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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF RIVERSIDE

DUSTIN REISCHMAN, individually, on a
representative basis, and on behalf of all
others similarly situated;

Plaintiff,

vs.

MERCHANTS METALS LLC, a Delaware
Limited Liability Company; and DOES 1
through 20, inclusive;

Defendants.

Case No.: CVRI2301910
*[Assigned to Hon. Harold W. Hopp, Dept 1,
for all purposes]*

**DECLARATION OF BRIAN J.
MANKIN, ESQ., IN SUPPORT OF
MOTION FOR PRELIMINARY
APPROVAL OF CLASS ACTION AND
PAGA SETTLEMENT**

Hearing

Date: December 2, 2024

Time: 8:30 a.m.

Dept.: 1

I, Brian J. Mankin, state and declare:

1. I am an attorney licensed to practice before all of the courts of the State of California. I manage the employment department within my firm where I am also a Partner. I represent Plaintiff in this action and I am thoroughly familiar with and have personal knowledge of all of the facts set forth herein. I submit this declaration in support of Plaintiff's Motion for Preliminary Approval of this Class Action Settlement. If called as a witness, I could and would competently testify thereto.

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1 **COUNSEL’S EXPERIENCE**

2 2. I have been a member, in good standing, of the State Bar of California since 2001.
3 I am admitted to practice in the United States District Courts for the Central and Southern
4 District of California and the Ninth Circuit Court of Appeal and have tried cases in various
5 courts in California.

6 3. I have handled over 500 employee vs. employer litigation matters during my 23
7 years in practice. Over the last 15 years, my practice has almost entirely consisted of
8 representing employees, the majority of which has included class action and representative
9 action wage and hour matters. In total, I have handled over 250 class action and representative
10 action wage/hour cases, and have been appointed by the court as class counsel and have received
11 final court approval and judgment in close to half of those actions to date, and anticipate
12 receiving final approval in many more of those in the future.

13 4. As part of these settlements and judgments, I have recovered in excess of \$250
14 million in damages for my clients and the class members (who often work as nurses, ambulance
15 drivers, technicians, warehouse workers, truck drivers, sales, professional occupations and
16 countless other trades). At one point, my team and I held the record for the largest known
17 PAGA-only case in California’s history - a \$12.5 million-dollar court approved settlement,
18 which followed extensive litigation, summary adjudication and writs to the CA Supreme Court
19 against a Fortune 50 company (*Garcia v. Macy’s*, San Bernardino Superior Court).

20 5. I have tried two class and PAGA cases against Fortune 100 companies. In 2018, I
21 was lead counsel in a PAGA case that my firm tried to the bench in the Orange County Superior
22 Court and received a \$425,000 judgment. In 2019, I was co-counsel in a class action case
23 against Walmart that was tried to the jury in District Court for the Central District, wherein the
24 jury awarded Plaintiffs over \$6 million. Following the successful outcome in trial, both cases
25 were appealed.

26 6. I was named by the LA Times as one “Southern California Leading Lawyers” in
27 the May 2023 issue of Consumer Attorneys of Southern California (a recognition given to 17
28 employment/labor law attorneys in 2023). Additionally, over the last five consecutive years, I

have been selected by my peers as a “Super Lawyer” in Employment Litigation, a distinction that only 5% of lawyers receive.

BRIEF SUMMARY OF THE SETTLEMENT

7. Following mediation, Plaintiff and Defendant (collectively, the “Parties”) eventually entered into a Class and PAGA Settlement Agreement and Release of Claims resolving the wage and hour claims of the putative class (the “Settlement Agreement” or “S.A.”), which is attached hereto as **Exhibit A**.

8. The Settlement Agreement seeks to release and discharge Defendant from the claims brought against it in exchange for Defendant’s agreement to pay a total “Settlement Amount” of \$295,000 on a non-reversionary, non-claims made basis (each Class Member will receive his/her share of the Net Settlement Amount without having to submit a claim form or take any action, except for those who opt-out). As set forth in Plaintiff’s Motion for Preliminary Approval and in the Settlement Agreement, Plaintiff seeks to represent a “Class” defined as follows: “all current and former nonexempt (hourly paid) employees employed by Defendant in California during the Class Period (which is April 13, 2019, through June 2, 2024).”

9. Under the terms of the Settlement Agreement, Defendant will not oppose Plaintiff Counsel’s application for a reasonable award of attorneys’ fees not to exceed \$98,333.33 (1/3 of the Settlement Amount), litigation expenses not to exceed \$25,000, Settlement Administrator Costs of \$6,500, PAGA penalties of \$25,000 (with 75% to the LWDA and 25% to the Aggrieved Employees on a pro rata basis), and a \$10,000 Service Award to Plaintiff Dustin Reischman as the Class Representative. After all Court-approved deductions, it is estimated that \$130,166.67 will be available to pay the Class Members, as follows:

<i>Settlement Amount</i>	\$ 295,000.00
Attorneys’ Fees (1/3)	\$ 98,333.33
Litigation Costs (not to exceed)	\$ 25,000.00
Administrator Costs	\$ 6,500.00
PAGA Penalties	\$ 25,000.00
Class Representative Service Award	\$ 10,000.00
<i>Net Settlement Amount</i>	\$ 130,166.67

10. Assuming 80 Class Members, the average payment will be approximately \$1,627.08 (\$130,166.67 / 80). However, the actual payments will be calculated on a pro-rata basis according to the number of Weeks Worked by each Class Member during the Class Period. Additionally, Defendant is entitled to a credit of \$44,420 toward the Settlement Amount for “Prior Payments” made as part of a *Pick-Up Stix* campaign through which Defendant obtained releases from Class Members; as such, Class Members who received a “Prior Payment” will have their shares offset accordingly, as discussed further below.

11. Each Class Members will receive the Class Notice, explaining the nature of the case, and the process for participating, objecting and opting-out, and advising of his/her estimated settlement payment, the number of Work Weeks he/she is credited with working during the applicable periods, and the Prior Payments received (if any). True and correct copies of the Class Notice, Request for Exclusion Form, Objection Form and Dispute Form are attached hereto as **Exhibits B, C, D and E**, respectively.

PROCEDURAL BACKGROUND

12. My office has performed considerable work and diligently investigated and prosecuted this case to a successful conclusion. Our work has resulted in the creation of a significant settlement fund for the benefit of the Class. We efficiently communicated and exchanged information informally with Defense counsel which enabled the parties to successfully settle the case. Because of the risks involved in litigating the case and the contested legal and factual issues, my office believes this settlement to be fair, reasonable, and adequate.

13. After being retained by Plaintiff, we submitted a letter to the Labor and Workforce Development Agency (“LWDA”) for civil penalties under the Private Attorneys General Act of 2004 (“PAGA”), and simultaneously sent a letter to Defendant requesting the production of personnel and timekeeping records to further evaluate his wage and hour claims. A true and correct copy of Plaintiff’s LWDA Notice Letter is attached hereto as **Exhibit F**.

14. My office, on behalf of Plaintiff, filed the instant class action on April 13, 2023, alleging that Defendant violated various sections of the Labor Code. After the 65-day exhaustion period elapsed without the LWDA asserting jurisdiction over the PAGA claims, Plaintiff filed

1 his first amended complaint on June 28, 2023. Defendant filed its Answer to the FAC on about
2 August 15, 2023.

3 15. Defendant retained counsel and immediately began to defend the case. Plaintiff
4 then propounded formal discovery seeking the contact information for all Class Members, as
5 permitted by this Court's CMO. However, Defendant's counsel advised that Defendant had
6 contacted and obtained *Pick-Up Stix* settlements from a significant portion of the putative class –
7 as such, Defendant argued that the discovery was improper. Plaintiff's counsel disagreed and
8 sought the Court's permission to lift the stay on discovery so that counsel could further
9 investigate the claims and enforceability of the *Pick-Up Stix* releases.

10 16. Ultimately, after discussions among counsel, the Parties agreed to attend
11 mediation with the explicit agreement that the mediation would be on a class/PAGA basis,
12 covering all Class Members regardless of whether they signed a release – and Plaintiff would
13 credit amounts paid in the *Pick-Up Stix* campaign toward the settlement amount.

14 17. In preparation for mediation, the Parties informally exchanged documents and
15 information that allowed both sides to calculate the potential damages and evaluate potential risk,
16 including policies and procedures pertaining to the claims, statistics relating to the number of
17 current and former employees, number of shifts, weeks worked and other things, and a sampling
18 of payroll and timekeeping records for Class Members. This information included over 55,000
19 rows of excel data, and covered over 70% of Class Members and more than 44.8% of all
20 workweeks; this enabled both parties to take a deep dive into the claims. Additionally, during
21 this process, Plaintiff and his counsel analyzed, researched, and investigated the potential issues,
22 including matters related to the calculation of damages, trial, and appellate issues and risks. As
23 part of this process, Plaintiff's counsel discovered an additional claim that was not previously
24 alleged – the failure to pay vested vacation under Labor Code § 227.3.

25 18. On April 3, 2024, the Parties participated in a full-day mediation with Todd
26 Smith, a highly-respected wage-and-hour mediator. At the conclusion of mediation and
27 extensive arms-length negotiations, Mr. Smith issued a mediator's proposal which the Parties
28 accepted and entered into a Memorandum of Understanding. As part of the settlement, the

1 Parties agreed to permit Plaintiff to file a second amended complaint to add a claim for failure to
2 pay vested vacation under Labor Code § 227.3; Plaintiff's second amended complaint was filed
3 on or about November 5, 2024. The Parties then entered into the Settlement Agreement
4 submitted herewith, and now seek the Court's preliminary approval of the Settlement.

5 **SUMMARY OF THE CLAIMS AND DEFENSES**

6 19. Plaintiff alleged numerous wage and hour violations on behalf of the Class
7 Members. However, Defendant vigorously contested and denied Plaintiff's material allegations
8 on the merits and as to the propriety of a class action or PAGA representative action. Still,
9 Plaintiff believed there were several strong claims.

10 20. For instance, Plaintiff alleged that Defendant paid the Class on an hourly basis
11 plus additional earned compensation but failed to include this compensation in the regular rate
12 calculations, leading to a failure to pay all required overtime, sick and vacation pay, and meal
13 premiums. However, Defendant opposed this regular rate claim, arguing that the bonus and
14 commission payments were properly excluded from the regular rate, and therefore these claims
15 would lose on the merits and as to the propriety of class certification.

16 21. Plaintiff also alleged that he and the Class Members were often denied compliant
17 meal and rest breaks due to the nature of the work. However, Defendant argued that it provided
18 and made all mandated meal and rest breaks available to the Class, and any employee who did
19 not take a break did so entirely of their own volition. Thus, Defendant argued that these claims
20 were without merit because, for each violation, a fact-finder would have to determine why a
21 break was noncompliant, because if it was by the employee's choice, no liability attaches to
22 Defendant.

23 22. Finally, Plaintiff alleged a variety of other claims (all of which Defendant
24 disputed), such as the failure to timely pay wages each period and upon separation of
25 employment and failure to provide accurate itemized wage statements.

26 23. Despite the disputed nature of the claims, the Parties concluded that further
27 litigation of the Action would be protracted and expensive, and that it is desirable that the Action
28 be fully and finally settled to limit further risk, expense, and protracted litigation.

1 **CMO COMPLIANCE**

2 24. In accordance with CMO ¶ G, this section will specifically identify and address
3 each CMO requirement. This information was compiled with the assistance of Peter Carlson,
4 who was responsible for preparing the pre-mediation data and calculations, and primarily
5 assisted in the preparation of the *Kullar* analysis. As such, the following is based largely on
6 information and belief, as it was largely prepared with Mr. Carlson's assistance (but I reviewed
7 all of the information).

8 **CMO ¶ G(3)(a)(i)**

9 25. Based on information obtained through informal discovery before mediation, I
10 estimate that there will be approximately 80 individuals that fall within the Class definition and
11 45 of those individuals are also PAGA "Aggrieved Employees."

12 **CMO ¶ G(3)(a)(ii), CMO ¶ G(3)(a)(iii), CMO ¶ G(9)(b)**

13 26. The following paragraphs provide the maximum and risk-adjusted value for each
14 claim, and this includes all claims on a class and PAGA basis as required by the CMO.

15 27. The calculations below are based upon data points obtained through informal
16 discovery, from which my firm estimated the following through mediation: (1) 80 Class
17 Members, (2) 35 *former* Class Members for purposes of Labor Code § 203, (3) 8,000
18 workweeks, (4) 36,000 shifts worked, (5) \$25.43 average hourly rate of pay, and (6)
19 approximately 2,000 wage statements during the PAGA Period.

20 ***Unpaid Wage Claims (Minimum, Overtime, Sick Pay, Vested Vacation)***

21 28. Plaintiff's unpaid wage claim was based on the allegation that Defendant paid
22 Plaintiff and the Class Members on an hourly basis along with nondiscretionary bonuses and
23 other earned compensation. However, Plaintiff alleged that, on the occasions that a Class
24 Member earned additional compensation and worked overtime during the time period when such
25 compensation was earned, Defendant did not include the compensation in the regular rate (*i.e.*,
26 Defendant only paid overtime at 1.5 times the base rate).

27 29. Thus, Plaintiff alleged that this led to a failure to pay all wages owed, including
28 overtime, sick pay (which is a PAGA-only claim under Labor Code § 246), and vested vacation

1 under Labor Code § 227.3.

2 30. However, Defendant raised several defenses to this claim, including that these
3 amounts were properly excluded from the regular rate, as they did not qualify as
4 “nondiscretionary” and, thus, did not need to be included within the regular rate and overtime
5 calculations. Additionally, Defendant argued that, even if the claims had merit (which they did
6 not concede), the valuation was small, as only a small percentage of Class Members received
7 additional compensation and overtime in the same workweek.

8 31. CMO ¶ G(3)(a)(ii): we calculated the maximum potential damages for the unpaid
9 wages as \$110,000 based on an analysis of the unpaid amounts plus interest owed.

10 32. CMO ¶ G(3)(a)(iii): we calculated the risk-adjusted value of these unpaid wage
11 claims as \$53,900. Due to the defenses and arguments raised, Plaintiff assigned a 30% risk for
12 each respective unpaid wage claim at the class certification stage and an additional 30% risk on
13 the merits.

14 33. CMO ¶ G(9)(b): as for the PAGA penalty claims on these issues, Plaintiff
15 calculated that additional compensation was paid in 20.8% of PAGA pay periods, meaning that
16 there were a total of 416 violative pay periods (2,000 PAGA pay periods x 20.8% violation rate).
17 Assuming that the Court would permit stacking (*i.e.*, on the occasion there was an unpaid
18 overtime *and* a sick pay violation in the same week), we estimated the maximum potential
19 PAGA penalty at trial as \$70,000 based on a 700 total violations x \$100. We then placed the
20 same merits risk (30%) on PAGA as we did the class claims. However, we recognize that there
21 were certain factors that reduce the possible value at trial. Specifically, when considering the
22 amount of discretionary reduction to apply against the maximum penalties, we believe the Court
23 would consider that: (a) if this claim succeeded, the Class would already be receiving
24 compensation for the same violations [and would thus apply a smaller penalty because otherwise
25 it is a double penalty], and (b) there were several “good faith” defenses. As a result, we assumed
26 the Court would apply a 50% discretionary reduction, creating a PAGA risk-adjusted value of
27 \$24,500.

28 ///

Meal and Rest Break Claims

34. Plaintiff also alleged meal and rest break claims against Defendant, and this section provides CMO-compliant information as to the value and basis for such claims.

35. CMO ¶ G(3)(a)(ii): we calculated the maximum potential damages as follows. For the meal period claims, we calculated 23,328 violations (based on 64.8% violation rate in the sampling) and multiplied that by \$25.43 (the applicable premium rate under Labor Code § 226.7) to arrive at maximum potential damages of \$593,231. For the rest break claims, we calculated 18,000 violations (50% violation rate) and multiplied that by \$25.43 to arrive at maximum potential damages of \$457,740.

36. CMO ¶ G(3)(a)(iii): we calculated the risk-adjusted value of the meal period claims as \$148,308 and for the rest break claim as \$114,435. These risk-adjusted figures are based on the numerous defenses and risks attached to such claims. For instance, Defendant raised numerous arguments in response to this claim, including that it maintained fully compliant written policies and specifically authorized the Class Members to take meal and rest breaks, meaning that no one had a reason or cause to miss a break or take a short/late break. Therefore, Defendant asserted that a fact-finder would have to determine for each Class Member whether a break was missed and why, and why a break was noncompliant or nonexistent, because if it was by the employee's choice, no liability attaches to Defendant. These issues raise questions regarding whether the meal and rest break claims could be certified, and Plaintiff placed a 50% risk at the class certification stage for meal periods and rest breaks. These defenses also go toward the merits given the evidentiary question of proving the number of meal and rest violations. As such, Plaintiff placed a 50% risk on the merits for meal breaks, and an additional 50% risk on the merits for rest breaks. This returns risk-adjusted values for meal periods of \$148,308 [$\$593,231 \times 50\% \text{ class cert risk} \times 50\% \text{ merits risk}$] and for rest breaks of \$114,435 [$\$457,750 \times 50\% \text{ cert risk} \times 50\% \text{ merits risk}$].

37. CMO ¶ G(9)(b): as for the PAGA penalty claims on these issues, Plaintiff calculated the maximum potential PAGA penalty at trial as \$183,800 for meal periods (2,000 periods x 91.9% per-period violation rate x \$100) and \$160,000 for rest breaks (2,000 periods x

80% per-period violation rate x \$100). But these claims faced the same merits and evidentiary risks discussed above, so we applied a 50% risk on the merits for each claim. Then we also assumed that the Court, when considering what discretionary reduction to apply, would give credit to Defendant's attempt to enact and apply a compliant written meal and rest period policy. And, as a result, we estimated that the Court would apply a large discretionary reduction and we assumed risk-adjusted PAGA values of \$30,000 for meal periods and \$20,000 for rest breaks.\

Wage Statement Claims

38. Plaintiff alleged that, because of the unpaid wage and meal/rest violations above, Defendant's wage statements failed to accurately reflect the gross and net wages payable.

39. CMO ¶ G(3)(a)(ii): based on the formula under Labor Code § 226(e) (\$50 for initial violation and \$100 for subsequent violations), we calculated the maximum class wage statement penalties as \$197,750 (45 "initial" violations at \$50 and 1,955 "subsequent" violations at \$100 $[(45 \times \$50) + [1,955 \times \$100] = \$197,750$).

40. CMO ¶ G(3)(a)(iii): we calculated the risk-adjusted value of the class wage statement claims as \$69,212. This analysis incorporated Defendant's arguments and defenses from above, and also accounted for the fact that these were "derivative" as opposed to "direct" wage statement violations (*i.e.*, because these claims were entirely derivative of the claims above, they only had merit if the claims for unpaid wages or meal/rest breaks were successful). Moreover, Defendant argued that "derivative" violations cannot trigger liability under § 226 and, even if there was a "technical" violation, Plaintiff would be unable to prove the required "knowing and intentional" and "injury" elements. Based on these facts and defenses, we placed a 30% risk at class certification (in line with the claims on which the derivative wage statement claim was based) and estimated another 50% risk on the merits, leading to a risk-adjusted value for the derivative claims of \$69,212 $[\$197,750 \times 30\% \text{ cert risk} \times 50\% \text{ merits risk}]$.

41. CMO ¶ G(9)(b): as for the PAGA penalty claims on these issues, Plaintiff calculated the maximum potential PAGA penalty at trial as \$200,000 for wage statement claims based on a 100% violation rate for the 2,000 wage statements issued during the period multiplied by \$100. However, like above, the risk-adjusted value must consider the difference between the

1 direct and derivative claims. Thus, we applied the same 50% merits risk and, even though there
2 is no requirement for “knowing and intentional” under PAGA, we assumed that the Court would
3 apply a large discretionary reduction based on Defendant’s likely argument (if liability was
4 found) that they were already liable for damages to the Class and for PAGA penalties for the
5 overarching violations that triggered the derivative wage statement violations. Thus, Plaintiff
6 assumed risk-adjusted PAGA penalties for § 226 of \$20,000.

7 ***Waiting Time Penalty Claims***

8 42. Plaintiff’s claim for failure to timely pay final wages (and for waiting time
9 penalties under Labor Code § 203) was entirely derivative of the claims above (*e.g.*, because
10 Defendant failed to pay all wages and premiums owed, Defendant did not timely pay all final
11 wages owed because there are still amounts due and payable)

12 43. CMO ¶ G(3)(a)(ii): we calculated the maximum potential value of this claim as
13 \$229,635 based on 35 *former* employees who were paid \$218.70 per day (35 employees x
14 \$218.70 daily pay x 30-day penalty).

15 44. CMO ¶ G(3)(a)(iii): we calculated the risk-adjusted value of the waiting time
16 penalty claim as \$68,890. The valuation had to account for the fact that this claim was derivative
17 of the unpaid wage and meal/rest break claims and, if those claims failed at certification or on the
18 merits, there would be no waiting time penalties owed, so the same risks for those claims applied
19 to this claim. Furthermore, even if the unpaid wage and/or meal/rest claims succeeded at
20 certification and on the merits, Plaintiff would have to prove that the violations (if any existed)
21 were “willful” under the meaning of Labor Code § 203. And, here, Defendant argued there was
22 no “willful” violation since they had compliant written policies and any deviations therefrom
23 were inadvertent and unintentional. Additionally, Defendant argued that these facts give rise to a
24 “good faith” defense that prevents imposition of the waiting time penalties. As a result of this
25 analysis, Plaintiff’s counsel applied a 40% risk at class certification and a 50% risk on the merits,
26 setting a risk-adjusted value of \$68,890.

27 45. CMO ¶ G(9)(b): as for the PAGA penalty claims, Plaintiff calculated the
28 maximum PAGA penalty at trial as \$2,000 (20 violations x \$100). But we had to incorporate the

same risks as above (60% on the merits) and also assumed that, given Defendant's good faith attempts at compliance with California law, that the Court would also apply a discretionary reduction in PAGA penalties, setting the risk-adjusted PAGA penalty value at \$500.

Failure to Timely Pay Wages Each Period

46. This claim is pursued on a PAGA basis (the remedy for a violation is enforceable either through PAGA or the Labor Commissioner); thus, the analysis here focuses on PAGA.

47. CMO ¶ G(9)(b): Plaintiff calculated the maximum potential PAGA penalty at trial as \$200,000 for Labor Code § 204 claims (100% violation rate for 2,000 wage statements multiplied by \$100). This claim is based on the allegation that Defendant did not pay all wages and wage premiums each period, which violated Labor Code § 204. However, because these claims were entirely derivative of the claims above, they only had merit if the claims for unpaid wages or meal/rest breaks were successful. And, as such, we had applied a 30% risk on the merits to align with the merits risk of the claims above. Additionally, we assumed that the Court would apply a discretionary reduction of 95% based on Defendant's likely argument (if liability was found) that PAGA penalties for § 204 violations should be greatly reduced because these are "derivative" and they were already liable for damages to the Class and for PAGA penalties for the overarching violations. Thus, the risk-adjusted PAGA penalties under § 204 are \$7,000.

Collective Maximum and Risk-Adjusted Class Damages/Penalties and PAGA Penalties

CMO ¶¶ G(3)(a)(ii)(C), CMO G(3)(a)(iii)(C), and CMO ¶ G(9)(b)(iii and iv)

48. The table below provides the total sums (for all claims) of the maximum and risk-adjusted class damages and penalties and the total maximum and risk-adjusted PAGA penalties.

Claim	Class Values		PAGA Values	
	Maximum	Risk-Adjusted	Maximum	Risk-Adjusted
Unpaid Wages	\$110,000	\$53,900	\$70,000	\$24,500
Meal Periods	\$593,231	\$148,308	\$183,800	\$30,000
Rest Breaks	\$457,740	\$114,435	\$160,000	\$20,000
Wage Statement	\$197,750	\$69,212	\$200,000	\$20,000
Waiting Time Penalties	\$229,635	\$68,890	\$2,000	\$500
Labor Code § 204	n/a	n/a	\$200,000	\$7,000
Totals	\$1,588,356	\$454,745	\$815,800	\$102,000

1 CMO ¶ G(3)(a)(iv)

2 49. Based on an assumed Net Settlement Amount of \$132,666.67, and an estimated
3 80 Class Members, the average payment will be \$1,658.33. However, the actual amounts
4 payable to the Class will be based on each individual's weeks worked compared to the total
5 Class weeks worked. While we cannot generate an exact "range of recoveries" right now since
6 the Class Data will not be provided to the Settlement Administrator until after Preliminary
7 Approval, I can provide reasonable estimates of the high and low payments as follows.

8 50. Based on our analysis, we estimate that there will be 8,000 weeks worked by the
9 Class and each week worked will receive an estimated net amount of \$16.58 (\$132,666.67 /
10 8,000). Thus, on the low end, a Class Member that worked only 2 weeks during the Class Period
11 will receive \$31.16. And, at the high end, a Class Member that worked for the entire Class
12 Period (*i.e.*, the 268 calendar weeks in the Class Period), will receive an estimated high payment
13 of \$4,443.44 (268 x \$16.58).

14 51. Given that these are only preliminary estimates, the Settlement Administrator will
15 update the average, high, and low payments in the Class Notice (if necessary) after Preliminary
16 Approval and after calculating those figures from the Class Data.

17 CMO ¶ G(3)(a)(v)

18 52. From the data and analysis conducted prior to mediation, derived through both
19 informal discovery, I estimate the following recoveries by the Aggrieved Employees. First, given
20 that we estimate 45 Aggrieved Employees, those individuals will receive an estimated average
21 share of \$138.88 (\$6,250 / 45). Then, based on an estimated 2,000 wage statements during the
22 PAGA Period, we estimated the value of each PAGA Workweek as \$3.12 (\$6,250 / 2,000); if an
23 Aggrieved Employee worked only 2 periods in the PAGA Period, the low payment would be
24 \$6.24 and, if an Aggrieved Employee worked the maximum periods during the PAGA Period
25 (56), then the maximum PAGA payment will be \$174.72.

26 CMO ¶ G(3)(a)(vi)

27 53. My office conducted substantial informal discovery to investigate the size of the
28 class and strength of the claims. Specifically, in preparation for mediation, we demanded and

1 received informal discovery, including documents and information that allowed us calculate the
2 potential damages and evaluate potential risk, including policies and procedures pertaining to the
3 claims, statistics relating to the number of current and former employees, number of shifts, pay
4 periods worked, and a sampling of payroll and timekeeping records for Class Members.

5 CMO ¶ G(3)(a)(vii)

6 54. I am not aware of any other class, representative, or collective action in this or
7 any other court that asserts claims similar to those asserted in this action or behalf of a class or
8 group of individuals, some or all of whom would also be members of this Class. I have also
9 made reasonable inquiry of other members of my firm (we have no associated firms in this
10 instance), and none of the other attorneys are aware of any such similar actions.

11 CMO ¶ G(3)(c)(i)

12 55. The Court, at CMO ¶ G(C)(i), states that it “believes that redistribution of the
13 value of uncashed settlement check(s) to those class members who have cashed their checks will
14 better serve the public interest and the interest of the class than distribution in the manner
15 otherwise prescribed by [CCP § 384(b)]” (*i.e.*, payments to a *cy pres*).

16 56. Here, the Parties are not sending the value of uncashed checks to a *cy pres*.
17 Instead, any uncashed checks will be sent to the California State Controller in the name of the
18 Class Member (or Aggrieved Employee). Thus, those funds are – and always will be – paid to
19 and available for collection by the Class Member (or Aggrieved Employee) at any point in the
20 future. This does not fall under the umbrella of CCP § 384(b), as that section only relates to
21 payment of residue to “nonprofit organizations or foundations to support projects that will
22 benefit the class or similarly situated persons, or that promote the law consistent with the
23 objectives and purposes of the underlying cause of action, to child advocacy programs, or to
24 nonprofit organizations providing civil legal services to the indigent.”

25 57. I do not believe there is a need for the Parties to “explain[] the factual basis for
26 the disagreement” with the Court’s proposed method of redistributing funds, because the Court’s
27 proposal is, by its plain language, only applicable in lieu of a *cy pres* (not where the uncashed
28 funds are still paid to the Class Member, essentially held in trust by the State Controller).

comfortable with Phoenix and have had Phoenix successfully administer many complex settlements, including approvals in this Court. Thus, the Parties agreed to retain Phoenix based on its all-in (fixed) fee to administer the settlement for \$6,500.

CMO ¶ G(9)(b)

62. The paragraphs above provide the information requested in CMO ¶ G(9)(b)(i-iv); this section addresses the remaining requests under CMO ¶ G(9)(b)(v-viii).

63. CMO ¶ G(9)(b)(v): I'd first like to point out that a finding of "knowing and intentional" is not necessary under claims for PAGA penalties; that is a required element of wage statement violations (on a class, not PAGA, basis) under Labor Code § 226(e). However, with that said, we believe there is an argument that Defendant's unpaid wage claims would not be found "knowing and intentional" (for purposes of Labor Code § 203, for instance). Additionally, we believed that Defendant had a good argument that the derivative wage statement violations were not "knowing and intentional."

64. CMO ¶ G(9)(b)(vi): If this action proceeded to trial, Defendant would have argued for a discretionary reduction in PAGA penalties because the assessment of significant PAGA penalties would be "unjust, arbitrary and oppressive, or confiscatory" in light of "the facts and circumstances of [this] case." *See* Labor Code § 2699(h). Defendant's arguments relate to a "mistake of law" fact pattern, and similar cases have applied large reductions in PAGA penalties in such situations. *See, e.g., Cotter v. Lyft, Inc.* (N.D. Cal. 2016) 193 F.Supp.3d 1030, 1037 (97.5% reduction in PAGA penalties "appropriate" based on the "unjust, arbitrary and oppressive, or confiscatory" factors because (i) the employer did not "deliberately evade a clear obligation to provide legally required pay and benefits to employees," (ii) the employer did not "negligently fail to learn about its obligations under the wage and hour laws," and (iii) the employer's obligations were "genuinely unclear" because "there is no straight answer to the question").

65. CMO ¶ G(9)(b)(vii): The parties only reached settlement and the agreed-upon PAGA penalties after extensive informal discovery and arms-length negotiation between the parties and through an experienced mediator. Notably, Defendant raised many defenses which,

1 if accepted by the Court, could result in a significant reduction of penalties, or the elimination of
2 penalties altogether through dispositive motions. As such, an assessment of penalties greater
3 than those agreed-upon would be unjust at this stage because this settlement reflects an informed,
4 fundamentally fair, and reasonable settlement of the PAGA claims herein based on the unique
5 facts, defenses, and risks in this case.

6 66. CMO ¶ G(9)(b)(viii): the sections above show that the amount of the agreed-upon
7 penalties is fair.

8 **THE SETTLEMENT IS FAIR, JUST, AND REASONABLE**

9 67. The settlement was the product of extensive arm's length negotiations, facilitated
10 by an experienced mediator. Though cordial and professional, the settlement negotiations were
11 adversarial and non-collusive in nature. The settlement reached is the product of substantial
12 effort by the parties and their counsel. Although we believed that there was a possibility of
13 certifying the claims, we recognized the potential risk, expense, and complexity posed by
14 litigation, such as unfavorable decisions on class certification, summary judgment, at trial and/or
15 on the damages awarded, and/or on an appeal that can take several more years to litigate.

16 68. The settlement will result in a fair payment to each class member based on the
17 number of weeks worked. Plaintiff and my firm have diligently investigated the claims and
18 defenses on behalf of the Class Members and worked to achieve a resolution of the claims to
19 maximize the recovery by avoiding further expenditure of attorneys' fees and costs. After
20 evaluating the significant risks attendant with further litigation described above and weighing
21 them against the benefits of a known compromise and settlement as set forth in the Settlement
22 Agreement, settlement on the terms agreed to is believed to be in the best interest of Plaintiff and
23 the Class, and is a fair and reasonable resolution of the claims alleged.

24 69. My firm brought to bear a great deal of experience in negotiating the settlement of
25 this case. As detailed herein, I, along with my senior associate Peter Carlson, engaged in the
26 necessary discovery and investigation, making it possible to exercise informed judgment
27 throughout the settlement process, including significant document review (*e.g.*, documents
28 pertaining to Defendant's policies and procedures, personnel documents, among others), and

1 conducted an extensive analysis of the detailed class-wide data provided by Defendant.

2 70. Based on my experience in other cases, including wage and hour matters, I
3 believe I am qualified to evaluate the class claims and viability of defenses in this class action.
4 In this case, the recovery for each class member is reasonable, fair, and adequate, and this
5 settlement is in the best interests of the class. The settlement provides each class member with
6 compensation for the alleged violations when viewed in relation to the costs and risks inherent in
7 obtaining class certification and proceeding to trial.

8 71. My firm, as well as defense counsel, fully endorse the terms and conditions of the
9 settlement as set forth in the abovementioned Settlement Agreement.

10 72. Of course, the settlement amount represents a compromise figure, taking into
11 account the various risks surrounding class certification and the merits of Defendant's asserted
12 defense. Nevertheless, the settlement provides for fair and adequate payments to the class
13 members, with no reversion to Defendant.

14 **ADEQUACY OF COUNSEL AND THE PROVISIONAL REASONABLENESS OF THE**
15 **REQUESTED FEES AND COSTS**

16 73. As set forth above, I have handled over 250 class and representative actions, have
17 been appointed as class counsel and have successfully resolved over half of those cases, and
18 many others remain pending and will successfully resolve in the future.

19 74. When this case was taken on a contingency fee basis, with my firm agreeing to
20 assume responsibility for all litigation costs, the ultimate result was far from certain. In the
21 course of this litigation, my firm and my co-counsel paid all costs including filing fees, court
22 costs, research fees, and mediation costs. There was never a guarantee that we would recoup
23 those expenditures.

24 75. It is my experience that attorney fee awards of one-third of a common fund
25 settlement is the standard in California. In this case, my firm agreed to seek one-third of the
26 Settlement Amount for attorneys' fees. Defendant does not oppose this fee request. The fee is
27 further warranted because it is within the range of reasonableness typically awarded in class
28 actions. The litigation costs are reasonably capped at \$25,000 and will be based on the actual

1 amount of costs incurred at the time of final approval.

2 **SETTLEMENT ADMINISTRATOR**

3 76. The Parties request that the Court appoint Phoenix Settlement Administrators as
4 the Settlement Administrator. In accordance with CMO ¶ G(3)(d), we requested bids from five
5 different settlement administrators, which resulted in the following bids: CPT Group (\$10,000),
6 ILYM (\$6,950), Rust Consulting (\$11,000), Xpand (\$6,000) and Phoenix (\$6,500). Although
7 Phoenix was not the lowest bid, the difference is extremely small (only \$500), the Parties are
8 comfortable with Phoenix and have had Phoenix successfully administer many complex
9 settlements, including approvals in this Court. Indeed, Phoenix has a track record of performing
10 very good work and in accordance with this Court's CMO. The concurrently filed Declaration of
11 Michael Moore of Phoenix covers the other information required in CMO ¶ G(3)(d)(ii).

12 **SUBMISSION TO THE LWDA**

13 77. Plaintiff has concurrently submitted the settlement and all moving papers to the
14 LWDA in accordance with Labor Code § 2699(1)(2). The proof of submission is attached hereto
15 as **Exhibit G**.

16 **EXHIBITS AND CONCLUSION**

17 78. A true and correct copy of the signed Settlement Agreement is attached as
18 **Exhibit A**.

19 79. The proposed Class Notice is attached as **Exhibit B**.

20 80. The proposed Request for Exclusion Form is attached as **Exhibit C**.

21 81. The proposed Objection Form is attached as **Exhibit D**.

22 82. The proposed Dispute Form is attached as **Exhibit E**.

23 83. A true and correct copy of the notice letter we submitted on behalf of Plaintiff to
24 the LWDA is attached as **Exhibit F**.

25 84. The LWDA's confirmation of receipt of this Motion and Declarations is attached
26 hereto as **Exhibit G**.

27 85. Counsel has carefully reviewed both the terms and the terminology of the order
28 and the accompanying forms (notice, objection form, exclusion form, dispute form) to confirm

1 that the various documents are internally consistent, consistent with each other, and consistent
2 with the settlement agreement.

3 86. For the foregoing reasons, it is respectfully requested that the Court grant
4 preliminary approval of the settlement as being fair, reasonable, and in the best interests of the
5 class, as well as preliminarily approve the requested attorneys' fees, costs, and enhancement
6 payment to the Class Representative.

7 I declare under penalty of perjury under the laws of the State of California that the
8 foregoing is true and correct. Executed on November 5, 2024, at Riverside, California.

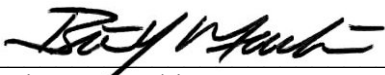
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10 By: 
11 Brian J. Mankin, Esq.
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EXHIBIT “A”

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Attorneys for Defendant, Merchants Metals LLC

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF RIVERSIDE

DUSTIN REISCHMAN, individually, on a
representative basis, and on behalf of all
others similarly situated;

Plaintiff,

vs.

MERCHANTS METALS LLC, a Delaware
Limited Liability Company; and DOES 1
through 20, inclusive;

Defendants.

Case No.: CVRI2301910

*[Assigned to Hon. Harold Hopp, Dept 10, for
all purposes]*

**CLASS AND PAGA SETTLEMENT
AGREEMENT AND RELEASE OF
CLAIMS**

This Class Action and PAGA Settlement Agreement and Release of Claims is entered into by and between Plaintiff Dustin Reischman, individually and on behalf of all others similarly situated, and on behalf of the State of California, and Defendant Merchants Metals LLC, and is approved by their respective counsel of record, subject to the terms and conditions hereof and the Court's approval.

A. Definitions

1. "Action" or "Lawsuit" means and refers to the case entitled *Reischman v. Merchants Metals LLC*, Riverside County Superior Court, Case No. CVRI2301910.

2. "Aggrieved Employee(s)" means all current and former nonexempt (hourly paid) employees employed by Defendant in California during the PAGA Period.

3. "Agreement" or "Settlement Agreement" or "Settlement" shall mean this Class Action and PAGA Settlement Agreement and Release of Claims.

4. "Class" is defined all current and former nonexempt (hourly paid) employees employed by Defendant in California at any time during the Class Period.

5. "Class Member(s)" refers to individual members of the Class.

6. "Class Counsel" refers to Brian Mankin and Peter Carlson of Lauby, Mankin & Lauby LLP.

7. "Class Data" means a complete list that Defendant will diligently and in good faith compile from their records and provide to the Settlement Administrator on one spreadsheet which shall include, for each Class Member: the individual's full name; last known address; Social Security Number; total Weeks Worked during the PAGA Period and the Class Period, and; if applicable, the amount of Prior Payment made to the Class Member.

8. "Class Period" is deemed to be any time during the period of April 13, 2019, through June 2, 2024.

9. "Class Representative" or "Plaintiff" means and refers to Plaintiff Dustin Reischman.

10. "Complaint" refers to the operative second amended complaint, which pleads class action and PAGA representative claims.

11. “Court” (or “Judge”) means the California Superior Court, County of Riverside.

12. “Defendant” means and refers to Defendant Merchants Metals LLC.

13. “Defendant’s Counsel” or “Defense Counsel” means and refers to Ogletree, Deakins, Nash, Smoak & Stewart, P.C.

14. “Effective Date” means the latest of the following dates: (i) if no Class Member timely and properly intervenes, or files a motion to vacate the judgment approving the Settlement Agreement under Code of Civil Procedure § 663, then the date the Court enters an order granting Final Approval; (ii) if a Class Member intervenes, or files a motion to vacate the judgment approving the Settlement Agreement, then sixty-one (61) calendar days following the date the Court enters an order granting Final Approval, assuming no appeal is filed; or (iii) if a timely appeal is filed, the date of final resolution of that appeal (including any requests for rehearing and/or petitions for *certiorari*), resulting in final judicial approval of the Settlement.

15. “Escalator Clause:” Defendant represents that there are approximately 80 Class Members, who collectively worked a total of approximately 8,000 Workweeks during the Class Period. If the total count of Workweeks (as contained in the Class Data) exceeds 8,800 (10% more than Defendant’s representation), then the Settlement Amount shall increase by \$36.875 (Settlement Amount divided by 8,000) for each additional Workweek above 8,800.

16. “Final Approval” refers to the order of the Court granting final approval of this Settlement Agreement and entering a judgment approving this Agreement on substantially the terms provided herein or as may be modified by subsequent agreement of the Parties.

17. “Individual Class Payment” refers to each Participating Class Members share of the Net Settlement Amount, as further discussed in Paragraph 49(c) below.

18. “Individual PAGA Payment” refers to each Aggrieved Employees share of the PAGA Penalties, as further discussed in Paragraph 49(c) below.

19. “Net Settlement Amount” shall have the meaning ascribed to it in Paragraph 49(b) below.

20. “Notice” means the notice of proposed class settlement that will be sent to the Class Members, and which will advise each Class Member of the settlement and his or her

estimated Individual Class Payment and Individual PAGA Payment, total Weeks Worked, and will further advise of the setting of a Final Approval Hearing.

21. “Notice Packet” means the Notice, Request for Exclusion Form, the Objection Form, and the Dispute Form to be sent to all Class Members.

22. “Objecting Class Member” means a Class Member, other than Plaintiff, who submits a valid and timely objection to the terms of this Agreement, pursuant to Paragraph 71(c) below.

23. “PAGA Penalties” means the amount that the Parties have agreed to pay to the Labor and Workforce Development Agency (“LWDA”) in connection with the California Labor Code Private Attorneys General Act of 2004 (Cal. Lab. Code §§ 2698, *et seq.*, “PAGA”), as well as the individual PAGA payment allocated to each Aggrieved Employee.

24. “PAGA Period” is deemed to be any time during the period of April 13, 2022, through June 2, 2024.

25. “Participating Class Member” means any and all Class Members who are deemed to participate and receive an Individual Class Payment and do not opt-out by submitting timely valid Requests for Exclusion.

26. “Parties” or “Settling Parties” mean Plaintiff and Defendant, collectively.

27. “Preliminary Approval Date” means the date the Court approves the Settlement Agreement and enters the Preliminary Approval Order.

28. “Preliminary Approval Order” means the judicial Order to be entered by the Court, upon the application or motion of the Plaintiff, preliminarily approving this Settlement and providing for the issuance of the Notice Packet to the Class, an opportunity to opt out of the Settlement, an opportunity to submit timely objections to the Settlement, and setting a final approval hearing on the fairness of the terms of Settlement, including approval of attorneys’ fees and costs. Provided that the motion is consistent with the terms herein, Defendant will not object to Plaintiff’s motion for preliminary approval but will be provided with an opportunity to review and comment upon the motion before it is filed.

29. “Prior Payment(s)” refers to the amount paid by Defendant to Class Members as

part of a *Pick-Up Stix* campaign and through which Defendant obtained settlement agreements and releases from certain Class Members relating to claims alleged in this Action.

30. “QSF” means the Qualified Settlement Fund set up by the Settlement Administrator for the benefit of the Participating Class Members and Aggrieved Employees, and from which the settlement payments shall be made.

31. “Released Class Claims” or “Class Claims” by the Participating Class Members upon Final Approval of the Settlement will include all claims stated in the Complaint and those based solely upon the facts in the Complaint, including: (1) failure to pay minimum wages, (2) failure to pay overtime wages, (3) failure to pay vested vacation, (4) failure to provide meal periods, (5) failure to provide rest breaks, (6) failure to timely pay final wages, (7) failure to provide accurate itemized wage statements, and (8) unfair and unlawful competition. The time period governing the Released Class Claims shall be the Class Period.

32. “Released PAGA Claims” means any and all PAGA claims that Plaintiff alleged against the Released Parties on behalf of himself and the State of California and LWDA, based on the facts stated in the relevant LWDA notice letters and only to the extent that they are alleged in the Complaint, including all PAGA claims seeking civil penalties premised upon: (1) failure to pay minimum wages, (2) failure to pay overtime wages, (3) failure to pay vested vacation, (4) failure to provide meal periods, (5) failure to provide rest breaks, (6) failure to timely pay wages each period, (7) failure to timely pay wages upon separation of employment, (8) failure to provide accurate itemized wage statements, and (9) all other claims for civil penalties recoverable under the Private Attorneys General Act, Labor Code §§ 2698 et seq. based on the facts or claims alleged in the LWDA notice letters and Complaint. The time period governing the Released PAGA Claims shall be any time during the PAGA Period.

33. “Released Parties” means Defendant, together with its officers, directors, employees, and agents.

34. “Release” shall mean the release and discharge of the Released Class Claims by Plaintiff and all Participating Class Members and their assignees.

35. “Response Deadline” is 45 calendar days from the date the Notice is mailed to the

Class Members.

36. “Request for Exclusion” shall have the meaning ascribed to it in Paragraph 71(a) below.

37. “Settlement Amount” is \$295,000, subject to the Escalator Clause, a credit for \$44,420 for Prior Payments made, and exclusive of Defendant’s obligation to fund its share of payroll taxes, as further discussed in Paragraph 49(c) below.

38. “Service Payment” or “Service Award” means the amount approved by the Court to be paid to Class Representative Dustin Reischman in addition to his Individual Class Payment as a Participating Class Member and Individual PAGA payment as an Aggrieved Employee.

39. “Settlement Administrator” means and refers to Phoenix Settlement Administrators, the third-party class action settlement administrator agreed to by the Parties, that will provide the Notice Packet to the Class Members and distribute the settlement amounts as described in this Agreement.

40. “Settlement Administration Costs” means the costs payable from the Settlement Amount to the Settlement Administrator for administering this Settlement, including, but not limited to, printing, distributing, and tracking documents for this Settlement, tax reporting, and deposit of the employee and employer share of payroll taxes, unclaimed property due diligence, reporting and remittance obligations, distributing the Settlement Amount, and providing necessary reports and declarations, as requested by the Parties. The Settlement Administration Costs shall be paid from the Settlement Amount, and shall not exceed the amount approved by the Court, regardless of any additional costs that the Settlement Administrator may request or feel is necessary to administer the Settlement.

41. “Work Weeks” or “Weeks Worked” in the context of a Class Members means any and all work weeks during the Class Period during which the Class Member worked at least one day for Defendant in California. Likewise, in the context of Aggrieved Employees, it means any and all weeks worked during the PAGA Period during which the Aggrieved Employee worked at least one day for Defendant in California.

1 **B. General Terms**

2 42. On April 13, 2023, Plaintiff filed the instant class action, alleging that Defendant
3 violated various sections of the Labor Code. On the same day, Plaintiff gave written notice by
4 online filing to the Labor and Workforce Development Agency ("LWDA") and by certified mail
5 to Defendant of the specific provisions of the Labor Code alleged to have been violated,
6 including the facts and theories to support the alleged violations. Then, on about June 28, 2023,
7 Plaintiff filed a First Amended Complaint adding causes of action under PAGA. Defendant filed
8 its Answer to the First Amended Complaint on August 15, 2023. Then, on about XX, the Parties
9 stipulated to allow Plaintiff to file the operative second amended complaint to add a claim for
10 failure to pay vested vacation under Labor Code § 227.3 (a claim which Plaintiff discovered as
11 part of the pre-mediation investigation).

12 43. Defendant denies Plaintiff's claims and allegations, and contends that the Action
13 is not suitable for class certification.

14 44. The Class Representative believes he can proceed with the representative and
15 class claims, that the Action is meritorious, and that class certification is appropriate.

16 45. The Parties have conducted a thorough investigation into the facts of the Action.
17 This includes conducting initial formal discovery and a draft Belaire Notice, as well as an
18 extensive exchange of informal discovery, including a sampling of payroll and timekeeping
19 records for Class Members. Class Counsel is both knowledgeable about and has done extensive
20 research with respect to the applicable law and potential defenses to the claims of the Class.
21 Class Counsel has diligently pursued an investigation of the Class Members' claims against
22 Defendant. Based on the foregoing data and on their own independent investigation and
23 evaluation, Class Counsel is of the opinion that the settlement with Defendant for the
24 consideration and on the terms set forth in this Settlement Agreement is fair, reasonable, and
25 adequate and is in the best interest of the Class Members in light of all known facts and
26 circumstances, including the risk of significant delay and uncertainty associated with litigation,
27 various defenses asserted by Defendant, and numerous potential appellate issues.

28 46. On April 3, 2024, Plaintiff and Defendant participated in a full-day mediation

1 with Todd Smith, a well-respected wage-and-hour mediator. At the conclusion of mediation and
2 extensive arms-length negotiations, the Parties ultimately accepted a mediator's proposal and
3 entered into this Settlement.

4 47. The Parties agree that neither the Parties' Settlement, this Agreement, nor the acts
5 to be performed or judgment to be entered pursuant to the terms of the Settlement and
6 Agreement, shall be construed as an admission by Defendant of any wrongdoing or violation of
7 any statute or law or liability on the claims or allegations in the Action.

8 48. Stipulation for Class Certification. For settlement purposes only, Defendant will
9 stipulate that the Class Members described herein who do not Request Exclusion from the Class
10 may be conditionally certified as a Class. This stipulation to certification is in no way an
11 admission that class action certification is proper and shall not be admissible in this action except
12 for the sole purposes of enforcing this Agreement. Should, for whatever reason, the Court fail to
13 issue Final Approval, the Parties' stipulation to class certification as part of the Settlement shall
14 become null and void ab initio and shall have no bearing on, and shall not be admissible in this
15 Action in connection with, the issue of whether certification would be appropriate in a non-
16 settlement context. Defendant expressly reserve its rights and declare that it would continue to
17 oppose class certification and the substantive merits of the case should the Court fail to issue
18 Final Approval. Plaintiff expressly reserves his rights and declares that he will continue to
19 pursue class certification and a trial should the Court fail to issue Final Approval.

20 **C. Terms of Settlement**

21 49. The financial terms of the Settlement are as follows:

22 (a) Settlement Amount: The Parties agree to settle this Action for the
23 Settlement Amount, which is the maximum amount that will be paid by Defendant (except for
24 the employer's share of payroll taxes). Defendant shall receive a credit of \$44,420 toward the
25 Settlement Amount for Prior Payments made to the Class Members. The Settlement Amount
26 includes payments to the Participating Class Members, PAGA Penalties (to the Aggrieved
27 Employees and LWDA), Attorneys' Fees and Costs Award, the Service Payment to the Class
28 Representative, and Settlement Administration Costs. Defendant shall separately pay the

1 employer's share of its payroll tax obligations, which shall be reported through the Settlement
2 Administrator.

3 (b) Net Settlement Amount: The "Net Settlement Amount" is defined as the
4 Settlement Amount, less the Prior Payment, the Attorneys' Fees and Costs Award, the Service
5 Payment to the Class Representative as awarded by the Court, the Settlement Administration
6 Costs, and PAGA Penalties. If the Court reduces the Attorneys' Fees and Costs Award, Service
7 Award, or Settlement Administrator Costs, or either increases or decreases the amount allocated
8 to the PAGA Penalties, the difference shall be placed in the Net Settlement Amount and
9 allocated to the Participating Class Members.

10 (c) Individual Class Payments for the Class will be calculated and apportioned
11 from the Net Settlement Amount based on the number of Weeks Worked by a Class Member
12 during the Class Period. And the Individual Class Payment will then be reduced by any Prior
13 Payment received by the Class Member (but in no instance shall the offset from the Prior
14 Payment cause an Individual Class Payment to drop below \$50.00). Thus, each specific
15 Individual Class Payment will be calculated by: (a) dividing the Net Settlement Amount by the
16 total number of Weeks Worked by all Participating Class Members during the Class Period, (b)
17 multiplying the result by each Participating Class Members' Weeks Worked, and (c) if
18 applicable, reducing the Individual Class Payment by any Prior Payment received by the Class
19 Member. The entire Net Settlement Amount will be disbursed to all Participating Class
20 Members. If there are any valid and timely Requests for Exclusion, the Settlement Administrator
21 shall proportionally increase the Individual Class Payment for each Participating Class Member
22 according to the number of Weeks Worked, so that the amount actually distributed to
23 Participating Class Members equals one hundred percent (100%) of the Net Settlement Amount.

24 (d) Allocation of Individual Class Payments: The Individual Class Payments
25 to Participating Class Members will be allocated as follows: one-third (33.33%) will be
26 allocated as wages subject to withholding of all applicable local, state and federal taxes; and two-
27 thirds (66.67%) will be allocated for interest and statutory penalties (pursuant to, e.g., California
28 Labor Code sections 203, 210, 226) from which no taxes will be withheld. The Settlement

1 Administrator will issue to each Participating Class Member an Internal Revenue Service Form
2 W-2 and comparable state forms with respect to the wage allocation and a Form 1099 with
3 respect to the penalties and interest allocations.

4 (e) Service Payment to Class Representative: The amount, if any, awarded to
5 the Class Representative as a Service Payment will be set by the Court in its discretion, not to
6 exceed \$10,000, in exchange for the service that Plaintiff performed on behalf of the Class.
7 Defendant agrees not to oppose this request. The Service Payment to Plaintiff will be paid out of
8 the Settlement Amount. The Class Representatives will be issued an IRS Form 1099 in
9 connection with this payment. Plaintiff shall be solely and legally responsible to pay any and all
10 applicable taxes on this payment. The Parties agree that any amount awarded as the Service
11 Payment to Plaintiff less than the requested amount shall not be a basis for Class Counsel to void
12 this Settlement Agreement. Should the Court approve a lesser amount for the Service Payment,
13 the difference shall be added to the Net Settlement Amount to be distributed to the Participating
14 Class Members.

15 (f) Attorneys' Fees and Costs Award: Defendant agrees to not oppose a
16 request by Class Counsel to the Court for an award of attorneys' fees of one-third of the
17 Settlement Amount, plus reasonable litigation costs not to exceed \$25,000 ("Attorney's Fees and
18 Cost Award"). Defendant agrees not to oppose any contention by Class Counsel that attorneys'
19 fees should be based on the common fund theory. The Attorney's Fee and Cost Award shall be
20 paid from the Settlement Amount, and, except for this award, Defendant shall have no further
21 obligation to pay any attorneys' fees, costs or expenses to Class Counsel. Should the Court
22 approve a lesser amount than what is sought by Class Counsel, the difference shall be added to
23 the Net Settlement Amount to be distributed to the Participating Class Members. Any Court
24 order awarding less than the amount sought by Class Counsel shall not be grounds to rescind the
25 Settlement Agreement or otherwise void the Settlement. The Settlement Administrator shall
26 issue to Class Counsel an IRS Form 1099 reflecting the amount of attorneys' fees and costs
27 awarded by the Court.

28 (g) Settlement Administration Costs: The fees and other charges of the

Settlement Administrator will be paid from the Settlement Amount, not to exceed \$6,500, unless (1) the Escalator Clause is triggered (whereby any reasonable increase in Settlement Administration Costs shall be paid from the increased Settlement Amount, subject to Court approval), or (2) as otherwise approved by all Parties and the Court.

(h) PAGA Penalties: The Parties agree that \$25,000 is allocated to PAGA Penalties, and is to be paid from the Settlement Amount, subject to Court approval. Of this amount, \$18,750 (75%) shall be paid to the LWDA in satisfaction of civil penalties under the Private Attorney General Act of 2004 (“PAGA”) and \$6,250 (25%) will form the Individual PAGA Payments to the Aggrieved Employees, which shall be calculated and allocated pro-rata on a Work Week basis, which will be treated entirely as civil penalties and shall be reported as required on an IRS Form 1099. Class Counsel shall give proper notice to the LWDA of the Settlement.

(i) Tax Liability: Class Counsel and Defendant make no representations as to the tax treatment or legal effect of settlement amounts called for hereunder, and Plaintiff and the Class Members are not relying on any statement or representation by Class Counsel or Defendant in this regard. Plaintiff, Participating Class Members, and Aggrieved Employees understand and agree that they will be solely responsible for the payment of any taxes and penalties assessed on their respective Individual Class Payments and Individual PAGA Payments, described herein. Forms 1099 will be distributed in the manner required by the Internal Revenue Code of 1986 (the “Code”) and consistent with this Agreement. If the Code, the regulations promulgated thereunder, or other applicable tax law, is changed after the date of this Agreement, the processes set forth in this Section may be modified in a manner to bring Defendant into compliance with any such changes. Plaintiff, Participating Class Members, and Aggrieved Employees understand and agree that they will be solely responsible for the payment of any taxes and penalties assessed on their respective payments described herein.

(j) CIRCULAR 230 DISCLAIMER. EACH PARTY TO THIS AGREEMENT (FOR PURPOSES OF THIS SECTION, THE “ACKNOWLEDGING PARTY” AND EACH PARTY TO THIS AGREEMENT OTHER THAN THE ACKNOWLEDGING

PARTY, AN “OTHER PARTY”) ACKNOWLEDGES AND AGREES THAT (1) NO PROVISION OF THIS AGREEMENT, AND NO WRITTEN COMMUNICATION OR DISCLOSURE BETWEEN OR AMONG THE PARTIES OR THEIR ATTORNEYS AND OTHER ADVISERS, IS OR WAS INTENDED TO BE, NOR SHALL ANY SUCH COMMUNICATION OR DISCLOSURE CONSTITUTE OR BE CONSTRUED OR BE RELIED UPON AS, TAX ADVICE WITHIN THE MEANING OF UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS, HER OR ITS OWN, INDEPENDENT LEGAL AND TAX COUNSEL FOR ADVICE (INCLUDING TAX ADVICE) IN CONNECTION WITH THIS AGREEMENT, (B) HAS NOT ENTERED INTO THIS AGREEMENT BASED UPON THE RECOMMENDATION OF ANY OTHER PARTY OR ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY, AND (C) IS NOT ENTITLED TO RELY UPON ANY COMMUNICATION OR DISCLOSURE BY ANY ATTORNEY OR ADVISOR TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISOR TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY’S OR ADVISOR’S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT.

(k) “Non-Reversionary” Settlement. This is a “non-reversionary” settlement. Under no circumstances will any portion of the Settlement Amount revert to Defendant. Participating Class Members and Aggrieved Employees will not have to make a claim to receive an Individual Class Payment or Individual PAGA Payment. Distributions, in the form of Individual Class Payment or Individual PAGA Payments will be made directly to each Participating Class Member and Aggrieved Employee. The Settlement Administrator shall be responsible for accurately and timely reporting and remittance obligations with respect to

unclaimed funds as a result of a Participating Class Member and/or Aggrieved Employee not cashing any checks delivered pursuant to the Settlement by the check cashing deadline, as set forth herein.

(l) Class Counsel and Plaintiff believe that the Settlement is fair and reasonable and will so represent same to the Court.

D. Release by the Participating Class Members

50. Upon entry of the Final Approval Order and Defendant's funding of the Settlement Amount, and except as to such rights or claims as may be created by this Agreement, Plaintiff and the Participating Class Members will forever completely release and discharge the Released Parties from the Released Class Claims for the Class Period.

51. Each Participating Class Member will be deemed to have made the foregoing Release as if by manually signing it.

52. Class Representative, on behalf of himself and the Class, acknowledges and agrees that the claims for unpaid wages and untimely payment of wages in the Action are disputed, and that the payments set forth herein constitute payment of all sums allegedly due to them. Class Representative, on behalf of himself and the Class, acknowledges and agrees that California Labor Code Section 206.5 is not applicable to the Parties or Settlement. Labor Code § 206.5 provides in pertinent part as follows: "An employer shall not require the execution of any release of any claim or right on account of wages due, or to become due, or made as an advance on wages to be earned, unless payment of those wages has been made."

E. Release of PAGA Claims

53. Upon entry of the Final Approval Order and Defendant's funding of the Settlement Amount, Plaintiff – in his individual capacity and on behalf of the State of California and LWDA – shall completely release and discharge the Released Parties from the Released PAGA Claims for the PAGA Period.

54. Regardless of submitting a valid Request for Exclusion, neither Plaintiff nor any Aggrieved Employee shall have the right to opt-out or otherwise exclude themselves from releasing the Released PAGA Claims.

1 55. It is the intent of the Parties that the Final Approval Order shall have full
2 equitable and collateral estoppel and res judicata effect to the fullest extent permitted by law.

3 **F. Mutual General Release by Plaintiff and Defendant**

4 56. Class Representative does hereby, for himself and his spouses, heirs, successors,
5 beneficiaries, devisees, legatees, executors, administrators, trustees, conservators, guardians,
6 personal representatives, and assigns forever and completely release and discharge the Released
7 Parties from any and all charges, complaints, claims, liabilities, obligations, promises,
8 agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs,
9 losses, debts, and expenses (including back wages, statutory penalties, civil penalties, liquidated
10 damages, exemplary damages, interest, attorneys' fees, and costs) of any nature whatsoever,
11 from the beginning of time through the execution of this Stipulation, whether known or
12 unknown, suspected or unsuspected, including but not limited to all claims arising out of, based
13 upon, or relating to Class Representative's employment with Defendant or the remuneration for
14 or termination of such employment (the "Class Representative's Claims").

15 57. Without limiting the generality of the foregoing, this general release by Plaintiff
16 includes all federal, state and local statutory claims, federal and state common law claims
17 (including but not limited to those for contract, tort and equity), including without limitation any
18 claims for breach of any implied or express contract or covenant; claims for promissory estoppel;
19 claims of entitlement to any pay; claims of wrongful denial of insurance and employee benefits
20 (except workers' compensation benefits); claims for failure to hire, public policy violations,
21 defamation, invasion of privacy, fraud, misrepresentation, emotional distress, assault/battery, or
22 other common law or tort matters; claims of harassment, retaliation or discrimination based on
23 age, race, color, religion, sex, national origin, ancestry, physical or mental disability, protected
24 activity, medical condition, marital status, sexual preference, union activity, or veteran status;
25 claims under the Americans with Disabilities Act, Age Discrimination in Employment Act, Title
26 VII of the Civil Rights Act of 1964 (as amended), the Civil Rights Act of 1991; 42 USC sec.
27 1981, 42 USC sec. 1983, the Older Workers Benefit Protection Act, the Family and Medical
28 Leave Act; claims for unfair competition; claims based on legal restrictions on Defendant's right

1 to terminate, not to hire or promote employees, or to change an employee's compensation; and
2 claims based on any federal, state or other governmental statute, regulation or ordinance, all
3 statutory, constitutional, contractual or common law claims for wages, damages, unpaid costs or
4 expenses, penalties, liquidated damages, punitive damages, interest, attorneys' fees, litigation
5 costs, restitution, or equitable relief, or any other claims arising under the Fair Labor Standards
6 Act, the Employment Retirement Security Income Act of 1974, the California Constitution, the
7 California Fair Employment and Housing Act, the California Unfair Competition Act (California
8 Business and Professions Code section 17200 et seq.), the California Labor Code, or Industrial
9 Welfare Commission Wage Orders, or arising out of or based upon the following categories of
10 allegations regardless of the forum in which they may be brought, to the fullest extent such
11 claims are releasable by law: (i) all claims for unpaid overtime; (ii) all claims for unpaid wages;
12 (iii) all claims for meal break violations; (iv) all claims for rest period violations; (v) all claims
13 for paid sick leave violations; (vi) all claims for the failure to timely pay wages upon
14 termination; (vii) all claims for the failure to timely pay wages during employment; (viii) all
15 claims for wage statement violations; (ix) all claims for reporting time pay; and (x) all other
16 penalties recoverable for such claims under PAGA.

17 58. Plaintiff agrees that there is a risk that any injury that he may have suffered by
18 reason of the Released Parties' relationship with them might not now be known, and there is a
19 further risk that said injuries, whether known or unknown at the date of this Settlement
20 Agreement, might possibly become progressively worse, and that as a result thereof further
21 damages may be sustained. Nevertheless, Plaintiff agrees to forever and fully release and
22 discharge the Released Parties, and understands that by the execution of this Settlement
23 Agreement no further claims for any such injuries that existed at the time of the execution of this
24 Settlement Agreement may ever be asserted by Plaintiff with respect to claims arising in the time
25 period from the beginning of time to the execution of this Settlement Agreement.

26 59. In consideration for Plaintiff's general release, Defendant shall also grant a full
27 and general release of all claims it may have against Plaintiff.

28 60. Plaintiff and Defendant both expressly waive and relinquish all rights and benefits

1 afforded by Section 1542 of the Civil Code of the State of California and do so understanding
2 and acknowledging the significance of the waiver of Section 1542. Section 1542 of the Civil
3 Code of the State of California states:

4 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS
5 THAT THE CREDITOR OR RELEASING PARTY DOES NOT
6 KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT
7 THE TIME OF EXECUTING THE RELEASE AND THAT, IF
8 KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY
9 AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR
10 OR RELEASED PARTY.

9 Notwithstanding the provisions of Section 1542, and for the purpose of implementing a
10 full and complete release and discharge of all parties, Plaintiff and Defendant expressly
11 acknowledge that this Settlement Agreement is intended to include in its effect, without
12 limitation, all claims that Plaintiff and Defendant knew of, as well as all claims that they does not
13 know or suspect to exist in their favor against each other for the time period from the beginning
14 of time to the execution of this Settlement Agreement, and that this Settlement Agreement
15 contemplates the extinguishment of any such claims by Plaintiff and Defendant. Notwithstanding
16 the above, the general release by Plaintiff and Defendant shall not extend to claims for workers'
17 compensation benefits, claims for unemployment benefits, or other claims that may not be
18 released by law.

19 **G. Interim Stay of Proceedings**

20 61. Pending completion of all prerequisites necessary to effectuate this Settlement,
21 the Parties agree, subject to Court approval, to a stay of all proceedings in the Action except such
22 as are necessary to effectuate the Settlement.

23 **H. Notice Process**

24 62. Appointment of Settlement Administrator. The Parties have agreed to the
25 appointment of the Settlement Administrator to perform the duties of a settlement administrator,
26 including mailing the Notice Packet, using standard devices to obtain forwarding addresses,
27 independently reviewing and verifying documentation associated with any claims or opt-out
28 requests, resolving any disputes regarding the calculation or application of the formula for

determining the Individual Settlement Amounts, drafting and mailing the settlement checks to Participating Class Members and Aggrieved Employees, issuing all necessary tax forms, and performing such other tasks as set forth herein or as the Parties mutually agree or that the Court orders.

63. Disputes Regarding Settlement Administration. Any and all disputes relating to administration of the Settlement by the Settlement Administrator (except for disputes regarding Class Data) shall be referred to the Court, if necessary, which will have continuing jurisdiction over the terms and conditions of this Agreement, until Plaintiff and Defendant notify the Court that all payments and obligations contemplated by this Agreement have been fully carried out. Prior to presenting any issue to the Court, counsel for the Parties will confer in good faith to resolve the dispute without the necessity of Court intervention. The Settlement Administrator shall also be responsible for issuing to Plaintiff, Participating Class Members, and Aggrieved Employees, and Class Counsel any Tax Forms as may be required by law for all amounts paid pursuant to this Agreement.

64. Class Data. Within fourteen (14) days after entry of the Preliminary Approval Order, Defendant shall provide the Class Data to the Settlement Administrator. The Settlement Administrator will run a check of the Class Members' addresses against those on file with the U.S. Postal Service's National Change of Address List. The Class Data provided to the Settlement Administrator will remain confidential and will not be used or disclosed to anyone, except as required by applicable tax authorities, pursuant to Defendant's express written consent, or by order of the Court. Although Class Counsel will not be provided with the list of Class Data, nothing herein shall prevent Class Counsel from communicating with Class Members regarding the Action and Settlement.

65. Total Workweeks. At least 5 days prior to mailing the Notice Packet, the Settlement Administrator shall provide a spreadsheet to Class Counsel and Defense Counsel containing a preliminary calculation of all payments to be paid from the Settlement Amount, including the estimated Individual Class Payments to each Class Member and Individual PAGA Payments to each Aggrieved Employee (a person's name shall be redacted and a control number

used in place of the name). In the event that the total Workweeks worked by all Class Members triggers the Escalator Clause, the Settlement Administrator shall notify the Parties of the increased Settlement Amount, and related increased payments from the Settlement Amount, including increased Attorneys' Fees and Costs and any increased Settlement Administration Costs, all of which shall be subject to Court approval, and shall update Notice accordingly.

66. Notice Packet. The Notice Packet, as approved by the Court, shall be sent by the Settlement Administrator to the Class Members, by first class mail, in English and Spanish, within ten (10) calendar days following the Settlement Administrator's receipt of the Class Data. For all Class Members, the Notice Packet will include the Notice, a Request for Exclusion Form, an Objection Form, and a Dispute Form. The Settlement Administrator shall use standard devices, including a skip trace, to obtain forwarding addresses of Class Members if any envelopes are returned.

67. Returned Notice Packets. The Settlement Administrator will take steps to ensure that the Notice Packet is received by all Class Members, including utilization of the National Change of Address Database maintained by the United States Postal Service to review the accuracy of and, if possible, update a mailing address. Notices will be re-mailed to any Class Member for whom an updated address is located within ten (10) calendar days following both the Settlement Administrator learning of the failed mailing and its receipt of the updated address. The Notice Packet shall be identical to the original Notice Packet, except that it shall notify the Class Member that the exclusion (opt-out) request or objection must be returned by the later of the Response Deadline or fifteen (15) days after the remailing of the Notice Packet.

68. Presumption Regarding Receipt of Notice Packet. It will be conclusively presumed that if an envelope has not been returned to Settlement Administrator by the Response Deadline that the Class Member received the Notice Packet.

69. Disputes Regarding Class Data. Class Members are deemed to participate in the Settlement unless they opt-out, and Aggrieved Employees may not opt out of the Released PAGA Claims. The Notice will inform Class Members of his/her estimated Individual Class Payment and Individual PAGA Payment, as well as the number of Weeks Worked during the

1 Class Period and the PAGA Period. Class Members may dispute their Weeks Worked by timely
2 submitting evidence to the Settlement Administrator. Defendant's records will be presumed
3 determinative absent reliable evidence to rebut Defendant's records, but the Settlement
4 Administrator will evaluate the evidence submitted by the Class Member and provide the
5 evidence submitted to Class Counsel and Defense Counsel who agree to meet and confer in good
6 faith about the evidence to determine the Class Member's actual number of Work Weeks, and
7 estimated Individual Class and PAGA Payments. If Class Counsel and Defense Counsel are
8 unable to agree, they agree to submit the dispute to the Court to render a final decision. Class
9 Members and Aggrieved Employees will have until the Response Deadline to dispute Weeks
10 Worked, object or opt out, unless extended by the Court.

11 70. Declaration of Due Diligence. The Settlement Administrator shall provide
12 counsel for the Parties, at least five (5) days after the initial Response Deadline, a declaration of
13 due diligence and proof of mailing with regard to the mailing of the Notice Packet.

14 71. Class Members' Rights. Each Class Member will be fully advised of the
15 Settlement, the ability to object to the settlement, and the ability to opt-out or request exclusion
16 from the Class Claims portion of the Settlement. The Notice Packet will inform the Class
17 Members of the Court-established deadlines for filing objections or requesting exclusion from
18 the Settlement in accordance with the following guidelines:

19 (a) Requests for Exclusion from Class. Any Class Member, other than
20 Plaintiff, may request to be excluded from the Class by completing the Request for Exclusion
21 Form provided within the Notice Packet. The Request for Exclusion Form must be mailed to the
22 Settlement Administrator and postmarked on or before the Response Deadline in order to be
23 timely, unless the Parties otherwise agree in writing. Any such Request must be made in
24 accordance with the terms set forth in the Notice Packet. The Settlement Administrator shall
25 attach each Request for Exclusion to its declaration of due diligence and file with the Court prior
26 to the Final Approval Hearing. Any Class Member who timely requests exclusion in compliance
27 with these requirements: (i) will not have any rights under this Agreement, including the right to
28 object, appeal or comment on the Settlement; (ii) will not be entitled to receive any payments

1 under this Agreement; and (iii) will not be bound by this Agreement, or the Judgment. Any
2 Class Member who is an Aggrieved Employee who requests timely exclusion will still be subject
3 to the Released PAGA Claims to the fullest extent permitted by law and receive an Individual
4 PAGA Payment. All Parties and their counsel, including Defendant and their agents and
5 employees, shall not encourage or solicit opt-outs or objections, directly or indirectly, through
6 any means.

7 (b) Binding Effect on Participating Class Members. All Participating Class
8 Members will: (i) be bound by the terms and conditions of this Agreement, the Judgment, and
9 the releases set forth herein; and (ii) except as otherwise provided herein, will be deemed to have
10 waived all objections and oppositions to the fairness, reasonableness, and adequacy of the
11 Settlement.

12 (c) Objections to Settlement. Any Class Member, other than Plaintiff, who
13 does not submit a valid and timely Request for Exclusion may object to the terms of this
14 Agreement by completing the Objection Form provided within the Notice Packet. Any Class
15 Member that intends to object must mail the Objection Form to the Settlement Administrator.
16 The Objection Form must be postmarked on or before the Response Deadline in order to be
17 timely, unless the Parties otherwise agree in writing. Additionally, any objection must be made
18 in accordance with the terms set forth in the Notice Packet. The Settlement Administrator shall
19 provide any objections to Class Counsel and Defense Counsel within three (3) days of receipt,
20 and the Settlement Administrator shall attach the same to its declaration of due diligence and file
21 with the Court prior to the Final Approval Hearing. Any Participating Class Member who files
22 an objection remains eligible to receive monetary compensation from the Settlement. Plaintiff
23 and Defendant shall not be responsible for any fees, costs, or expenses incurred by any Class
24 Member and/or his or her counsel related to any objections to the Settlement. Submitting an
25 objection does not preserve the right to appeal a final judgment. Rather, the right to appeal is
26 preserved by becoming a party of record by timely and properly intervening or filing a motion to
27 vacate the judgment under Code of Civil Procedure § 663.

28 (d) Failure to Object. Any Class Member who does not timely and properly

become a party of record by intervening or filing a motion to vacate the judgment waives any and all rights to appeal from the Judgment, including all rights to any post-judgment proceeding and appellate proceeding, such as a motion to vacate judgment, motion for new trial, a motion under California Code of Civil Procedure § 473, and extraordinary writs.

(e) Responses to Objections. Counsel for the Parties may file a response to any objections submitted by Objecting Class Members at least five (5) court days before the date of the Final Approval Hearing.

(f) Class Members will have until the Response Deadline to object or submit a Request for Exclusion to the Settlement Administrator by U.S. Mail. The Settlement Administrator shall disclose jointly to Class Counsel and Defense Counsel what objections or Requests for Exclusion were timely submitted on a weekly basis, and upon the request of Class Counsel or Defense Counsel.

72. Funding of the Settlement Amount. Defendant shall deposit the Settlement Amount, plus Defendant's share of payroll taxes, but less the credit of \$44,420 for Prior Payments, with the Settlement Administrator within fifteen (15) days after the Effective Date.

73. Distribution of Funds. No later than ten (10) calendar days after the deposit of the Settlement Amount by Defendant, the Settlement Administrator shall mail the Individual Class Payments to the Participating Class Members, the Individual PAGA Payments to the Aggrieved Employees, the payment to Class Counsel for the Attorneys' Fees and Costs Award, any Service Payment to the Class Representative, the payment to the LWDA for PAGA Penalties, mail to the Aggrieved Employees their portion of the PAGA Penalties, and will pay itself the Settlement Administration Costs.

74. Deadline for Cashing Settlement Checks. Participating Class Members and Aggrieved Employees shall have 180 calendar days after mailing by the Settlement Administrator to cash their settlement checks. The release will be binding upon all Participating Class Members who do not cash their checks within the 180-day period. In the event that any settlement check is returned to the Settlement Administrator within 180 days of mailing, the Settlement Administrator will, within five (5) business days of receipt of the returned settlement

check, perform a skip trace to locate the individual, and notify Defense Counsel and Class Counsel of the results. If a new address is located by these means, the Administrator will have ten (10) business days to re-issue the check. Neither Defendant, Defense Counsel, Class Counsel, Plaintiff, nor the Settlement Administrator will have any liability for lost or stolen settlement checks, forged signatures on settlement checks, or unauthorized negotiation of settlement checks. Without limiting the foregoing, in the event a Participating Class Member and/or Aggrieved Employee notifies the Settlement Administrator that he or she believes that a settlement check has been lost or stolen, the Settlement Administrator shall immediately stop payment on such check. If the check in question has not been negotiated prior to the stop payment order, the Settlement Administrator will issue a replacement check.

a. If any Participating Class Member's check is not cashed within the time periods noted above, the check will be void and a stop-payment will be issued, and the Settlement Administrator shall issue the unclaimed funds to the California State Controller's Office in the name of the Class Member.

b. If any Aggrieved Employee's check is not cashed within the time periods noted above, the check will be void and a stop-payment will be issued, and the Settlement Administrator shall issue the unclaimed funds to the California State Controller's Office in the name of the Aggrieved Employee.

I. Duties of the Parties Prior to the Court's Approval

75. Promptly after execution of this Agreement, Plaintiff will move the Court for Preliminary Approval of this Settlement and entry of the Preliminary Approval Order accomplishing the following:

(a) Scheduling the Final Approval Hearing on the issue of whether this Settlement should be finally approved as fair, reasonable and adequate as to the Class Members and a hearing on fees, costs and the Service Payments;

(b) Approving as to form and content the proposed Notice Packet;

(c) Directing the mailing of the Notice Packet by first class mail to the Class Members;

- (d) Preliminarily approving this Settlement;
- (e) Preliminarily certifying the class for purposes of this Settlement; and
- (f) Advising the LWDA of the proposed Settlement.

J. Duties of the Parties Following Court's Final Approval

76. In connection with the Final Approval Hearing provided for in this Agreement, Class Counsel shall submit a proposed Final Approval Order:

- (a) Approving the Settlement, adjudging the terms thereof to be fair, reasonable and adequate, and directing consummation of its terms and provisions;
- (b) Approving Class Counsel's application for an award of attorneys' fees and reimbursement of litigation costs and expenses, the Service Payment to the Class Representative, and the payment to the Settlement Administrator for costs of administering the settlement; and
- (c) Entering judgment approving settlement.

K. Voiding the Agreement

77. If the Court fails or refuses to issue the Final Approval Order or fails to approve any material condition of this Agreement which effects a fundamental change of the Settlement, the entire Agreement shall be rendered voidable and unenforceable as to all Parties herein at the option of either Party.

78. If the Settlement is voided or fails for any reason, Plaintiff and Defendant will have no further obligations under the Settlement, including any obligation by Defendant to pay the Settlement Amount, or any amounts that otherwise would have been owed under this Settlement.

79. If the Settlement is voided or fails for any reason, any costs incurred by the Settlement Administrator shall be borne equally by Defendant and Plaintiff, unless otherwise specified in this Agreement.

L. Other Terms

80. Waiver. The waiver by one Party of any breach of this Agreement by another Party shall not be deemed a waiver of any other prior or subsequent breach of this Agreement.

1 81. Parties' Authority. The signatories hereto represent that they are fully authorized
2 to enter into this Agreement and bind the Parties hereto to the terms and conditions hereof.

3 82. Mutual Full Cooperation. The Parties agree to fully cooperate with each other to
4 accomplish the terms of this Agreement, including but not limited to, execution of such
5 documents and to take such other action as may reasonably be necessary to implement the terms
6 of this Agreement. The Parties to this Agreement shall use their best efforts, including all efforts
7 contemplated by this Agreement and any other efforts that may become necessary by order of the
8 Court, or otherwise, to effectuate this Agreement and the terms set forth herein. As soon as
9 practicable after execution of this Agreement, Class Counsel shall, with the assistance and
10 cooperation of Defendant and Defense Counsel, take all necessary steps to secure the Court's
11 preliminary and final approval of the settlement, and the final entry of judgment.

12 83. No Prior Assignments. The Parties hereto represent, covenant, and warrant that
13 they have not, directly or indirectly, assigned, transferred, encumbered, or purported to assign,
14 transfer, or encumber to any person or entity any portion of any liability, claim, demand, action,
15 cause of action or rights released and discharged by this Agreement.

16 84. No Admission. Defendant denies any and all liability to Plaintiff and/or any Class
17 Member and/or Aggrieved Employee in this Action, as to any and all causes of action that were
18 asserted or that might have been asserted in this Action. Nonetheless, Defendant wishes to settle
19 and compromise the matters at issue in the Complaint to avoid further substantial expense and
20 the inconvenience and distraction of protracted and burdensome litigation. Defendant has taken
21 into account the uncertainty and risks inherent in litigation, and without conceding any infirmity
22 in the defenses that they have asserted or could assert against Plaintiff, have determined that it is
23 desirable and beneficial that Plaintiff's claims be settled in the manner and upon the terms and
24 conditions set forth in this Agreement.

25 85. Inadmissibility of Agreement. Whether or not the Court issues the Final Approval
26 Order, nothing contained herein, nor the consummation of this Agreement, is to be construed or
27 deemed an admission of liability, culpability, negligence, or wrongdoing on the part of
28 Defendant or any of the other Released Parties. Each of the Parties hereto has entered into this

1 Agreement with the intention of avoiding further disputes and litigation with the attendant
2 inconvenience and expenses. This Agreement is a settlement document, and it, along with all
3 related documents such as the notices, and motions for preliminary and final approval, shall,
4 pursuant to California Evidence Code § 1152 and/or Federal Rule of Evidence 408, be
5 inadmissible in evidence in any proceeding, except an action or proceeding to approve the
6 settlement, and/or interpret or enforce this Agreement. The stipulation for class certification as
7 part of this Agreement is for settlement purposes only and if, for any reason the settlement is not
8 approved, the stipulation will be of no force or effect.

9 86. No Publicity. The Parties will not publicize the Settlement or disclose it to third
10 parties prior to the Court granting Preliminary Approval, except as required or necessary to
11 effectuate its terms and comply with law. After the Final Approval Date, Class Counsel and
12 Class Representatives agree that they will not discuss the Settlement with the media, any
13 settlement and verdict reporting service, any social media postings or other Internet postings.
14 Nothing herein shall be construed to prevent Class Counsel from the public filing of motions or
15 other case materials in the Action related to seeking and obtaining Court approval of this
16 Settlement and the related awards of attorneys' fees and costs, or to communications with Class
17 Members or their representatives about this Settlement, including through the posting of Court-
18 filed documents on Class Counsel's websites for access solely by the Class Members, or to
19 prevent the Parties or their representatives from communicating with financial or legal advisors
20 regarding the Settlement. In response to any media inquiry, Class Counsel may state only that
21 the Action has been settled on terms mutually agreeable to the Parties.

22 87. Notices. Unless otherwise specifically provided herein, all notices, demands or
23 other communications given hereunder shall be in writing and shall be deemed to have been duly
24 given as of the third business day after mailing by United States registered or certified mail,
25 return receipt requested, addressed:

<i>To the Class:</i>	<i>To Defendant:</i>
Brian J. Mankin <i>brian@lmlfirm.com</i> Lauby, Mankin & Lauby LLP 5198 Arlington Ave, PMB 513 Riverside, CA 92504 Tel: (951) 320-1444 Fax: (951) 320-1445	Alexander M. Chemers, Esq. <i>alexander.chemers@ogletree.com</i> OGLETREE, DEAKINS, NASH, SMOAK & STEWART, P.C. 400 South Hope Street, Suite 1200 Los Angeles, CA 90071 Tel: 213-239-9800 Fax: 213-239-9045

88. Construction. The Parties hereto agree that the terms and conditions of this Agreement are the result of lengthy, intensive arms' length negotiations between the Parties and that this Agreement shall not be construed in favor of or against any Party by reason of the extent to which any Party or his or its counsel participated in the drafting of this Agreement. Plaintiff and Defendant expressly waive the common-law and statutory rule of construction that ambiguities should be construed against the drafter of an agreement and further agree, covenant, and represent that the language in all parts of this Agreement shall be in all cases construed as a whole, according to its fair meaning.

89. Captions and Interpretations. Paragraph titles or captions contained herein are inserted as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Agreement or any provision hereof. Each term of this Agreement is contractual and not merely a recital.

90. Modification. This Agreement may not be changed, altered, or modified, except in writing and signed by the Parties hereto, and approved by the Court. This Settlement Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by all of the Parties hereto.

91. Dispute Resolution. Prior to instituting legal action to enforce the provisions of this Agreement or to declare rights and/or obligations under this Agreement, a Party shall provide written notice to the other Party and allow an opportunity to cure the alleged

deficiencies, and Plaintiff and Defendant may agree to seek the help of the Mediator to resolve any dispute they are unable to resolve informally. During this period, the Parties shall bear their own attorneys' fees and costs. This provision shall not apply to any legal action or other proceeding instituted by any person or entity other than Plaintiff or Defendant.

92. Choice of Law. This Settlement Agreement shall be governed by and construed, enforced and administered in accordance with the laws of the State of California, without regard to its conflicts-of-law rules.

93. Integration Clause. This Settlement Agreement contains the entire agreement between the Parties relating to the settlement and transaction contemplated hereby, and all prior or contemporaneous agreements, understandings, representations, and statements, whether oral or written and whether by a Party or such Party's legal counsel, are merged herein. No rights hereunder may be waived except in writing.

94. Binding On Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, trustees, executors, administrators, successors and assigns.

95. Signatures of All Class Members Unnecessary to be Binding. It is agreed that, because the members of the Class are numerous, it is impossible or impractical to have each Class Member execute this Agreement. The Notice Packet will advise all Class Members of the binding nature of the release provided herein and such shall have the same force and effect as if this Agreement were executed by each Class Member.

96. Counterparts. This Agreement may be executed in counterparts, and when each Party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one fully signed Agreement, which shall be binding upon and effective as to all Parties. Electronic signatures shall have the same force and effect as an original.

Dated: _____ **PLAINTIFF AND CLASS REPRESENTATIVE,**

Dustin Reischman

Dated: 05-Nov-2024

DEFENDANT MERCHANTS METALS LLC

Signed by:

9C77CE32070D498...

By: Brad Greene

Title: Chief People Officer

APPROVED AS TO FORM:

Dated: _____

CLASS COUNSEL
LAUBY, MANKIN & LAUBY LLP

Brian J. Mankin
Attorneys for Plaintiff

Dated: November 5, 2024

DEFENSE COUNSEL:
OGLETREE, DEAKINS, NASH, SMOAK & STEWART, P.C.



Alexander M. Chemers, Esq.
Attorneys for Defendant

EXHIBIT “B”

COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT

Reischman v. Merchants Metals LLC

(Riverside County Superior Court, Case No. CVRI2301910)

***The Riverside County Superior Court 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 filed by Dustin Reischman (“Plaintiff” or “Class Representative”) against Defendant Merchants Metals LLC (“Defendant”) for alleged violations of the California Labor Code (the “Action”). (Plaintiff and Defendant shall be collectively referred to as the “Parties”).

The Action seeks payment of (1) unpaid wages, statutory damages and penalties, interest and attorneys' fees on behalf of all Class Members, who are defined as "all current and former nonexempt (hourly paid) employees employed by Defendant in California during the Class Period (which is April 13, 2019, through June 2, 2024); and (2) penalties under the California Private Attorneys General Act ("PAGA") on behalf of all Aggrieved Employees, who are defined as "all current and former nonexempt (hourly paid) employees employed by Defendant in California during the PAGA Period (which is April 13, 2022, through June 2, 2024). PAGA is a California law that allows employees to bring claims for civil penalties on behalf of the California Labor and Workforce Development Agency ("LWDA") and all Aggrieved Employees for alleged violations of the Labor Code, and any payment for PAGA penalties shall be paid 75% to the LWDA and 25% to all Aggrieved Employees as civil penalties (rather than wages).

The proposed Settlement has two main parts: (1) a Class Settlement requiring Defendant to fund Individual Class Payments to Class Members, and (2) a PAGA Settlement requiring Defendant to fund Individual PAGA Payments to Aggrieved Employees and pay penalties to the LWDA. Based on Defendant's records, and the Parties' current assumptions, your Individual Class and PAGA Payments are shown in the charts below, along with the applicable data points from which these estimates are derived.

[*CLASS MEMBER NAME*] [*ID/CONTROL NUMBER*]

Calculations and Data Points for Estimated Individual Class Payment		
Weeks Worked during Class Period	Prior Payment Received (if any)	Estimated Individual Class Payment
INSERT	INSERT	INSERT

Calculations and Data Points for Estimated Individual PAGA Payment	
Weeks Worked during PAGA Period	Estimated Individual PAGA Payment
INSERT	INSERT

Please note that the actual amount you receive may be different from the above and will depend on several factors. (If no amount is stated for your Individual PAGA Payment, then according to Defendant’s records you are not eligible for an Individual PAGA Payment under the Settlement because you didn’t work for Defendant in California during the PAGA Period.) If you believe that you worked more weeks during the periods than are shown in the chart above, you can submit a challenge by **DATE, 2024** (“**Response Deadline**”). See **Section 4** of this Notice.

In granting preliminarily approval of the proposed Settlement and approving this Notice, the Court has determined only that there is sufficient evidence to suggest that the proposed Settlement might be fair, adequate and reasonable, and that any final determination of those issues will be made at the Final Approval Hearing. Your legal rights are affected whether you act or do 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 Defendant to make payments under the Settlement and requires Class Members and Aggrieved Employees to

give up their rights to assert certain claims against Defendant.

If you worked for Defendant in California during the Class Period and/or the PAGA Period, you have a few options as shown in the Chart below:

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
DO NOTHING AND RECEIVE A SETTLEMENT PAYMENT	If you want to receive your full settlement payment, then no further action is required on your part. You will automatically receive a settlement payment if the Settlement receives final approval by the Court. You will be bound by the terms of the Settlement Agreement and will give up your right to sue on the Released Class Claims described in Section 3 below.
EXCLUDE YOURSELF	If you do not wish to participate in the proposed Settlement of the Class Claims, you may “opt-out” of the Settlement of the Class Claims. If you choose to opt-out, you must submit a Request for Exclusion form by [REDACTED], 2024 (see Section 6 below for more details on how to opt-out). If you opt-out, you will no longer be a participating Class Member, and you will (1) <u>not</u> receive an Individual Class Payment, but you will preserve your right to pursue the Released Class Claims described below subject to applicable statutes of limitations, and (2) be barred from filing an objection to the settlement. You cannot opt-out of the PAGA portion of the proposed Settlement. Defendant must pay Individual PAGA Payments to all Aggrieved Employees. See Section 6 of this Notice.
OBJECT	If you decide to object to the settlement with respect to the Class Claims because you find it unfair or unreasonable, you must submit an Objection Form stating why you object to the settlement by [REDACTED], 2024 (see Section 7 for more details on how to object).
DISPUTE THE NUMBER OF WEEKS WORKED	If you believe the number of workweeks that you were credited with working in the chart above is incorrect, you may submit the enclosed Dispute Form with any supporting evidence to Phoenix Settlement Administrators (the “Settlement Administrator”), a third party responsible for sending this Notice. (see Section 4 for more details on how to submit a Dispute Form). Defendant’s records will be presumed correct, but you may provide evidence to the Settlement Administrator showing how many Work Weeks you believe you should be credited.

YOU MAY ATTEND THE FINAL APPROVAL HEARING, BUT IT’S NOT REQUIRED	
DATE: [REDACTED], 2024 TIME: 8:30 A.M.	The Court’s Final Approval Hearing is scheduled to take place on [REDACTED]. At the Final Approval Hearing, the Court will decide whether to finally approve the Settlement. 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. See Section 8 of this Notice.

1. WHAT IS THE ACTION ABOUT?

Plaintiff is an employee of Defendant. The Action accuses Defendant of violating California labor laws due to the alleged: failure to pay minimum and overtime wages, failure to pay vested vacation, failure to provide meal periods and rest breaks, failure to timely pay wages upon separation of employment, and failure to provide accurate itemized wage statements. Based on the same claims, Plaintiff has also asserted a claim for civil penalties under PAGA.

Defendant strongly denies violating any laws or failing to pay any wages and contend they complied with all applicable laws.

Both Parties are represented by attorneys in the Action. See Section 9 below for their contact information.

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

The Parties 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”), Plaintiff and Defendant 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, Defendant does 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) Defendant has 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. So far, the Court has made no determination whether Defendant or Plaintiff is correct on the merits, and has determined only that there is sufficient evidence to suggest that the proposed settlement might be fair, adequate, and reasonable, and that any final determination of those issues will be made at final hearing. 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. Defendant Will Pay \$295,000 as the gross settlement amount (the “Settlement Amount”). Defendant has agreed to pay a total Settlement Amount of \$295,000, and this amount includes a credit for \$44,420 in “Prior Payments” made by Defendant (“Prior Payments” refers to the amount paid by Defendant to Class Members in order to obtain settlement agreements and releases from certain Class Members relating to claims alleged in this Action). Defendant will deposit the Settlement Amount into an account controlled by the Settlement Administrator. The Settlement Administrator will use the Settlement Amount to pay the Individual Class Payments, Individual PAGA Payments, Class Representative’s Service Payments, Class Counsel’s attorney’s fees and expenses, the Administrator’s Costs, and PAGA Penalties to be paid to the LWDA. Assuming the Court grants Final Approval, Defendant will fund the Settlement Amount not more than fifteen (15) days after the Judgment entered by the Court becomes final. The Judgment will be final on the date the Court enters Judgment, or a later date if the Judgment is appealed.

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

A. Up to one-third (1/3) of the Settlement Amount to Class Counsel for attorneys' fees, plus reasonable costs and expenses, not to exceed \$25,000. To date, Class Counsel have worked incurred expenses on the Action without payment.

B. Up to \$10,000 to the Class Representative as a Service Payment for litigating the Action, working with Class Counsel, and representing the Class. The Service Payments will be the only monies the Plaintiff will receive other than his Individual Class Payment and any Individual PAGA payment.

C. \$6,500 to the Settlement Administrator for services administering the Settlement.

D. Up to \$25,000 for PAGA Penalties, allocated 75% to the LWDA PAGA Payment and 25% in Individual PAGA Payments to the Aggrieved Employees based on their share of Weeks Worked during the PAGA Period.

E. 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 Settlement Administrator will distribute the rest of the remainder of the Settlement Amount (the “Net Settlement Amount”) by making Individual Class Payments to Participating Class Members based on their pro rata share of total Weeks Worked during the Class Period.

4. Taxes Owed on Payments to Class Members. Plaintiff and Defendant are asking the Court to approve an allocation of one-third (33.33%) of each Individual Class Payment to taxable wages (“Wage Portion”) and two-thirds (66.67%) to penalties and interest (“Non-Wage Portion”). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. Defendant 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 Defendant 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 deposited with the California State Controller's Unclaimed Property Fund in your name. If the monies represented by your check is sent to the Controller’s Unclaimed Property Fund, you should consult the rules of the Fund for instructions on how to retrieve your money.

6. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Participating Class Member, participating fully in the Settlement, unless you opt-out of the Settlement, not later than the Response Deadline. See Section 6 of this Notice for details on how to Opt-Out.

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 Defendant have agreed that, in either case, the Settlement will be void: Defendant will not pay any money and Class Members will not release any claims against Defendant.

8. Settlement Administrator. The Court has appointed a neutral company, Phoenix Settlement Administrators (the “Settlement Administrator”) to send this Notice, calculate and make payments, and process Class Members’ Requests for Exclusion. The Settlement Administrator will also decide any Disputes over weeks worked, mail and re-mail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Settlement Administrator’s contact information is contained in Section 9 of this Notice.

9. Participating Class Members' Release. After the Judgment is final and Defendant has fully funded the Settlement Amount 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 Defendant or the "Released Parties" (which means Defendant, together with its officers, directors, employees, and agents) based on the facts alleged in the Action for wages based on the facts alleged in the Action for the duration of the Class Period and PAGA Period, which are resolved by this Settlement.

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

All Participating Class Members release the Defendant and the Released Parties from “all claims stated in the Complaint and those based solely upon the facts in the Complaint, including: (1) failure to pay minimum wages, (2) failure to pay overtime wages, (3) failure to pay vested vacation, (4) failure to provide meal periods, (5) failure to provide rest breaks, (6) failure to timely pay final wages, (7) failure to provide accurate itemized wage statements, and (8) unfair and unlawful competition.” Additionally, this definition of “Released Class Claims” expressly excludes all claims for vested benefits, wrongful termination, unemployment insurance, disability, social security, workers’ compensation, claims while classified as exempt, and claims outside of the Class Period.

10. Release of Released PAGA Claims. After the Court's judgment is final, and Defendant has paid the Settlement Amount (and separately paid the employer-side payroll taxes), Plaintiff on behalf of himself, the State of

California and the LWDA shall release the Released Parties from “all PAGA claims that Plaintiff alleged against the Released Parties, based on the facts stated in the relevant LWDA notice letters and only to the extent that they are alleged in the Complaint, including all PAGA claims seeking civil penalties premised upon: (1) failure to pay minimum wages, (2) failure to pay overtime wages, (3) failure to pay vested vacation, (4) failure to provide meal periods, (5) failure to provide rest breaks, (6) failure to timely pay wages each period, (7) failure to timely pay wages upon separation of employment, (8) failure to provide accurate itemized wage statements, and (9) all other claims for civil penalties recoverable under the Private Attorneys General Act, Labor Code §§ 2698 et seq. based on the facts or claims alleged in the LWDA notice letters and Complaint.”

4. WHAT ARE THE IMPORTANT TERMS OF THE PROPOSED SETTLEMENT?

1. Individual Class Payments. The Administrator will calculate Individual Class Payments by (a) dividing the Net Settlement Amount by the total number of Weeks Worked by all Participating Class Members during the Class Period, (b) multiplying the result by each Participating Class Members’ Weeks Worked, and (c) if applicable, reducing the Individual Class Payment by any Prior Payment received by the Class Member (but in no instance shall the offset from the Prior Payment cause an Individual Class Payment to drop below \$50.00).

2. Individual PAGA Payments. The Settlement Administrator will calculate Individual PAGA Payments by (a) dividing \$6,250 by the total number of Weeks Worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by the number of Weeks Worked by each individual Aggrieved Employee during the PAGA Period.

3. Disputing Weeks Worked. The number of weeks you worked during the Class and PAGA Periods, as recorded in Defendant’s records, are stated in the tables on page 1 of this Notice. You have until **INSERT DATE** (the “Response Deadline”) to dispute the number of Workweeks credited to you by mailing the enclosed Dispute Form to the Settlement Administrator on or before [INSERT DATE 45 Days After Mailing]. Section 9 of this Notice has the Administrator’s contact information.

You need to support your dispute by sending copies of pay stubs or other records. The Settlement Administrator will accept Defendant’s calculation of weeks worked based on Defendant’s 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 Settlement Administrator will resolve challenges based on your submission and on input from Class Counsel and Defendant’s Counsel. The Settlement 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 and Aggrieved Employees. The Administrator will send, by U.S. mail, a single check to every Participating Class Member (which includes every Class Member who does not opt-out) and qualified Aggrieved Employee. The single check will combine the Individual Class Payment and the Individual PAGA Payment.

2. Non-Participating Class Members/Aggrieved Employees Only. If you opted out of the Class settlement, but qualify as an Aggrieved Employee, then the Settlement Administrator will send, by U.S. mail, a single Individual PAGA Payment check to every Aggrieved Employee, including those who opt out of the Class Settlement.

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

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

You will be treated as a Participating Class Member, participating fully in the Settlement, unless you opt-out of the Settlement, not later than the Response Deadline. To opt-out, you must complete, sign, and mail the accompanying Request for Exclusion Form to the Settlement Administrator, postmarked on or before the Response Deadline (as a reminder, **the “Response Deadline” is DATE, 2024**). Any person who submits a timely Request for Exclusion from the Class Claims (1) will not have any rights under this Settlement, including the right to object, appeal or comment on the Settlement; (2)

will not be entitled to receive an Individual Class Payment; (3) will preserve the right to pursue the Released Class Claims, and (4) will not be bound by this Settlement, or the Judgment, as to the Released Class Claims.

You cannot opt-out of the PAGA portion of the Settlement. Class Members who exclude themselves from the Class Claims remain eligible to receive an Individual PAGA Payment.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement. A Participating Class Member who disagrees with any aspect of the Settlement may wish to object. If you wish to object to the proposed Settlement, you or your own attorney must submit a written objection, on the enclosed Objection Form and include any and all evidence and supporting papers. The Objection Form and any accompanying evidence and papers must be sent to the Settlement Administrator at the address listed in Section 9 on the Objection Form, **postmarked** on or before the Response Deadline. If you do not comply with these procedures and the deadline for objections, the Court may not consider your objection at the Final Approval Hearing, and you may lose the right to contest the approval of the Settlement. You are still eligible to receive a settlement payment should the settlement become Final even if you object to the settlement. Submitting an objection does not preserve the right to appeal a final judgment. Rather, the right to appeal is preserved by becoming a party of record by timely and properly intervening or filing a motion to vacate the judgment before entry of judgment.

8. WHEN IS THE FINAL APPROVAL HEARING?

On [REDACTED], 2024, at ____ a.m./p.m., the Court will hold a public hearing in Department 1 of the Superior Court for the State of California, County of Riverside, 4050 Main St, Riverside, CA 92501, for the purposes of determining whether the proposed Settlement is fair, adequate and reasonable and should be approved, whether to approve Class Counsel's applications for attorneys' fees and costs, whether to approve the payments to the LWDA, and whether to approve Plaintiff's request for the service award. This hearing may be continued or rescheduled by the Court. Objectors to the proposed settlement will be provided notice in the event that the Final Approval Hearing is continued to a later date. Class Members who support the proposed Settlement do not need to appear at the hearing and do not need to take any other action to indicate their approval. Class Members who object to the proposed Settlement are not required to attend the Final Approval Hearing.

9. HOW CAN I GET MORE INFORMATION?

If you have questions about this Notice, the enclosed Request for Exclusion Form, Dispute Form, or Objection Form, or the Settlement itself, or if you did not receive this Notice in the mail and you believe that you are or may be a member of the Class, you should contact the Administrator for more information or to request that a copy of this Notice and request for Exclusion, Objection, and Dispute Forms be sent to you in the mail. If you wish to communicate directly with Class Counsel, you may contact them at the information below. You may also seek advice and guidance from your own private attorney at your own expense if you so desire.

This Notice is only a summary. For more detailed information, you may review the Settlement Agreement, containing the complete terms of the proposed Settlement, which is on file with the Court and attached to the Declaration of Brian J. Mankin in Support of Motion for Preliminary Approval of Class Action Settlement filed on November 5, 2024 and available to be inspected at any time during regular business hours at the Clerk's Office, Superior Court for the State of California, County of Riverside, 4050 Main St, Riverside, CA 92501. You may also review the pleadings, records, and other papers on file in this lawsuit at the Clerk's Office or online at <https://epublic-access.riverside.courts.ca.gov/public-portal/>. To access the case file, click on "Case Number Search," then create a free online account, then type in the case number (CVRI2301910) where requested, and click "Search." You may also email Class Counsel and request a copy of the Settlement Agreement.

DO NOT TELEPHONE THE COURT TO OBTAIN INFORMATION ABOUT THE SETTLEMENT

The contact information for Class Counsel and the Settlement Administrator are below:

Class Counsel	Settlement Administrator
Brian Mankin, Esq. <i>brian@LMLfirm.com</i> Peter Carlson, Esq. <i>peter@LMLfirm.com</i> Lauby Mankin Lauby LLP 5198 Arlington Ave, PMB 513 Riverside, CA 92504 Tel: (951) 320-1444	Name Mailing Address Telephone Number

10. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Settlement 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 should consult the Unclaimed Property Fund for instructions on how to retrieve the funds.

11. WHAT IF I CHANGE MY ADDRESS?

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

EXHIBIT “C”

REQUEST FOR EXCLUSION FORM

Reischman v. Merchants Metals LLC

(Riverside County Superior Court, Case No. CVRI2301910)

[NAME]

[ADDRESS LINE 1]

[ADDRESS LINE 2]

DO YOU WANT TO PARTICIPATE IN THE SETTLEMENT AND RECEIVE A SETTLEMENT CHECK? (check the box that applies)

☐

YES: STOP HERE -- DO NOT RETURN THIS FORM. NO FURTHER ACTION IS NEEDED TO PARTICIPATE IN THE SETTLEMENT.

☐

NO: SIGN, DATE AND RETURN THIS FORM TO EXCLUDE YOURSELF FROM THE SETTLEMENT.

By signing below, I am excluding myself from the Settlement:

I do NOT want to participate in the settlement in *Reischman v. Merchants Metals LLC* (Riverside Superior Court Case No. CVRI2301910). I understand by excluding myself that I will no longer be a Class Member, and I will not receive an Individual Class Payment. I further understand that I cannot opt-out of the PAGA portion of the Settlement, and that if I qualify as an Aggrieved Employee (see first page of the Notice), I will receive an Individual PAGA Payment and give up my rights to pursue the Released PAGA Claims even if I exclude myself.

Signed on _____, 2024

[NAME]

MAIL TO THE SETTLEMENT ADMINISTRATOR, BY U.S. MAIL, POSTMARKED NO LATER THAN [INSERT DEADLINE]:

Settlement Administrator:

Name

Mailing Address

Telephone Number

EXHIBIT “D”

OBJECTION FORM

Reischman v. Merchants Metals LLC

(Riverside County Superior Court, Case No. CVRI2301910)

[NAME]

[ADDRESS LINE 1]

[ADDRESS LINE 2]

DO YOU OBJECT TO THE SETTLEMENT? (check the box that applies)

☐

NO: STOP HERE -- DO NOT RETURN THIS FORM

☐

YES: COMPLETE THE REVERSE SIDE AND RETURN THIS FORM

The Court will consider your objection at the Final Approval Hearing if you submit a timely and valid written statement of objection. Any objection should describe the nature of and basis for the objection, and any other information that you would like the Court to consider.

I OBJECT to the Settlement in the case of *Reischman v. Merchants Metals LLC* (Riverside Superior Court Case No. CVRI2301910) on the following grounds (if additional space is necessary, please include additional sheets of paper):

Signed on _____, 2024

[NAME]

MAIL TO THE SETTLEMENT ADMINISTRATOR, BY U.S. MAIL, POSTMARKED NO LATER THAN [INSERT DEADLINE]:

Settlement Administrator:

Name
Mailing Address
Telephone Number

EXHIBIT “E”

DISPUTE FORM

Reischman v. Merchants Metals LLC

(Riverside County Superior Court, Case No. CVRI2301910)

Please verify and/or complete any missing identifying information:

[NAME]

[ADDRESS LINE 1]

[ADDRESS LINE 2]

The following charts are based on the records of Defendant Merchants Metals LLC and reflect the number of weeks worked for Defendant in California as a nonexempt (hourly paid) during the applicable periods, along with the amount of “Prior Payment” you received from Defendant (if any) in connection with a prior settlement agreement and release of claims.

<i>Data Points for Calculations of Individual Class Payment</i>	
Weeks Worked from 4/13/2019 to 6/2/2024	INSERT
Prior Payment received from Defendant	INSERT

<i>Data Points for Calculations of Individual PAGA Payment</i>	
Weeks Worked from 4/13/2022 to 6/2/2024	INSERT

DO YOU DISAGREE WITH ANY OF THE INFORMATION ABOVE AND WANT THE PARTIES AND ADMINISTRATOR TO INVESTIGATE FURTHER?

☐

NO: STOP HERE -- DO NOT RETURN THIS FORM.

☐

YES: COMPLETE THE REVERSE SIDE AND RETURN THIS FORM.

Please state why you believe that you should be credited with more Weeks Worked than shown in the chart and attach copies (not originals) of supporting documentation. Similarly, if you dispute the amount of Prior Payment received, please state all facts supporting your position and attached copies (not originals) of supporting documentation. The Parties and Settlement Administrator will consider your challenge and make a determination as to these issues.

Signed on _____, 2024

[NAME]

MAIL TO THE SETTLEMENT ADMINISTRATOR, BY U.S. MAIL, POSTMARKED NO LATER THAN [INSERT DEADLINE]:

Settlement Administrator:

Name
Mailing Address
Telephone Number

EXHIBIT “F”



LAUBY, MANKIN & LAUBY LLP

April 13, 2023

Submitted Via Online Filing to the LWDA

California LWDA
Attn: PAGA Administrator
455 Golden Gate Ave., 9th Fl.
San Francisco, CA 94102

Sent Via U.S. Mail and Certified Mail

Merchants Metals LLC
211 Perimeter Center Parkway, Suite 250
Atlanta, GA 30346

Merchants Metals LLC
3 Ravinia Dr., Suite 1750
Atlanta, GA 30346

Re: PAGA Civil Penalty Claim
Dustin Reischman v. Merchants Metals LLC, et al.

To the Labor and Workforce Development Agency and Merchants Metals LLC:

Pursuant to the Private Attorneys General Act of 2004 (“PAGA”), Labor Code §§ 2699, *et seq.*, this letter shall serve as notification of the PAGA civil penalty claim of aggrieved employee Dustin Reischman (“Claimant”), on behalf of the State of California and all Aggrieved Employees, against his employer, Merchants Metals LLC and any affiliated entities (collectively, the “Company”), for violations of Labor Code §§ 200, 201, 202, 203, 204, 208, 210, 218.6, 226, 226.3, 226.7, 227.3, 246, 510, 512, 558, 1194, 1194.2, 1197, 1197.1, 1198, 1199, and 2802, among possibly other sections inadvertently omitted, and/or sections of the applicable IWC Wage Order(s).

FACTUAL BACKGROUND

Claimant was employed by the Company from approximately October 2021 through April 2023. Claimant alleges that he and all other employees employed by the Company in California (the “Aggrieved Employees”) were subjected to the same policies, working conditions, and corresponding wage and hour violations to which Claimant was subjected during his employment.

For instance, at all relevant times, Claimant and the Aggrieved Employees were not provided proper minimum and overtime wages due to the Company’s failure to accurately record and compensate for all hours worked. See *Troester v. Starbucks Corporation* (2018) 5 Cal.5th 829 (California law “do[es] not allow employers to require employees to routinely work for minutes off the clock without compensation”); See also *Frlekin v. Apple Inc.* (2020) 8 Cal.5th 1038 (tasks are compensable when employee is under company’s control and where the tasks served the employer’s interests).

Also, at all relevant times, Claimant and the Aggrieved Employees were compensated on an hourly basis plus additional earned nondiscretionary compensation. However, on the occasions when the Aggrieved

Mailing Address

5198 Arlington Avenue, PMB 513, Riverside, CA 92504



Toll Free
888.959.8508

Physical Address

11801 Pierce Street, Suite 200, Riverside, CA 92505

Employees worked overtime hours and received additional earned compensation during the same workweek, the Company failed to properly include these amounts in the calculations for Claimant's regular rate of pay – in violation of California law and which led to the failure to pay proper overtime.

Claimant was also not provided 30-minute off-duty meal periods, as mandated by California law, during employment with the Company. As a result of the Company's policies and practices, as well as the hectic and demanding workload, Claimant was subjected to meal period violations when: (1) unable to take a meal period due to workload, (2) forced to take an on-duty meal period while under the control of the Company, (3) forced to take a shortened meal period, (4) forced to take a meal period after the 5th hour of work, and (5) not provided a mandated second meal period for shifts in excess of 10 hours.

The Company also failed to provide Claimant with 10 minutes of net rest break time for every 4 hours worked, or major fraction thereof, as mandated by California law. The Company did not schedule Claimant's rest breaks, and Claimant was often not authorized and/or permitted to take mandated rest breaks. Furthermore, on occasions when Claimant worked 10 hours or more in a shift, the Company failed to authorize and/or permit the mandated additional rest breaks.

Also, the Company required Claimant and the Aggrieved Employees to incur necessary business-related expenses and costs without reimbursement, including, but not limited to, acquiring and maintaining a smart phone and related monthly data plan to communicate with the Company via phone and text message. Moreover, at all relevant times, the Company utilized a policy and practice through which Claimant and the Aggrieved Employees accrued vacation and/or PTO hours (collectively, "vacation hours"). However, on the occasions when Claimant and the Aggrieved Employees had accrued but unused vacation hours upon separation of employment, Defendants failed to pay for these earned wages and, further, failed to pay for vested and unused vacation at the "final rate" as required by Labor Code § 227.3.

The Company also failed to comply with the mandates of Labor Code §§ 204 and 210 regarding the timing of the payment of wages to its employees each period, including minimum and overtime wages, as well as meal and rest period premiums. Also, the Company failed to comply with the mandates of Labor Code §§ 201–203 regarding timing of payment of final wages and failed to pay all wages due and owing upon separation of employment including minimum wages, overtime, meal and rest break premiums, vacation wages, and the Company further failed to pay the Aggrieved Employees for mandated sick time at a rate "calculated in the same manner as the regular rate of pay" as required by Labor Code § 246.

Finally, during employment with the Company, Claimant received inaccurate and incomplete wage statements that failed to accurately state all necessary items required under Labor Code § 226(a).

Claimant alleges that he worked under the joint direction and control of the entities listed herein and is informed and believes that each of them acted in all respects pertinent to this action as the agent of the others, carried out a joint scheme, business plan or policy in all respect pertinent hereto, and the acts of each are legally attributable to the others. On information and belief, a unity of interest and ownership between each exists such that the entities listed herein acted as a single employer of Claimant and the Aggrieved Employees. Furthermore, on information and belief, the entities listed herein are an integrated enterprise and should be treated as a single employer because the entities share an interrelation of operations, with common human resources and personnel policies and shared common offices and facilities. Upon information and belief, the entities listed herein share common management, a centralized control of labor operations, and common ownership or financial control. Claimant also alleges the entities listed herein were merely the

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alter-ego of the others in that there existed a unity of interest and ownership such that any separateness between them ceased to exist and each exercised undue dominance, control, influence, and management over the others.

As a result of these violations, and others described below, Claimant alleges that he and other Aggrieved Employees were denied specific rights to which they are/were entitled under California law and the rules promulgated by the IWC Wage Orders, including the following:

**PAGA ASSESSMENT FOR FAILURE TO
PAY ALL MINIMUM, REGULAR, AND OVERTIME WAGES**

(Labor Code §§ 204, 210, 221-223, 510, 558, 1194, 1194.2, 1197, 1197.1, 1198; IWC Wage Order §§ 3, 4(B))

As discussed above, the Company failed to pay all required minimum, regular, and overtime wages to Claimant and the Aggrieved Employees due to the Company's failure to accurately record and compensate for all hours worked and the failure to pay proper overtime. This resulted in earned, but unpaid, wages due and owing to Claimant and the Aggrieved Employees. Therefore, Claimants and the Aggrieved Employees performed work for the Company without receiving proper payment of the requisite minimum, overtime, and/or doubletime wages.

Accordingly, Labor Code §§ 210, 558, 1194.2, 1197.1, and 2699, among possibly others, impose various penalties upon the Company for each employee and each pay period in which it failed to pay all wages including, but not limited to, minimum, regular, and overtime wages in violation of the Labor Code and/or the IWC Wage Orders.

**PAGA ASSESSMENT FOR DENIAL OF MEAL PERIODS,
REST BREAKS, AND WAGE PREMIUMS**

(Labor Code §§ 226.7(b) & (c), 512, 558; Cal. Admin. Code, Title 8, § 11090)

Labor Code § 226.7(b) states that "[a]n employer shall not require an employee to work during a meal or rest or recovery period mandated pursuant to an applicable statute, or applicable regulation, standard, or order of the Industrial Welfare Commission ..." Labor Code § 512(a) states in pertinent part: "[A]n employer may not employ an employee for a work period of more than 5 hours per day without providing the employee with an uninterrupted meal period of not less than 30 minutes [...] [a]n employer may not employ an employee for a work period of more than 10 hours per day without providing the employee with a second meal period of not less than 30 minutes." Section 12 of applicable IWC Wage Order states in pertinent part: "Every employer shall authorize and permit all employees to take rest periods, which insofar as practicable shall be in the middle of each work period. The authorized rest period time shall be based on the total hours worked daily at the rate of ten (10) minutes net rest time per four (4) hours or major fraction thereof."

Here, Claimant and other Aggrieved Employees were regularly not provided compliant mandatory meal periods and paid rest breaks due to the Company's policies described above. Although the Company was required to pay Claimant and all Aggrieved Employees premium wages equal to an additional hour of pay at the employee's regular rate of pay for each violation under Labor Code § 226.7(c), the Company did not pay the mandatory one-hour wage premiums and did not do so at the proper rate. Labor Code § 558 imposes a penalty for each violation, plus an amount sufficient to recover the underpaid wages. Additionally, the civil assessment set forth in Labor Code § 2699 applies to these violations.

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FAILURE TO PAY VESTED VACATION UPON SEPARATION OF EMPLOYMENT

(Labor Code § 227.3)

Pursuant to Labor Code § 227.3, an employer that has implemented a paid vacation, paid time off, or compensated time off policy must, upon an employee's separation from employment, pay to the employee all vested but unused vacation and/or paid time off at her final rate of pay. However, as alleged herein, the Company failed to pay all vested vacation upon separation of employment and, further, only paid vested vacation upon separation at the base rate of pay, leading to a violation on each such occasion. As a result of these violations, penalties may be assessed pursuant to Labor Code § 2699.

PAGA ASSESSMENT FOR FAILURE TO REIMBURSE BUSINESS EXPENSES

(Labor Code § 2802; IWC Wage Order § 9(b))

Labor Code § 2802(a) states "An employer shall indemnify his or her employee for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties." IWC Wage Order § 9(b) states "[w]hen tools or equipment are required by the employer or are necessary to the performance of a job, such tools and equipment shall be provided and maintained by the employer."

Here, the Company required Claimant and the Aggrieved Employees to incur expenses in direct consequence of the discharge of their duties. Accordingly, Labor Code § 2699 imposes a penalty upon the Company for each such violation of Labor Code § 2802.

FAILURE TO PAY SICK TIME AT PROPER RATE OF PAY

(Labor Code § 246)

Labor Code § 246(l)(1) provides that paid sick time for non-exempt employees must be "calculated in the same manner as the regular rate of pay for the workweek in which the employee uses paid sick time, whether or not the employee actually works overtime in that workweek." Additionally, Labor Code § 246(l)(2) states that the paid sick time must be "calculated by dividing the employee's total wages, not including overtime premium pay, by the employee's total hours worked in the full pay periods of the prior 90 days of employment."

Here, Claimant and the Aggrieved Employees were compensated on an hourly basis plus additional compensation in the form of shift differentials and/or nondiscretionary bonuses. However, on the occasions that the Aggrieved Employees took sick time and received paid sick leave, the Company only paid sick time at the base rate of pay, not factoring in the additional compensation as required by Labor Code §§ 246(l)(1-2). As such, penalties may be assessed pursuant to Labor Code § 2699.

**PAGA ASSESSMENT FOR FAILURE TO PAY ALL WAGES DUE AND OWING
EACH PAYROLL PERIOD WITHIN THE TIME REQUIRED BY LAW**

(Labor Code §§ 204, 204.1, 208, 210, 256 and 2699)

Labor Code § 204(a) states that all wages earned by a person are due and payable twice during each calendar month, and further states that wages earned during the first through fifteenth days of the month must be paid no later than the twenty-sixth day of the month, and that wages earned between the sixteenth and last day of the month must be paid by the tenth day of the following month. Labor Code § 204(d) states "[t]he requirements of this section shall be deemed satisfied by the payment of wages for weekly, biweekly, or

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semimonthly payroll if the wages are paid not more than seven calendar days following the close of the payroll period.”

As a result of the Company’s failure to pay Claimant and the Aggrieved Employees all compensation to which they were entitled, the Company had a pattern and practice of failing to pay all wages due and owing to Claimant and the Aggrieved Employees within the time mandated by Labor Code § 204. As a result of these violations, penalties may be assessed pursuant to Labor Code §§ 210 and/or 2699.

PAGA ASSESSMENT FOR FAILURE TO TIMELY PAY FINAL WAGES

(Labor Code §§ 201, 202, 203, 256 and 2699)

Labor Code § 201(a) provides in pertinent part: “If an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately.” Labor Code § 202(a) states in pertinent part “If an employee not having a written contract for a definite period quits his or her employment, his or her wages shall become due and payable not later than 72 hours thereafter, unless the employee has given 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.” Labor Code § 203(a) states “If an employer willfully fails to pay, without abatement or reduction, [...] any wages of an employee who is discharged or who quits, the wages of the employee shall continue as a penalty from the due date thereof at the same rate until paid or until an action therefor is commenced; but the wages shall not continue for more than 30 days.”

The Company did not pay the Aggrieved Employees all wages that were due and owing within the required time following the end of their employment in accordance with Labor Code §§ 201-202. As a result, all such Aggrieved Employees are entitled to 30 days of wages as a “waiting time penalty.” (Labor Code § 203.) Labor Code § 2699 also imposes a penalty.

**PAGA ASSESSMENT FOR FAILURE TO PROVIDE ACCURATE,
ITEMIZED WAGE STATEMENTS**

(Labor Code §§ 226, 226.3, and 1174)

Labor Code § 226(a) requires an employer to provide its employees with itemized wage statements accurately stating gross wages earned, total hours worked, all deductions, net wages earned, the inclusive dates of the pay period, the employee’s name and the last four digits of his or her Social Security number (or employee identification number), the name and address of the legal entity that is the employer, and all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee.

At all times pertinent hereto, the Company failed to provide accurate itemized wage statements due to violations including: failure to accurately state total hours worked (the paystubs failed to accurately reflect total compensable hours); failure to accurately state gross/net wages earned and all deductions (due to the failure to pay all required minimum/overtime wages); failure to state the applicable hourly rates (including the accurate overtime rate of pay); failure to state the accurate start/end dates of the pay period; failure to accurately state the name and address of the legal entity that is the employer, and; failure to accurately state the number of hours worked at each hourly rate. Additionally, the Company’s wage statements directly violated Labor Code § 226(a) each period due to the failure to pay and report premium wages for denied meal/rest breaks under § 226.7. Accordingly, Labor Code §§ 226.3 and 2699 impose civil penalties for these violations.

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PAGA ASSESSMENT FOR VIOLATIONS OF LABOR CODE § 1199

(Labor Code § 1199)

An employer violates Labor Code § 1199 if said employer: (a) requires or causes an employee to work for longer hours than those fixed, or under conditions of labor prohibited by an order of the commission; (b) pays or causes to be paid to any employee a wage less than the minimum fixed by an order of the commission; or, (c) violates or refuses or neglects to comply with any provision of this chapter or any order or ruling of the commission. Labor Code § 2699.5 specifically enumerates Labor Code § 1199 as a section to which the civil penalties under the PAGA apply. Therefore, as a result of the Company's violations described herein, the Company is subject to civil penalties in accordance with Labor Code § 2699.

ATTORNEYS' FEES, INTEREST, AND PENALTIES

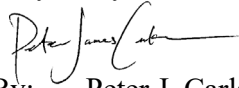
(Labor Code §§ 2699(f)(2), 2699(g)(1), 2699.5)

Labor Code § 2699(g)(1), give employees the right to recover in a civil action the unpaid balance of the full amount of wages, including interest thereon, penalties and other damages, as applicable, reasonable attorneys' fees, and costs of suit. Additionally, Claimant seeks the assessment of penalties, including civil penalties, under Labor Code §§ 203, 210, 225.5, 226.3, 1174.5, 1197.1, 2699, and/or § 20 of the IWC Wage Orders, among possibly other provisions inadvertently omitted herein. Furthermore, Claimant is entitled to bring a wage/hour claim on behalf of all current and former similarly situated employees of the Company. Thus, the Company is exposed to these same penalties for violations involving all Aggrieved Employees. Additionally, Claimant seeks attorney's fees pursuant to C.C.P. § 1021.5. Please construe this correspondence as Claimants' notification of alleged wrongdoing and attempted resolution in accordance with C.C.P. § 1021.5 and *Graham v. DaimlerChrysler Corp.* (2004) 34 Cal.4th 553.

CONCLUSION

Based on the foregoing, the Company may be liable for civil penalties related to the foregoing claims and remedies. If Claimant becomes aware of any additional claims for Labor Code violations related to his employment or other employees of the Company, he reserves the right to supplement this notice letter.

Very Truly Yours,



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EXHIBIT “G”