

SETTLEMENT AGREEMENT

This Settlement Agreement (“Settlement Agreement” or “Settlement”) is made and entered into between Plaintiff Yancey Heredia (“Plaintiff”), acting in a private attorney general capacity, and Defendant Stowasser Buick-GMC, Inc. (“Defendant”) (together with Plaintiff, the “Parties”).

I. DEFINITIONS

The following terms, when used in this Settlement Agreement, shall have the following meanings:

1. “Action” means the matter titled *Yancy Heredia v. Stowasser Buick-GMC, Inc.*, Santa Barbara County Superior Court, Case No. 23CV02511.
2. “Defendant” means Defendant Stowasser Buick-GMC, Inc.
3. “Complaint” means the operative Representative Complaint in the Action.
4. “Court” means the Superior Court of California for the County of Santa Barbara.
5. “Effective Date” means the following: (i) if there are no objectors or proposed intervenors who have objected to the Settlement or asserted a right to appeal, then the date the Court approves the Settlement and enters judgment thereon; or (ii) if there are objectors or proposed intervenors who have objected to the Settlement or asserted a right to appeal, then the expiration date for any appeal, without any appeal having been filed, or, if an appeal has been filed, the date after the conclusion of the appellate process (i.e., where the deadline to file any further appeal has passed), with the settlement having been affirmed on appeal or any appeal having been dismissed.
6. “Gross Settlement Amount” is the non-reversionary sum of Forty-Seven Thousand Five Hundred Dollars and Zero Cents (\$47,500.00), which represents the total amount payable under this Settlement Agreement by Defendant (subject to the Escalator Clause described below), including, without limitation, payments to all Aggrieved Employees, payment to the LWDA, payment of Plaintiff’s Counsel’s attorneys’ fees and costs, and payment to the Settlement Administrator for administration costs.
7. “Individual PAGA Payment” means the amount to be paid to each Aggrieved Employee in the PAGA Group based on the formula described herein.
8. “LWDA” means the California Labor and Workforce Development Agency.
9. “Net Settlement Amount” is the amount remaining to distribute to the LWDA and Aggrieved Employees after the following amounts, if approved by the Court, are subtracted from the Gross Settlement Amount: (a) Plaintiff’s Counsel’s attorneys’ fees up to one third of the Gross Settlement Amount, currently estimated at \$15,831.75; (b) Plaintiff’s Counsel’s costs up to \$10,000.00; and (d) administration costs up to \$5,000.00.

10. "PAGA" means the Private Attorneys General Act, California Labor Code § 2698, *et seq.*
11. "PAGA Group" consist of all employees who are or were employed by Defendant in California and did not receive a cell phone reimbursement covering any pay period during the PAGA Period.
12. "PAGA Period" means the time period from March 28, 2022 to March 31, 2024.
13. "PAGA Released Claims" mean all claims for statutory penalties under the California Private Attorneys General Act, California Labor Code § 2698, *et. seq.* ("PAGA") that could have been sought by the State of California Labor Commissioner for the violations identified in Plaintiff's Complaint and/or in his pre-filing notice letter filed with the LWDA ("Released Claims").
14. "Parties" means, collectively, Plaintiff and Defendant.
15. "Plaintiff's Counsel" means Abramson Labor Group.
16. "Released Parties" means Defendant and its former, present and future owners, parents, and subsidiaries, and all of its current, former and future officers, directors, members, managers, partners, shareholders, joint venturers, successors, assigns, accountants, insurers, or legal representatives.
17. "Settlement Administrator" means Phoenix Settlement Administrators.

II. RECITALS

1. Plaintiff was employed by Defendant as a non-exempt employee in California during the PAGA Period, and therefore is an Aggrieved Employee.
2. On or about March 28, 2023, Plaintiff sent a letter to the Labor & Workforce Development Agency and Defendant, articulating claims related to Defendant's alleged failure to reimburse business expenses and resulting Civil Penalties pursuant to PAGA.
3. On June 8, 2023, Plaintiff filed a Representative Complaint in the Superior Court of the State of California for the County of Santa Barbara, entitled *Yancey Heredia v. Stowasser Buick-GMC, Inc.*, case number 23CV02511. The Representative Action was brought by Plaintiff individually, on behalf of the State of California, and other Aggrieved Employees, as a PAGA action based on violations of Labor Code §§ 2802 and 2804.
4. The Parties engaged in informal discovery and fully shared the information necessary for all sides to conduct a legitimate investigation into the allegations and potential defenses thereto. The Parties have reached this Settlement only after informal discovery and investigation was performed, meet & confers, and mediation took place before Hon. Steven R. Denton (Ret.) on March 13, 2024.
5. Defendant disputes and denies any liability or wrongdoing of any kind associated with the claims alleged in this matter. Defendant contends, among other things, that it complied at

all times with the local, state, and federal laws, and that the claims alleged in this matter are without merit. Further, Defendant denies Plaintiff, individually and as a representative of the Aggrieved Employees, is owed any unreimbursed business expenses as alleged, but does recognize that litigation will be protracted and expensive. As a result, Defendant has agreed to pay a reasonable amount in order to resolve this matter finally and fully.

6. The Parties believe and agree that this Settlement Agreement provides a fair, adequate, and reasonable resolution of Plaintiff's PAGA claims after doing their own independent investigations and evaluations of the claims alleged in this matter. The Parties have taken into account the risk and uncertainty of the outcome inherent in any litigation as well as the challenges in evidence as shown through Mediation.

III. OPERATIVE TERMS OF SETTLEMENT AGREEMENT

The Parties agree as follows:

1. **Non-Admission.** The Parties agree that this Settlement Agreement is not evidence that the allegations in the Action have any merit, nor does it constitute an admission of any wrongdoing by Defendant. Defendant does not admit to liability or to the suitability of this case for representative litigation other than for purposes of settlement. This Settlement Agreement will not be deemed admissible in any other proceeding or in this proceeding other than to effectuate this settlement. If the Court does not grant approval of this settlement, then the Parties revert to their previous positions with respect to the Plaintiff's PAGA claims. However, to the extent the Court does not approve the Settlement, the Parties agree to work together in good faith to amend the settlement to address any concerns of the Court.

2. **Gross Settlement Amount.** Defendant shall pay Forty-Seven Thousand Five Hundred Dollars and Zero Cents (\$47,500.00) as the non-reversionary Gross Settlement Amount. Defendant will not pay more than the Gross Settlement Amount (subject to the Escalator Clause below). Defendant shall deposit the Gross Settlement Amount into a Qualified Settlement Account set up by the Settlement Administrator and agrees to fund the settlement within fifteen (15) court days of the Effective Date.

The Gross Settlement Amount shall be used to pay: (1) Amounts distributable to the LWDA and Aggrieved Employees; (2) Plaintiff's Counsel's attorneys' fees and costs; and (4) Settlement administration costs.

3. **Escalator Clause.** Defendant represents that the number of pay periods at issue for the PAGA Group for the period of March 28, 2022 to March 31, 2024, is approximately 1,500 pay periods. Should the number of pay periods during the PAGA Period be greater than this amount by more than 10%, the Gross Settlement will increase proportionately over the 10% grace (i.e., meaning if the pay periods are greater than this amount by 11% the Gross Settlement will increase by 1%). However, if the escalator clause is triggered, Defendant may alternatively choose to end the PAGA Period on the date that the increase would otherwise be triggered.

4. **Net Settlement Amount.** The Parties agree that the following amounts should be subtracted from the Gross Settlement Amount, if approved by the Court, resulting in a Net Settlement Amount to distribute to the LWDA and Aggrieved Employees:

a. Plaintiff's Attorneys' Fees and Costs. Defendant will not oppose Plaintiff's request for attorneys' fees in the amount up to one third of the Gross Settlement Amount (currently estimated to be \$15,831.75) and costs up to \$10,000.00 incurred in prosecuting this Action. In the event the Court approves less than these amounts, the difference will be added to the Net Settlement Amount. Defendant, via the Settlement Administrator, will report these payments on an IRS Form 1099 issued to Plaintiff's Counsel.

c. Administration Costs. Defendant will not oppose the Settlement Administrator's costs in the amount up to \$5,000.00 for administering the settlement. In the event the Court approves a payment of less than this amount, the difference will be added to the Net Settlement Amount. Defendant, via the Settlement Administrator, will report this payment on IRS Form 1099 issued to the Settlement Administrator.

5. Allocation of Net Settlement Amount. One hundred percent (100%) of the Net Settlement Amount shall be designated as "civil penalties" and shall be distributed 75% to the LWDA and 25% to Aggrieved Employees, pursuant to Lab. Code § 2699(i). The 25% portion to be paid to Aggrieved Employees shall be paid to all Aggrieved Employees *pro rata* based on the number of pay periods worked by each Aggrieved Employee during the PAGA Period.

a. The Parties agree that should the Court deny approval of the Settlement based on the allocation of the Gross Settlement Amount or the Net Settlement Amount, the Parties agree to re-negotiate in good faith in an effort to obtain approval of the Settlement.

6. PAGA Released Claims. Upon the occurrence of the Effective Date and the Settlement being fully funded, Plaintiff and all Aggrieved Employees will release the PAGA Released Claims against the Released Parties that arose during the PAGA Period. Upon the occurrence of the Effective Date and the Settlement being fully funded, Plaintiff and all Aggrieved Employees will be forever barred from pursuing any and all of the PAGA Released Claims that arose during the PAGA Period against the Released Parties. Aggrieved Employees do not have the right to opt-out of the Settlement.

7. Confidentiality. Except as provided below to the extent necessary to effectuate the settlement or as required by court or legal process, Plaintiff and Plaintiff's Counsel will keep the terms of this Settlement Agreement confidential. Neither Plaintiff nor Plaintiff's Counsel shall issue a press release, hold a press conference, publish information about the settlement on any website or through any social media or otherwise publicize the settlement or communicate its terms in public or in private, unless ordered by the Court. However, for the limited purpose of establishing adequacy of counsel in future actions, Plaintiff's counsel may reference the Action by name and case number in a declaration establishing adequacy as class or representative counsel.

To permit judicial review and approval of the Settlement, as required by Labor Code section 2698, *et seq.*, Plaintiff's Counsel will file the Settlement Agreement with the Court and submit the Settlement to the LWDA as part of seeking Court approval of the Settlement, per Labor Code § 2699(1)(2).

8. Motion for Approval of PAGA Settlement by Plaintiff's Counsel. Plaintiff's Counsel shall be responsible for preparing and filing the Motion for Approval of the PAGA Settlement.

9. **Termination of Settlement Agreement.** If the Court does not approve the settlement, if the Court does not enter judgment as provided for in this Settlement Agreement, or if appellate review is sought and, on such review, the Court's decision is materially modified or reversed, or if one or more of the material terms of the Settlement Agreement is not approved or is materially modified or reversed or found to be invalid, then either of the Parties shall have the right within 10 days of written notice thereof to elect to terminate the Settlement Agreement, in which case the Settlement Agreement shall have no force or effect, and the Parties shall be deemed to have reverted to their respective status as of the date and time immediately prior to the execution of this Settlement Agreement. However, before any Party may invoke the right to terminate the Settlement, the Party shall meet and confer in good faith with the other Parties in an effort to modify the Settlement in order to obtain Court approval.

10. **Judgment.** As part of the Motion to approve the Settlement, Plaintiff shall submit a proposed judgment which enters judgment in the Action in accordance with the terms of the Settlement, retains jurisdiction over the Action under Cal. Code Civ. Proc. § 664.6 for the purpose of enforcing the terms of the Settlement following approval of the Settlement, and enjoins the prosecution of any of the PAGA Released Claims against any of the Released Parties upon the occurrence of the Effective Date and the Settlement being fully funded. This Settlement Agreement is expressly conditioned upon the Court entering judgment as set forth herein. The judgment will not release or bar any claims other than the PAGA Released Claims as to Plaintiff and Aggrieved Employees.

IV. ADMINISTRATION OF SETTLEMENT

1. **Settlement Administrator.** The Parties agree to ask the Court to approve Phoenix Settlement Administrators to handle the administration of this settlement.

2. **Provision of Information for Aggrieved Employees.** Within five (5) business days after the Effective Date, Defendant shall provide the Settlement Administrator with information for Aggrieved Employees. Defendant will in good faith compile from its records a list of Aggrieved Employees that will be in a computer-readable format, such as a Microsoft Excel spreadsheet, and shall include each Aggrieved Employee's full name, last known mailing address, last known telephone number, dates of employment or number of Affected Pay Periods worked during the PAGA Period, and Social Security numbers to the extent available from Defendant's records. Because Social Security numbers are included in the list, the Settlement Administrator will maintain the list in confidence, and access shall be limited to those with a need to use the list as part of the administration of the Settlement. Within the same 5 business-day period, Defendant shall also send Plaintiff's Counsel a redacted list of Aggrieved Employees with dates of employment or Affected Pay Period information, so that Plaintiff's Counsel can determine whether the Escalator Clause has been triggered. Within 7 calendar days of receiving the Aggrieved Employees' information from Defendant, the Settlement Administrator will circulate to counsel for both Parties an anonymized spreadsheet containing the Individual PAGA Payments to each Aggrieved Employee and the data used to calculate said payments. The Settlement Administrator shall obtain approval from all counsel of the calculations before mailing Individual PAGA Payments.

3. **Explanatory Letter and Individual PAGA Payments.** Upon receipt of the information for Aggrieved Employees, the Settlement Administrator will perform a search on the National Change of Address database to update the Aggrieved Employees' addresses. Within twenty-one (21) days after the Settlement has been fully funded and after receiving approval from Plaintiff's Counsel and Defendant's Counsel of the payment calculations as provided above, the Settlement Administrator shall mail copies of the explanatory letter, which has been mutually approved by the Parties and is attached hereto as **Exhibit A**, along with Individual PAGA Payments to all Aggrieved Employees via regular First-Class U.S. Mail.

The Settlement Administrator will calculate the amount to be received by each Aggrieved Employee, which will be based on the formula set forth in Section III.5., *supra*. The Settlement Administrator will send each Aggrieved Employee a check for his or her Individual PAGA Payment along with the explanatory letter. Checks will remain negotiable for 180 days. Each Individual PAGA Payment shall be deemed 100% penalties and reported using IRS Form 1099, with no withholdings taken.

4. **Undeliverable Notices.** The Settlement Administrator shall exercise its best judgment to determine the current mailing address for each Aggrieved Employee. The address identified by the Settlement Administrator as the current mailing address shall be presumed to be the best mailing address for each Aggrieved Employee.

Any checks returned as non-deliverable on or before the check-cashing deadline will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator will promptly attempt to determine the correct address using a skip-trace or other reputable search method using the name, address and/or Social Security number of the Aggrieved Employee involved, and will perform up to a single re-mailing if a new address is located.

Funds represented by checks returned as undeliverable after a re-mailing, checks for whom the Settlement Administrator could not locate an updated address after performing a skip trace, and funds represented by checks remaining un-cashed more than 180 days after issuance (collectively, "Uncashed Checks"), shall escheat to the California State Controller's Office for deposit in the Unclaimed Property Fund, in the name of the Aggrieved Employee.

5. **Distribution of Payments.** Within twenty-one (21) calendar days of the Settlement being fully funded, the Settlement Administrator shall issue payments to: (1) Aggrieved Employees; (2) the LWDA; (3) Plaintiff's Counsel for Plaintiff's Counsel's Court-approved attorneys' fees and litigation costs; and (4) the Settlement Administrator for Court-approved Settlement administration costs incurred in connection with the Settlement.

6. **Accounting.** Within 45 days after all payments have been made under the Settlement, the Settlement Administrator will provide an accounting under oath to the Parties of the amounts paid from the settlement.

7. **Tax Consequences.** Neither Plaintiff nor Defendant, nor counsel for either of the Parties, makes any representations or warranties with respect to tax consequences of any payment under this Settlement Agreement.

V. MISCELLANEOUS PROVISIONS

1. Drafting. The Parties agree that the terms and conditions of this Settlement Agreement are the result of lengthy, intensive, arm's-length negotiations between the Parties and that neither Party shall be considered the "drafter" of this Settlement Agreement for purposes of having terms construed against that Party.

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

3. Costs and Fees. The Parties shall each bear their own costs and attorneys' fees incurred in connection with this Settlement Agreement, the Action and Plaintiff's claims, except as otherwise set forth specifically herein.

4. Governing Law. This Settlement Agreement shall be construed under and governed by the laws of the State of California. This Settlement Agreement shall be deemed to have been entered into in California, and all questions of validity, interpretation or performance of any of its terms or of any rights or obligations of the Parties to this Settlement Agreement shall be governed by California law. If any legal or equitable action is necessary to enforce the terms of this Settlement Agreement, it shall be brought in the Santa Barbara County Superior Court. The prevailing party in any motion or other legal action to enforce this Settlement Agreement shall be entitled to recover his/her/its reasonable attorneys' fees and costs incurred in connection with such legal action.

5. Complete Agreement. The Parties each acknowledge and represent that no promise or representation not contained in this Settlement Agreement has been made to them with respect to the subject matter of this Settlement Agreement, and acknowledge and represent that this Settlement Agreement contains the entire understanding between them and contains all terms and conditions pertaining to the compromise and settlement of the PAGA claim in the Action.

6. Judgment and Continued Jurisdiction. As noted above, after approval of this settlement, the Court will have continuing jurisdiction under Cal. Code Civ. Proc. § 664.6 for purposes of addressing: (i) the interpretation and enforcement of the terms of the settlement, (ii) settlement administration matters, and (iii) such post-Judgment matters as may be appropriate under court rules or as set forth in this Settlement Agreement.

7. Amendment or Modification. This Settlement Agreement may be amended or modified only by a written instrument, signed by either the Parties or their successors-in-interest, or by counsel for all Parties, and subject to any necessary Court approval.

8. Authorization to Enter into Settlement Agreement. Counsel for all Parties warrant and represent that they are expressly authorized by the Parties whom they represent to negotiate this Settlement Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Settlement Agreement to effectuate its terms, and to execute any other documents required to effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to effect the implementation of the settlement.

9. **Execution and Counterparts.** This Settlement Agreement may be executed in one or more counterparts. All executed counterparts, and each of them, including facsimile and scanned copies of the signature page, will be deemed to be one and the same instrument.

10. **Acknowledgement that the Settlement is Fair and Reasonable.** The Parties believe this Settlement Agreement is a fair, adequate and reasonable settlement of the Action, and have arrived at this settlement after arm's-length negotiations by experienced counsel. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this settlement.

11. **Invalidity of Any Provision.** Before declaring any provision of this Settlement Agreement invalid, the Court will first attempt to construe the provision as valid to the fullest extent possible consistent with applicable precedents, so as to find all provisions of this Settlement Agreement valid and enforceable.

12. **Severability.** If any term or provision of this Settlement Agreement is held to be invalid or unenforceable, the remaining portions of this Settlement Agreement will continue to be valid and will be performed, construed and enforced to the fullest extent permitted by law, and the invalid or unenforceable term will be deemed amended and limited in accordance with the intent of the Parties, as determined from the face of the Agreement, to the extent necessary to permit the maximum enforceability or validation of the term or provision.

13. **Waiver.** No waiver of any condition or covenant contained in this Settlement Agreement or failure to exercise a right or remedy by any of the Parties hereto will be considered to imply or constitute a further waiver by such Party of the same or any other condition, covenant, right or remedy.

14. **Cooperation and Execution of Necessary Documents.** All Parties will cooperate in good faith and execute all documents to the extent reasonably necessary to effectuate the terms of this Settlement Agreement.

15. **Binding Agreement.** The Parties warrant that they understand and have full authority to enter into this settlement, and further intend that this Settlement Agreement will be fully enforceable and binding on all Parties and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under federal or state law.

IN WITNESS THEREOF, the Parties each acknowledge that he/she/it has read the foregoing Settlement Agreement, accepts and agrees to the provisions contained in this Settlement Agreement, and hereby executes it voluntarily and with full understanding of its consequences.

Dated: _____, 2024

Yancey Heredia, Plaintiff

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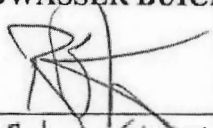
Dated: 10/2/24


Yancey Heredia (Oct 2, 2024 16:55 PDT)

Yancey Heredia, Plaintiff

STOWASSER BUICK-GMC, INC.

Dated: October 14th, 2024


By: Robert Stowasser
Its: President

APPROVED AS TO FORM:

Dated: 10/14, 2024

ABRAMSON LABOR GROUP

By: Neil Larsen
Neil M. Larsen
Attorneys for Plaintiff

Dated: 10/14, 2024

FINE, BOGGS & PERKINS LLP

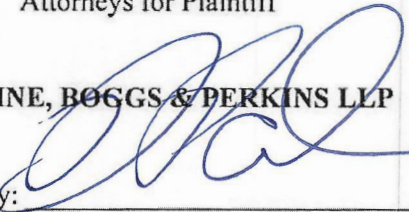

By: Daniel J. Padova
Attorneys for Defendant

EXHIBIT A

Re: Payment from Yancey Heredia v. Stowasser Buick-GMC, Inc.
Superior Court of California for the County of Santa Barbara; Case No. 23CV02511

Date: [REDACTED]/[REDACTED]/2024

SIMID
Name
Address

Dear Name:

Enclosed, please find a check made payable to you. This is your payment from the settlement of the lawsuit titled *Yancey Heredia v. Stowasser Buick-GMC, Inc.*, Case No. 23CV02511, pending in the Superior Court of the State of California for the County of Santa Barbara (the “Action”).

The Action was filed against Stowasser Buick-GMC, Inc. (“Defendant”) and includes a claim pursuant to the California Labor Code Private Attorneys General Act of 2004, California Labor Code § 2698, *et seq.* (“PAGA”). The Action was brought by Plaintiff Yancey Heredia (“Plaintiff”), who is a former employee of Defendant, on behalf of the State of California and other alleged Aggrieved Employees. You have been identified as one of the employees on whose behalf the case was brought.

Plaintiff claimed that Defendant owed civil penalties under PAGA for alleged violations of the California Labor Code. The Parties have reached a settlement of Plaintiff’s claims, and on [DATE], the Court approved the settlement, including the amount of civil penalties to be paid under the settlement. A portion of the civil penalty settlement amount goes to the State of California’s Labor and Workforce Development Agency. Another portion of the civil penalty settlement amount goes to employees of Defendant who were allegedly affected by the alleged violations of the Labor Code. In agreeing to this settlement, Defendant does not admit that it is liable in any way to current or former employees for any violations of the California Labor Code or any penalties. The Court has not decided the merits of Plaintiff’s claims.

Pursuant to the settlement, enclosed is a check for your share of a portion of the civil penalties. This check will remain valid for 180 days from the date of issuance. If you do not cash your check within 180 days of issuance, the funds will be deposited by the Settlement Administrator with the California State Controller to be deposited in the Unclaimed Property Fund in your name. If you are still employed by Defendant, your decision to cash the check will not affect your employment.

While you were not a party to the Action, you and the State of California have been bound by the settlement entered in this matter and approved by the Court, including the release contained in the settlement. The release pertains to civil penalties under PAGA only. The release includes all claims for statutory penalties under the California Private Attorneys General Act, California Labor Code § 2698, *et seq.* (“PAGA”) that could have been sought by the State of California Labor Commissioner for the violations identified in Plaintiff’s Complaint and/or in his pre-filing notice letter filed with the LWDA, during the time period March 28, 2022 to March 31, 2024 (the “PAGA Period”).

If you have any questions, you can contact Simpluris, the Settlement Administrator, at 1-[REDACTED]-[REDACTED].