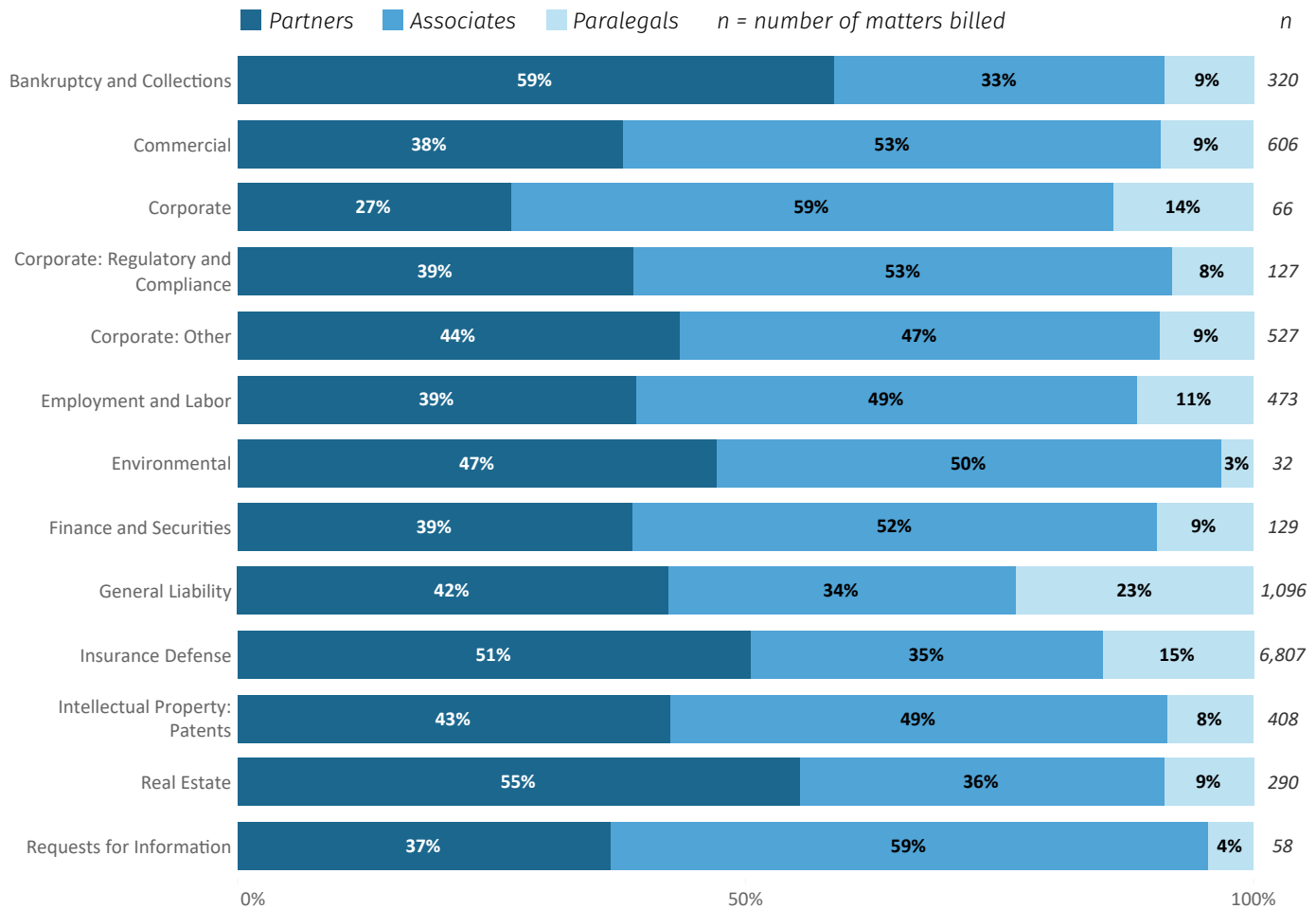
# Section VI: Matter Staffing Analysis

All data and analysis based on  
data collected thru Q2 2022

## Section VI: Matter Staffing Analysis

### Long Litigation Matters, More Than 100 Total Hours Billed

2019 to 2022 -- Percentage of Hours Billed per Matter



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# Section VII: Data Methodology

All data and analysis based on  
data collected thru Q2 2022

# Appendix: Data Methodology

## Invoice Information

Data in Wolters Kluwer ELM Solutions' reference database and the 2022 Real Rate Report were taken from invoice line-item entries contained in invoices received and approved by participating companies.

Invoice data were received in the Legal Electronic Data Exchange Standard (LEDES) format (LEDES.org). The following information was extracted from those invoices and their line items:

- Law firm (which exists as a random number in the ELM Solutions reference database)
- Timekeeper ID (which exists as a random number in the ELM Solutions reference database)
- Matter ID (which exists as a random number in the ELM Solutions reference database)
- Timekeeper's position (role) within the law firm (partner, associate, paralegal, etc.)
- Uniform Task-Based Management System Code Set, Task Codes, and Activity Codes (UTBMS.com)
- Date of service
- Hours billed
- Hourly rate billed
- Fees billed

## Non-Invoice Information

To capture practice area details, the matter ID within each invoice was associated with matter profiles containing areas of work in the systems of each company. The areas of work were then systematically categorized into legal practice areas. Normalization of practice areas was done based on company mappings to system-level practice areas available in the ELM Solutions system and by naming convention.

The majority of analyses included in this report have been mapped to one of 11 practice areas, further divided into sub-areas and litigation/non-litigation (for more information on practice areas and sub-areas, please refer to pages 232-234).

To capture location and jurisdiction details, law firms and timekeepers were systematically mapped to the existing profiles within ELM Solutions systems, as well as with publicly available data sources for further validation and normalization. Where city location information is provided, it includes any address within that city's defined Core-Based Statistical Area (CBSA) as defined by the Office of Management and Budget (OMB). The CBSAs are urban centers with populations of 10,000 or more and include all adjacent counties that are economically integrated with that urban center.

Where the analyses focus on partners, associates, and paralegals, the underlying data occasionally included some sub-roles, such as "senior partner" or "junior associate." In such instances, those timekeeper sub-roles were placed within the broader partner, associate, and paralegal segments.

Demographics regarding law firm size, location, and lawyer years of experience were augmented by incorporating publicly available information.

# Appendix: Data Methodology

## A Note on US Cities

| Principal City    | CBSA Name                                    |
|-------------------|----------------------------------------------|
| Hartford, CT      | Hartford-East Hartford-Middletown, CT        |
| Honolulu, HI      | Urban Honolulu HI                            |
| Houston, TX       | Houston-The Woodlands-Sugar Land, TX         |
| Indianapolis, IN  | Indianapolis-Carmel-Anderson, IN             |
| Jackson, MS       | Jackson, MS                                  |
| Jacksonville, FL  | Jacksonville, FL                             |
| Kansas City, MO   | Kansas City, MO-KS                           |
| Lafayette, LA     | Lafayette, LA                                |
| Las Vegas, NV     | Las Vegas-Henderson-Paradise, NV             |
| Lexington, KY     | Lexington-Fayette, KY                        |
| Little Rock, AR   | Little Rock-North Little Rock-Conway, AR     |
| Los Angeles, CA   | Los Angeles-Long Beach-Anaheim, CA           |
| Louisville, KY    | Louisville/Jefferson County, KY-IN           |
| Madison, WI       | Madison, WI                                  |
| Memphis, TN       | Memphis-Forrest City, TN-MS-AR               |
| Miami, FL         | Miami-Fort Lauderdale-Pompano Beach, FL      |
| Milwaukee, WI     | Milwaukee-Waukesha, WI                       |
| Minneapolis, MN   | Minneapolis-St. Paul-Bloomington, MN-WI      |
| Nashville, TN     | Nashville-Davidson-Murfreesboro-Franklin, TN |
| New Haven, CT     | New Haven-Milford, CT                        |
| New Orleans, LA   | New Orleans-Metairie, LA                     |
| New York, NY      | New York-Newark-Jersey City, NY-NJ-PA        |
| Oklahoma City, OK | Oklahoma City, OK                            |
| Omaha, NE         | Omaha-Council Bluffs, NE-IA                  |
| Orlando, FL       | Orlando-Kissimmee-Sanford, FL                |
| Philadelphia, PA  | Philadelphia-Camden-Wilmington, PA-NJ-DE-MD  |
| Phoenix, AZ       | Phoenix-Mesa-Chandler, AZ                    |
| Pittsburgh, PA    | Pittsburgh, PA                               |
| Portland, ME      | Portland-South Portland, ME                  |
| Portland, OR      | Portland-Vancouver-Hillsboro, OR-WA          |
| Providence, RI    | Providence-Warwick, RI-MA                    |
| Raleigh, NC       | Raleigh-Cary, NC                             |
| Reno, NV          | Reno-Carson City-Fernley, NV                 |

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# Appendix: Data Methodology

## Bankruptcy and Collections

Chapter 11  
Collections

General/Other  
Workouts and Restructuring

---

## Commercial (Commercial Transactions and Agreements)

Contract Breach or Dispute  
General, Drafting, and Review  
General/Other

---

## Corporate<sup>1</sup>

Antitrust and Competition  
Corporate Development  
General/Other  
Governance  
Information and Technology  
Mergers, Acquisitions, and Divestitures

Partnerships and Joint Ventures  
Regulatory and Compliance  
Tax  
Treasury  
White Collar/Fraud/Abuse

---

## Employment and Labor

ADA  
Agreements  
Compensation and Benefits  
Discrimination, Retaliation, and Harassment/EEO  
Employee Dishonesty/Misconduct  
ERISA

General/Other  
Immigration  
Union Relations and Negotiations/NLRB  
Wages, Tips, and Overtime  
Wrongful Termination

---

## Environmental

General/Other  
Health and Safety

Superfund  
Waste/Remediation

---

## Finance and Securities

Commercial Loans and Financing  
Debt/Equity Offerings  
Fiduciary Services  
General/Other

Investments and Other Financial Instruments  
Loans and Financing  
SEC Filings and Financial Reporting  
Securities and Banking Regulations

---

## General Liability

Asbestos/Mesothelioma  
Auto and Transportation  
Consumer Related Claims  
Crime, Dishonesty and Fraud  
General/Other

Personal Injury/Wrongful Death  
Premises  
Product and Product Liability  
Property Damage  
Toxic Tort

<sup>1</sup> All references to “Corporate: General/Other” in the Real Rate Report are the aggregation of all Corporate sub-areas excluding the Mergers, Acquisitions, and Divestitures sub-area and the Regulatory and Compliance sub-area.

# EXHIBIT 6

Free Newsletter Sign Up

Business & Practice

# Big Law Rates Topping \$2,000 Leave Value ‘In Eye of Beholder’

By Roy Strom

Column

June 9, 2022, 2:30 AM

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*Welcome back to the Big Law Business column on the changing legal marketplace written by me, Roy Strom. Today, we look at a new threshold for lawyers' billing rates and why it's so difficult to put a price on high-powered attorneys. Sign up to receive this column in your inbox on Thursday mornings. Programming note: Big Law Business will be off next week.*

Some of the nation's top law firms are charging more than \$2,000 an hour, setting a new pinnacle after a two-year burst in demand.

Partners at Hogan Lovells and Latham & Watkins have crossed the threshold, according to court documents in bankruptcy cases filed within the past year.

Other firms came close to the mark, billing more than \$1,900, according to the documents. They include Kirkland & Ellis, Simpson Thacher & Bartlett, Boies Schiller Flexner, and Sidley Austin.

Simpson Thacher & Bartlett litigator Bryce Friedman, who helps big-name clients out of jams, especially when they're accused of fraud, charges \$1,965 every 60 minutes, according to a court document.

In need of a former acting US Solicitor General? Hogan Lovells partner Neal Katyal bills time at \$2,465 an hour. Want to hire famous litigator David Boies? That'll cost \$1,950 an hour (at least). Reuters was first to report their fees.

Eye-watering rates are nothing new for Big Law firms, which typically ask clients to pay higher prices at least once a year, regardless of broader market conditions.

"Value is in the eye of the beholder," said John O'Connor, a San Francisco-based expert on legal fees. "The perceived value of a good lawyer can reach into the multi-billions of dollars."

Kirkland & Ellis declined to comment on its billing rates. None of the other firms responded to requests to comment.

## Charge It Up

Big Law firms are crossing the \$2,000-an-hour threshold after two years of surging rates driven by an increase in demand for lawyers.

| Firm                       | Highest Billing Rate |
|----------------------------|----------------------|
| Hogan Lovells              | \$2,465              |
| Latham & Watkins           | \$2,075              |
| Kirkland & Ellis           | \$1,995              |
| Simpson Thacher & Bartlett | \$1,965              |
| Boies Schiller Flexner     | \$1,950              |
| Sidley Austin              | \$1,900              |

Source: Court documents

Bloomberg Law

Law firms have been more successful raising rates than most other businesses over the past 15 years.

Law firm rates rose by roughly 40 percent from 2007 to 2020, or just short of 3 percent per year, Thomson Reuters Peer Monitor data show. US inflation rose by about 28% during that time.

The 100 largest law firms in the past two years achieved their largest rate increases in more than a decade, Peer Monitor says. The rates surged more than 6% in 2020 and grew another 5.6% through November of last year. Neither level had been breached since 2008.

The price hikes occurred during a once-in-a-decade surge in demand for law services, which propelled profits at firms to new levels. Fourteen law firms reported average profits per equity partner in 2021 over \$5 million, according to data from The American Lawyer. That was up from six the previous year.

The highest-performing firms, where lawyers charge the highest prices, have outperformed their smaller peers. Firms with leading practices in markets such as mergers and acquisitions, capital markets, and real estate were forced to turn away work at some points during the pandemic-fueled surge.

Firms receive relatively tepid pushback from their giant corporate clients, especially when advising on bet-the-company litigation or billion-dollar deals.

The portion of bills law firms collected—a sign of how willingly clients pay full-freight—rose during the previous two years after drifting lower following the Great Financial Crisis. Collection rates last year breached 90% for the first time since 2009, Peer Monitor data show.

Professional rules prohibit lawyers from charging “unconscionable” or “unreasonable” rates. But that doesn’t preclude clients from paying any price they perceive as valuable, said Jacqueline Vinaccia, a San Diego-based lawyer who testifies on lawyer fee disputes.

Lawyers’ fees are usually only contested when they will be paid by a third party.

That happened recently with Hogan Lovells’ Katyal, whose nearly \$2,500 an hour fee was contested in May by a US trustee overseeing a bankruptcy case involving a Johnson & Johnson unit facing claims its talc-based powders caused cancer.

The trustee, who protects the financial interests of bankruptcy estates, argued Katyal’s fee was more than \$1,000 an hour higher than rates charged by lawyers in the same case at Jones Day and Skadden Arps Slate Meagher & Flom.

A hearing on the trustee’s objection is scheduled for next week. Hogan Lovells did not respond to a request for comment on the objection.

Vinaccia said the firm’s options will be to reduce its fee, withdraw from the case, or argue the levy is reasonable, most likely based on Katyal’s extensive experience arguing appeals.

Still, the hourly rate shows just how valuable the most prestigious lawyers’ time can be—even compared to their highly compensated competitors.

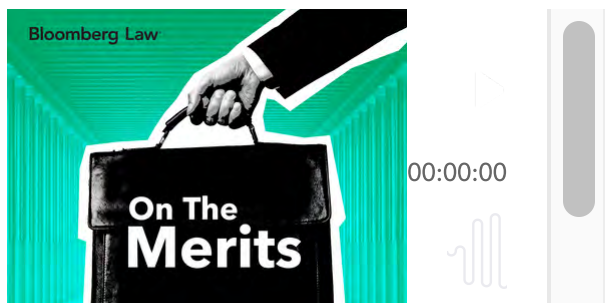
“If the argument is that Jones Day and Skadden Arps are less expensive, then you’re already talking about the cream of the crop, the top-of-the-barrel law firms,” Vinaccia said. “I can’t imagine a case in which I might argue those two firms are more reasonable than the rates I’m dealing with.”

## **Worth Your Time**

**On Cravath:** Cravath Swaine & Moore is heading to Washington, opening its first new office since 1973 by hiring former heads of the U.S. Securities and Exchange Commission and Federal Deposit Insurance Corporation. Meghan Tribe reports the move comes as Big Law firms are looking to add federal government expertise as clients face more regulatory scrutiny.

**On Big Law Promotions:** It’s rare that associates get promotions to partner in June, but Camille Vasquez is now a Brown Rudnick partner after she shot to fame representing Johnny Depp in his defamation trial against ex-wife Amber Heard.

**On Working From Home:** I spoke this week with Quinn Emanuel’s John Quinn about why he thinks law firm life is never going back to the office-first culture that was upset by the pandemic. Listen to the podcast [here](#).



*That's it for this week! Thanks for reading and please send me your thoughts, critiques, and tips.*

To contact the reporter on this story: Roy Strom in Chicago at [rstrom@bloomberglaw.com](mailto:rstrom@bloomberglaw.com)

To contact the editors responsible for this story: Chris Opfer at [copfer@bloomberglaw.com](mailto:copfer@bloomberglaw.com); John Hughes at [jhughes@bloombergindustry.com](mailto:jhughes@bloombergindustry.com)

## Documents

[Trustee's Objection](#)

## Related Articles

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## Law Firms

Simpson Thacher  
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