

**SETTLEMENT AGREEMENT AND RELEASE OF PRIVATE ATTORNEYS
GENERAL ACT CLAIM**

This Settlement Agreement and Release of the Private Attorneys General Act Claim ("Settlement Agreement") is made by and between, on the one hand, Rick Jaramillo and Walter Sinnott ("Plaintiffs"), individually, and on behalf of all other similarly situated Aggrieved Employees and the State of California, and on the other hand, Defendants Pappy's Barber Shops, Inc., Pappy's Barber Shop Poway, Inc., and Marc Bennett ("Defendants"). Plaintiffs and Defendants are collectively referred to herein as the "Parties" and may be individually referred to as a "Party."

A. Definitions

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

1. "Action" or "Lawsuit" means and refers to *Rick Jaramillo, et al. v. Pappy's Barber Shops, Inc., et al.*, San Diego County Superior Court Case No. 37-2023-00026619-CU-OE-CTL. The operative complaint in the Action is the Class and Representative Action Complaint filed on June 26, 2023.
2. "Active Date" means the latest of: (i) the Effective Date, if no objection is made or filed to the Settlement Agreement; (ii) if an objection is made or filed, but no appeal is filed, the expiration of the deadline for any appeals; and (iii) if an objection is made or filed, and an appeal is filed, the date that an appeal is resolved resulting in a court order approving this Settlement Agreement.
3. "Aggrieved Employee(s)" means any and all individuals who worked for Defendants and were classified as independent contractor barbers for at least one Eligible Workweek in California during the PAGA Period.
4. "Agreement" or "Settlement Agreement," shall mean this Settlement Agreement and Release of the Private Attorneys General Act Claim, together with all attached Exhibits.
5. "Attorney's Fees and Costs" means the sum for which Plaintiffs' Counsel shall make application to the Court, that shall not exceed 35% of the Gross Settlement Amount (\$17,500), and actual litigation costs, not to exceed \$10,000, which shall be paid out of the Gross Settlement Amount.
6. "Court" shall mean the Superior Court of the State of California, County of San Diego.
7. "Defendants' Counsel" means and refers to Jackson Lewis P.C.
8. "Effective Date" means the date the Court approves the terms of the Settlement set forth in this Agreement and has entered the Final Order and Judgment.
9. "Eligible Workweek" means any workweek worked by an Aggrieved Employee in California, who was classified as an independent contractor barber by Defendants, at any time during the PAGA Period. Defendants represents there were 827 Eligible Workweeks worked by Aggrieved Employees during the PAGA Period as of September 1, 2023, the date of mediation. If the actual number of workweeks increases by more than 15% (124 workweeks) or exceeds a total of 951 workweeks, Defendants will pay an additional \$60.46

to the Gross Settlement Amount for every extra workweek in excess of 951 (the “Escalator Payment”). Alternatively, at their sole option, Defendants may advance the cutoff date of the PAGA Period to the date on which there are 951 or fewer workweeks, without triggering the Escalator Payment.

10. “Final Order and Judgment” means the Court’s Order granting the Motion for Approval of the PAGA Settlement (or Stipulation and Order Approving the PAGA Settlement) set forth in this Agreement, and entering judgment.
11. “Funding Date” means thirty (30) calendar days after the Active Date.
12. “Gross Settlement Amount” or “GSA” means the maximum settlement amount that Defendants will jointly and severally pay in connection with the Settlement of the Action. The GSA is Fifty Thousand Dollars (\$50,000), subject to the Escalator Payment memorialized in Paragraph 9, above. No part of the GSA shall revert to Defendants under any circumstances. Defendants shall pay no more and no less than the GSA to resolve the Action as described herein.
13. “LWDA Payment” means seventy-five percent (75%) of the PAGA Penalty Fund that shall be paid to the California Labor & Workforce Development Agency (“LWDA”) pursuant to the PAGA for civil penalties.
14. “Net Settlement Amount” or “PAGA Penalty Fund” is the amount that remains after deduction of Plaintiffs’ Counsel’s Attorney’s Fees and Costs and the Settlement Administrator’s fees and costs from the Gross Settlement Amount.
15. “Notice” means the written notice to be mailed to all Aggrieved Employees with their settlement payment checks, once the Court enters its Final Order and Judgment, and the Active Date occurs, in a form substantially similar to **Exhibit A**, and as approved by the Court.
16. “PAGA Settlement” or “Settlement” means the settlement of the Action memorialized in this Agreement.
17. “PAGA Period” or “Statutory Period” means the time period from April 4, 2022 through the Effective Date, unless shortened pursuant to the terms of paragraph 9 above.
18. “Plaintiffs’ Counsel” means Daniel F. Gaines of Gaines & Gaines, APLC.
19. “Released Parties” means Defendants, and each of and all of their respective past, present and future agents, employees, officers, directors, partners, trustees, representatives, shareholders, stockholders, members, attorneys, parents, subsidiaries, equity sponsors, related companies/corporations and/or partnerships, divisions, assigns, predecessors, successors, insurers, consultants, joint venturers, joint employers, affiliates, alter-egos, co-employers, dual employers, service providers, contracting partners, subcontractors, employee benefit plans and fiduciaries thereof, and all other persons and/or entities acting under, by, through or in concert with any of them.
20. “Settlement Administrator” means Phoenix Class Action Administration Solutions, or a different third-party administrator agreed to by the Parties and approved by the Court.

B. General

21. On or about April 4, 2023, Plaintiff Rick Jaramillo (“Jaramillo”) sent a PAGA Notice to the LWDA, with a copy to Defendants via U.S. Certified Mail, alleging the following claims against Defendants: (1) failure to pay all minimum and overtime wages earned; (2) failure to provide meal periods or proper compensation in lieu thereof; (3) failure to provide rest periods or proper compensation in lieu thereof; (4) failure to issue complete and accurate itemized wage statements; and (5) failure to timely pay wages upon separation of employment. On or about May 19, 2023, Plaintiff Jaramillo sent a supplemental PAGA Notice to the LWDA and Defendants which alleged the same claims against Defendants on behalf of an additional employee, Walter Sinnott.

22. Without indication from the LWDA it intended to investigate the claims, on June 26, 2023, Plaintiffs Jaramillo and Walter Sinnott (“Sinnott”) filed the Action in the Superior Court of California, County of San Diego, which alleged the claims identified in Plaintiff Jaramillo’s April 4, 2023 PAGA Notice.

23. Defendants deny all of Plaintiffs’ claims and allegations, as referenced in the Action and the PAGA Notices, and further deny any liability or wrongdoing of any kind associated with the claims alleged in the Action (or otherwise).

24. The Parties have conducted a thorough investigation into the facts of the Action. This included, among other things, informal discovery and exchanging extensive information and key documents relating to the underlying alleged violations. After engaging in private mediation with Stephen McAvoy, Esq. on September 1, 2023, the Parties reached the proposed Settlement described in this Agreement, and believe it is fair, reasonable, and adequate. The Parties understand, acknowledge, and agree this Agreement constitutes a compromise of claims alleged by Plaintiffs on behalf of the State of California and the LWDA, and it is the desire and intention of the Parties to effect a final and complete resolution of the representative claims Plaintiffs have alleged against Defendants and/or any of the Released Parties. The Parties further acknowledge that this Agreement is a compromise of disputed claims and that nothing in this Agreement shall be construed as an admission of liability by Defendants.

25. Under California Law, the State may assess and collect civil penalties from employers for violations of certain provisions of the Labor Code. Labor Code §§ 2698, *et seq.* Under PAGA, however, if an “aggrieved employee” “give[s] written notice by certified mail to the [State] and the employer of the specific provision of the [Labor Code] alleged to have been violated,” and the State thereafter decides not to investigate, as is the case here, or does investigate and determines a citation against the employer should not issue, the employee may, “as an alternative” to enforcement by the State, act as a proxy or agent of the state’s labor law enforcement agencies and bring a civil action under PAGA to recover civil penalties “on behalf of himself or herself and other current or former employees.” *Id.* “[C]ivil penalties recovered by aggrieved employees shall be distributed as follows: 75 percent to the state and 25 percent to the aggrieved employees.” *Id.*

26. California Labor Code § 2699(1)(2) provides “[t]he superior court shall review and approve any settlement of any civil action filed pursuant to this part.”

27. In consideration of the promises and agreements contained herein, the Parties agree and covenant as follows:

C. **Terms of Settlement**

28. Subject to the Court's approval of the Settlement pursuant to Labor Code § 2699(1)(2), which counsel and the Parties agree to recommend in good faith to the Court, the Parties agree to the following binding settlement of the Action.

29. Upon the Court entering the Final Order and Judgment and the Active Date occurring, Defendants shall pay the non-reversionary Gross Settlement Amount of Fifty Thousand Dollars (\$50,000)¹, subject to the Escalator Payment memorialized in Paragraph 9, above. The Gross Settlement Amount will be distributed in the following manner:

- a. **Settlement Administration Costs**: The costs associated with settlement administration will be paid from the Gross Settlement Amount, and shall not exceed \$3,000. The Administrator's services will include, but not be limited to the following: updating Aggrieved Employees' mailing addresses through a search of the National Change of Address database maintained by the U.S. Post Office, and skip-tracing bad addresses on the return of the Aggrieved Employees' Notice and settlement payment checks; formatting and printing the Notice to be mailed to the Aggrieved Employee with their settlement payment checks; calculating, issuing and mailing payments to LWDA and Aggrieved Employees; performing tax reporting to the appropriate authorities, among other things called for by this Agreement. Subject to Court approval, the Parties agree to use Phoenix Class Action Administration Solutions as the Settlement Administrator.
- b. **Attorney's Fees and Costs**: The Parties agree that, subject to the Court's review and approval, Plaintiffs' Counsel will be paid up to 35% of the GSA (\$17,500) from the GSA, as reasonable attorney's fees, plus actual litigation costs of up to \$10,000, also to be paid from the GSA, incurred to litigate the Action and to obtain Court approval of the Settlement. The Settlement Administrator will issue an IRS Form 1099 to Plaintiffs' counsel for the Attorney's Fees and Costs awarded. In no circumstance(s) shall Defendants be liable for any payment(s) of Attorney's Fees and Costs separate from the GSA.
- c. **PAGA Penalty Fund**: After deducting the Attorney's Fees and Costs and Settlement Administration Costs from the Gross Settlement Amount, the remaining net settlement amount, the PAGA Penalty Fund, will be apportioned as required by the PAGA, Labor Code section 2699(i), with distribution of 75% to the LWDA, (the "LWDA Payment") and 25% to the Aggrieved Employees. The PAGA Penalty Fund shall encompass all payments to the LWDA and to the Aggrieved Employees.
- d. **PAGA Penalty Fund Allocation**: The PAGA Penalty Fund, estimated at \$19,500 shall be allocated \$14,625 (75%) for the LWDA Payment, and \$4,875 (25%) to the Aggrieved Employees, to be distributed on a proportionate basis, using the number of Eligible Workweeks each Aggrieved Employee worked during the PAGA Period, as detailed in Paragraph 39, herein.
- e. **Taxes and Reporting**: Each Aggrieved Employee's individual share will be treated as non-wage income for which the Administrator shall issue an IRS Form 1099 to be mailed together with the Aggrieved Employee's settlement check, and reported to

¹ By a separate confidential settlement agreement, Plaintiffs have executed a general release of all their claims in exchange for a confidential sum.

the applicable governmental authorities, if required by law as determined by the Settlement Administrator.

D. Release as to the PAGA Representative Claims

30. Upon approval by the Court of this Settlement, and subject to Defendants' payment of the GSA, Plaintiffs, individually and in their representative capacity on behalf the State of California and the Aggrieved Employees will fully and finally release and discharge the Released Parties from all claims, rights, demands, liabilities, costs, attorney's fees, and causes of action for civil penalties under the PAGA, arising during employment by Defendants in California as an independent contractor barber during the PAGA Period, based on the factual and legal allegations pled in the operative Complaint that support or relate to the following alleged violations of law asserted by Plaintiffs in the Action pursuant to PAGA: (1) failure to pay all minimum and overtime wages earned under Labor Code §§ 226.8, 510, 558, 558.1, 1174, 1174.5, 1194, and 1194.2; (2) failure to provide meal periods of compensation in lieu thereof under Labor Code §§ 226.7, 510, 512, 558, 558.1, 1174, 1174.5, and 1194; (3) failure to provide rest periods of compensation in lieu thereof under Labor Code §§ 226.7 and 558.1; (4) failure to issue accurately itemized wage statements under Labor Code §§ 226(a), 226.3, and 558.1; and (5) failure to timely pay wages upon separation of employment under Labor Code §§ 201-203 and 558.1 (the "Released PAGA Claims").

31. In accordance with *Arias v. Superior Court* (2009) 46 Cal.4th 969, a judgment in "a representative action brought by an aggrieved employee under the Labor Code Private Attorneys General Act of 2004 ... is binding not only on the named employee Plaintiffs but also on government agencies and any aggrieved employee not a party to the proceeding," which the Final Order and Judgment shall so reflect. The Final Order and Judgment shall not bind or release the Aggrieved Employees' individual wage claims (or other individual claims). However, in accordance with *Arias*, the Final Order and Judgment shall be binding on the Aggrieved Employees as to the Released PAGA Claims. A statement to this effect shall be included in the Notice sent to the Aggrieved Employees mailed together with their Settlement payment checks and IRS 1099 Forms.

E. Settlement Approval and Implemental Procedures

32. Plaintiffs' Counsel shall prepare a motion or stipulation for approval of the Settlement pursuant to California Labor Code § 2699(1)(2). Defendants shall not oppose such a motion or stipulation. Defendants' Counsel will work with Plaintiffs' Counsel to provide Plaintiffs' Counsel with, and allow Plaintiffs' Counsel to submit to the Court, adequate information related to the Released PAGA Claims to obtain approval of the Settlement pursuant to a reasonable request by Plaintiffs' Counsel. As required by Labor Code, at the time the motion or stipulation for approval of the Settlement is filed with the Court, Plaintiffs' Counsel shall submit the motion or stipulation, together with its exhibits, to the LWDA.

33. The order and judgment shall provide for dismissal of the class claims without prejudice.

34. Within three (3) business days after the Effective Date, the Settlement Administrator shall send Defendants' Counsel electronic wiring instructions to fund the Gross Settlement Amount.

35. No later than the Funding Date, Defendants will send to the Settlement Administrator a list which shall provide for each Aggrieved Employee, the following information: (1) full name; (2) last known address; (3) social security number; and (4) the number of Eligible Workweeks (the "Data List"). The fact that Defendants may not possess/maintain/know any or all of the Aggrieved Employees' contact information shall not constitute a breach of this Agreement

or be grounds for enforcement; however, Defendants will conduct a reasonable search and diligent inquiry to obtain such information and provide to the Settlement Administrator. The Data List shall be treated as and remain confidential and be used solely to manage the notice and payment process described herein, and for no other purpose, and shall not be disclosed to anyone other than the Settlement Administrator, except as may be required by applicable taxing authorities, or pursuant to express written authorization of Defendants, the Aggrieved Employees or by order of the Court.

36. No later than the Funding Date, Defendants shall wire the Gross Settlement Amount, i.e., \$50,000 to the Settlement Administrator. Upon receipt of payment from Defendants, the Administrator will distribute the Gross Settlement Amount as ordered by the Court. If additional payments are required to fund the GSA pursuant to the of the Escalator Payment clause memorialized in Paragraph 9, above, Defendants shall fund that payment no later than ten (10) calendar days after the Settlement administrator confirms the additional amount due, unless Defendants exercises their right to advance the cutoff date of the PAGA Period to the date on which there are 951 or fewer workweeks, without triggering the Escalator Payment. The Gross Settlement Amount must be fully funded prior to any disbursements will be made. Should Defendants fail to fund the Gross Settlement Amount at the time and in the amounts as provided for by this Agreement, and unless otherwise agreed upon by the Parties or ordered by the Court, Plaintiffs may elect to enforce this Agreement or, at their option, this Agreement and the settlement described within it, shall be rescinded, and the Parties shall be restored to their respective positions as of September 1, 2023.

37. The Settlement Administrator will perform all settlement administration duties, including (i) a National Change of Address ("NCOA") database search, (ii) skip trace to update Aggrieved Employee addresses on the return of undelivered Notices and checks; , (iii) issuing the Notice and payments to all Aggrieved Employees, (iv) issuing all required IRS forms, and reporting same to the applicable taxing authorities; and (v) issuing payment to the LWDA, Aggrieved Employees, Plaintiffs' Counsel and to itself.

38. The Administrator shall have the authority and obligation to calculate the amounts of the Aggrieved Employees' Settlement payments in accordance with the methodology set forth in this Agreement and orders of the Court. Each Aggrieved Employee will be eligible to receive a Settlement payment based on the total number of his/her Eligible Workweeks worked during the PAGA Period in relation to the aggregate number of Eligible Workweeks worked by all Aggrieved Employees during the PAGA Period, e.g.

$$\text{Aggrieved Employee Payment} = \$4,875(x) \frac{\text{Aggrieved Employee's Number of Eligible Workweeks}}{\text{All Aggrieved Employees' Eligible Workweeks}}$$

39. All disbursements to the Aggrieved Employees, the LWDA, the Settlement Administrator, and Plaintiffs' Counsel required under this Settlement Agreement shall be made within ten (10) business days after Defendants fully funds the GSA. Prior to disbursement, the Settlement Administrator will forward its calculations of the Aggrieved Employees' Settlement payments to all counsel, and receive approval from all counsel as to such amounts. Any Party's failure to respond to the Settlement Administrator's request for approval within five (5) business days shall be deemed approval of the calculations.

40. Aggrieved Employees shall have 180 calendar days after mailing to cash their individual settlement checks. If any Aggrieved Employee's check is not cashed within that period, the check will be voided and a stop-payment will be issued. Any funds in the Settlement Administrator's account as a result of a failure to timely cash a settlement check shall be transmitted

to the California State Controller's Unclaimed Property Fund in the name of each respective Aggrieved Employee whose check was uncashed and voided. Neither Defendants, Defendants' Counsel, Plaintiffs' Counsel, nor Plaintiffs will have any liability for lost or stolen settlement checks, forged signatures on settlement checks, or unauthorized negotiation of settlement checks. The Parties agree that this disposition results in no "unpaid residue" under California Civil Procedure Code § 384, as the entire Settlement will be paid out to Aggrieved Employees whether or not they all cash their settlement checks. Therefore, Defendants will not be required to pay any interest on said amount. In no circumstance(s) shall Defendants be liable for any interest payment(s).

41. By no later than 240 days after mailing Settlement payment checks to all Aggrieved Employees, the Settlement Administrator shall provide Plaintiffs' Counsel and Defendants' Counsel with a declaration setting forth the disbursements made to the Aggrieved Employees, the LWDA, Plaintiffs' Attorneys for attorneys' fees and litigation costs, and to itself, and shall include information regarding the number of uncashed checks as of that date, the aggregate sum of uncashed checks, and the timeline for transmittal of sum represented by all uncashed checks to California's Controller, Unclaimed Property Division, (if applicable).

F. Miscellaneous Provisions

42. **Eligible Workweeks:** Defendants have represented there are approximately 827 Eligible Workweeks worked by the Aggrieved Employees between April 4, 2022 and September 1, 2023.

43. **Voiding the Agreement:** The Settlement Agreement shall be voidable and unenforceable as to all Parties herein at the option of either Party if (a) the Court should for any reason fail to approve this Settlement in the form agreed to by the Parties, or (b) the Court should for any reason fail to enter a judgment, or (c) the approval of the Settlement and judgment is reversed, modified or declared or rendered void by a court of competent jurisdiction. In that event, then neither the Settlement nor any of the related negotiations or proceedings shall be of any force or effect, and all Parties to the Settlement shall stand in the same position, without prejudice, as if the Settlement had been neither entered into nor filed with the Court. Notwithstanding the foregoing, the Parties may attempt in good faith to cure any perceived defects in the Settlement to facilitate approval.

44. **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.

45. **Parties' Authority:** The signatories hereto represent that they are fully authorized to enter into this Settlement Agreement and bind the Parties hereto to the terms and conditions hereof.

46. **Mutual Full Cooperation:** The Parties agree to fully cooperate with each other to accomplish the terms of this Settlement Agreement, including but not limited to, execution of such documents and to take such other action as may reasonably be necessary to implement the terms of this Settlement Agreement. The Parties to this Settlement Agreement shall use their best efforts, including all efforts contemplated by this Settlement Agreement and any other efforts that may become necessary by order of the Court, or otherwise, to effectuate this Settlement Agreement and the terms set forth herein. As soon as practicable after execution of this Settlement Agreement, Plaintiffs' Counsel shall, with the assistance and cooperation of Defendants and Defendants'

counsel, take all necessary steps to secure the Court's approval of the Settlement, and the Final Order and Judgment.

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

48. **No Admission:** Defendants deny any and all liability to Plaintiffs and/or the Aggrieved Employees in this Action, as to any and all causes of action that were asserted or that might have been asserted in this Action based on the facts set forth in the First Amended Class and Representative Action Complaint. Nonetheless, Defendants wish to settle and compromise the matters at issue in the Action to avoid further substantial expense and the inconvenience and distraction of protracted and burdensome litigation. Defendants also have taken into account the uncertainty and risks inherent in litigation, and without conceding any infirmity in the defenses that it has asserted or could assert against Plaintiffs, have determined that it is desirable and beneficial that Plaintiffs' claims be settled in the manner and upon the terms and conditions set forth in this Agreement.

49. **Binding Settlement:** Nothing contained herein, nor the consummation of this Settlement Agreement, is to be construed or deemed an admission of liability, culpability, negligence, or wrongdoing on the part of Defendants or any of the other Released Parties. Each of the Parties hereto has entered into this Settlement Agreement with the intention of avoiding further disputes and litigation with the attendant inconvenience and expenses. This Settlement Agreement is a settlement document and shall, pursuant to California Evidence Code section 1152 and/or Federal Rule of Evidence 408, be inadmissible in evidence in any proceeding, except an action or proceeding to approve the settlement, and/or interpret or enforce this Settlement Agreement.

50. **Enforcement Actions:** This Agreement is binding and enforceable under California Code of Civil Procedure section 664.6, and the Court shall retain jurisdiction to enforce this Agreement. Except as otherwise provided in this Settlement Agreement, in the event that one or more of the Parties to this Settlement Agreement institutes any action or proceeding in this case under Section 664.6 or otherwise or separate legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement Agreement or to declare rights and/or obligations under this Settlement Agreement, the successful Party or Parties shall be entitled to recover from the unsuccessful Party or Parties reasonable attorney's fees and costs incurred in connection with any enforcement actions.

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

To Plaintiffs:

Daniel F. Gaines
Gaines & Gaines, APLC
4550 E Thousand Oaks Blvd, Suite 100
Westlake Village, CA 91362

To Defendants:

Michelle K. Meek
Jackson Lewis P.C.
225 Broadway, Suite 1800
San Diego, CA 92101

52. **Construction:** The Parties hereto agree that the terms and conditions of this Settlement Agreement are the result of lengthy, intensive arm's-length negotiations between the Parties and that this Settlement Agreement shall not be construed in favor of or against any Party by reason of the extent to which any Party or their or its counsel participated in the drafting of this Settlement Agreement.

53. **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 Settlement Agreement or any provision hereof. Each term of this Settlement Agreement is contractual and not merely a recital.

54. **Modification:** This Settlement Agreement may not be materially changed, altered, or modified, except in writing and signed by the Parties hereto, and approved by the Court. Non-material changes requested by the Court may be made upon stipulation signed by all counsel. 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.

55. **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.

56. **Integration Clause:** This Settlement Agreement and the concurrently-executed individual settlement agreement for Plaintiffs 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.

57. **Continuing Jurisdiction:** After entry of the Final Order and Judgment, the Court will have continuing jurisdiction under California Code of Civil Procedure § 664.6 and as otherwise allowed by law solely for purposes of addressing: (i) the interpretation and enforcement of the terms of the Settlement, (ii) settlement administration matters; and (iii) such post-Final Order and Judgment matters as may be appropriate under court rules or as set forth in this Settlement.

58. **Waiver of Appeals:** The Parties waive all appeals from the Court's approval of the Agreement, unless the Court materially modifies the Agreement and/or unless a non-Party files an appeal.

59. **Publicity:** With respect to the Settlement, Plaintiffs, Defendants, Defendants' Counsel, and Plaintiffs' Counsel agree not to publicize, contact the media, or disclose to the public any information about the Settlement or the negotiation process, with the exception of filing this Settlement Agreement and the separate settlement agreement executed by Plaintiffs in their individual capacities with the Court, and submitting them to the LWDA, informing the Court of the manner in which the Settlement was obtained, and the reasons in support of the fairness of the

Settlement only insofar as necessary to obtain Court approval of the settlement of the Action. Plaintiffs' Counsel may also respond to inquiries by Aggrieved Employees and the LWDA. With respect to the terms of this Settlement, Plaintiffs' Counsel agrees not to post the terms of the Settlement on their website or initiate contact with the media about its terms or the negotiations. If asked by the media, Plaintiffs' Counsel and Plaintiffs agree to state, "The matter was amicably settled. Any further information about the settlement may be obtained by going to the Court's website." Plaintiffs' Counsel agrees that they will not circumvent this Agreement by facilitating or encouraging any PAGA Group member or any other individual to do what Plaintiffs and their counsel have agreed not to do.

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

61. **Counterparts:** This Settlement 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 Settlement Agreement, which shall be binding upon and effective as to all Parties. Electronic delivery shall be deemed an original.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties knowingly and voluntarily executed this Settlement Agreement and Release of PAGA Claim as of the date set forth below.

Dated: 12 / 07 / 2023

By: *Ricardo Jaramillo*
Plaintiff, Rick Jaramillo

Dated: 12 / 07 / 2023

By: *Walter Sinnott*
Plaintiff, Walter Sinnott

Dated: _____

By: _____
Defendant, Pappy's Barber Shop, Inc.

Dated: _____

By: _____
Defendant, Pappy's Barber Shop Poway, Inc.

Dated: _____

By: _____
Defendant, Marc Bennett

AS TO FORM:

Dated: 12/11/2023

Gaines & Gaines, APLC
By: *[Signature]*
Daniel F. Gaines
Attorneys for Plaintiffs

Jackson Lewis P.C.

Dated: _____

By: _____
Michelle K. Meek
Attorneys for Defendants

IN WITNESS WHEREOF, the parties knowingly and voluntarily executed this Settlement Agreement and Release of PAGA Claim as of the date set forth below.

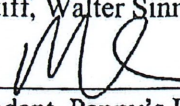
Dated: _____

By: _____
Plaintiff, Rick Jaramillo

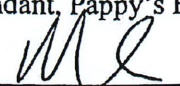
Dated: _____

By: _____
Plaintiff, Walter Sinnott

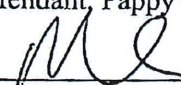
Dated: 12-13-23

By: 
Defendant, Pappy's Barber Shop, Inc.

Dated: 12-13-23

By: 
Defendant, Pappy's Barber Shop Poway, Inc.

Dated: 12-13-23

By: 
Defendant, Marc Bennett

AS TO FORM:

Gaines & Gaines, APLC

Dated: _____

By: _____
Daniel F. Gaines
Attorneys for Plaintiffs

Jackson Lewis P.C.

Dated: 12-13-23

By: 
Michelle K. Meek
Attorneys for Defendants

EXHIBIT A

«DATE»

«FIRST_NAME» «LAST_NAME»

«ADDRESS 1»

«ADDRESS 2»

Re: Settlement Payment from *Rick Jaramillo, et al. v. Pappy's Barber Shops, Inc., et al.*

Dear «FIRST_NAME» «LAST_NAME»

By order of the San Diego County Superior Court, enclosed is your payment from the settlement of the *Rick Jaramillo, et al. v. Pappy's Barber Shops, Inc., et al.*, litigation filed in the San Diego County Superior Court, Case No. 37-2023-00026619-CU-OE-CTL (the "Lawsuit").

The Lawsuit was filed against Pappy's Barber Shops, Inc., Pappy's Barber Shop Poway, Inc., and Marc Bennett (referred to as "Defendants") under the California Private Attorneys General Act of 2004, Cal. Labor Code §§ 2698, *et seq.* (abbreviated "PAGA") for alleged violations of the California Labor Code. The claim was brought on behalf of the State of California and all barbers who worked for Defendants in California at any time from April 4, 2022 through - [DATE OF PAGA APPROVAL] ("Aggrieved Employees"). You have been identified as an Aggrieved Employee, on whose behalf the case was brought.

The Plaintiffs in the Lawsuit claimed Defendants owed civil penalties under PAGA for violating certain provisions of the California Labor Code. The provisions of the California Labor Code that were alleged to have been violated are: (1) Failure to Pay All Minimum and Overtime Wages Earned (Labor Code §§ 226.8, 510, 1174, 1174.5, 1194, and 1194.2); (2) Failure to Provide Meal Periods or Compensation in Lieu Thereof (Labor Code §§ 226.7, 510, 512, 1174, 1174.5, and 1194; IWC Wage Order 4-2001); (3) Failure to Provide Rest Periods or Compensation in Lieu Thereof (Labor Code § 226.7; IWC Wage Order 4-2001); (4) Failure to Comply with Itemized Employee Wage Statement Provisions (Labor Code § 226(a), (e)); (5) Failure to Timely Pay Wages Due at Separation of Employment (Labor Code §§ 201-203); (6) Violation of Business and Professions Code § 17200 *et seq.*; and (7) Civil Penalties Pursuant to Labor Code § 2699(f) for Violations of Labor Code §§ 201, 202, 226(a), 226.7, 226.8, 510, 512, 1174, 1174.5, and 1194 and pursuant to Labor Code § 2699(a) for Violations of Labor Code §§ 226.3, 558, and 558.1, all stemming from alleged misclassification of Defendants' barbers as independent contractors.

Defendants deny and dispute all such claims. Specifically, Defendants contend that Plaintiffs and all Aggrieved Employees were properly classified and compensated under California law and that Defendants do not owe any PAGA penalties to the State of California or to Aggrieved Employees.

The San Diego County Superior Court has not ruled on the merits of the Lawsuit, but it has approved the settlement between the Parties, including the civil penalties settlement amount to be paid by Defendants. Pursuant to California law, a portion of that settlement amount goes to the State of California's Labor and Workforce Development Agency ("LWDA"). Another portion of the settlement amount goes to the Aggrieved Employees. In agreeing to this settlement, Defendants do not admit that they are liable in any way to any individuals for the alleged violations. The settlement of this Lawsuit and Final Approval Order and Judgment does

not in any way release the Aggrieved Employee's individual claims, to the extent an Aggrieved Employee may have any individual claims.

You are receiving this payment as your share of the settlement. You have 180 days to cash the settlement check. If you do not cash your check by this date, the money will be transferred to the State of California Unclaimed Property Fund, from which you may recover the money at a future time. You will receive an IRS Form 1099 form for the amount of your settlement check, if required by law. If you have lost or misplaced your settlement check, you should contact the Administrator at the toll-free number shown at the top of this letter. It is strongly recommended that all checks be cashed immediately upon receipt. Defendants will not in any manner retaliate against any individual who cashes their settlement check.

You are not a party to the Lawsuit, but you and the State of California will be bound by the order in this matter approving the settlement and entering judgment in the Lawsuit, as well as to the release of claims in this Lawsuit, stated below, only as to civil penalties under PAGA.

The Court-approved settlement contains the following release of claims, to which you are bound:

Upon approval by the Court of this Settlement, and subject to Defendants' payment of the GSA, Plaintiffs, individually and in their representative capacity on behalf the State of California and the Aggrieved Employees will fully and finally release and discharge the Released Parties from all claims, rights, demands, liabilities, costs, attorney's fees, and causes of action for civil penalties under the PAGA, arising during employment by Defendants in California as an independent contractor barber during the PAGA Period, based on the factual and legal allegations pled in the operative Complaint that support or relate to the following alleged violations of law asserted by Plaintiffs in the Action pursuant to PAGA: (1) failure to pay all minimum and overtime wages earned under Labor Code §§ 226.8, 510, 558, 558.1, 1174, 1174.5, 1194, and 1194.2; (2) failure to provide meal periods of compensation in lieu thereof under Labor Code §§ 226.7, 510, 512, 558, 558.1 1174, 1174.5, and 1194; (3) failure to provide rest periods of compensation in lieu thereof under Labor Code §§ 226.7, and 558.1; (4) failure to issue accurately itemized wage statements under Labor Code §§ 226(a), 226.3, and 558.1; and (5) failure to timely pay wages upon separation of employment under Labor Code §§ 201-203, and 558.1 (the "Released PAGA Claims").

The "Released Parties" are Defendants, and each of and all of their respective past, present and future agents, employees, officers, directors, partners, trustees, representatives, shareholders, stockholders, members, attorneys, parents, subsidiaries, equity sponsors, related companies/corporations and/or partnerships, divisions, assigns, predecessors, successors, insurers, consultants, joint venturers, joint employers, affiliates, alter-egos, co-employers, dual employers, service providers, contracting partners, subcontractors, employee benefit plans and fiduciaries thereof, and all other persons and/or entities acting under, by, through or in concert with any of them.

If you have any questions, you can contact the settlement administrator (whose contact information is at the top of this letter) or Plaintiffs' Counsel as follows:

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**PLEASE DO NOT CONTACT THE COURT OR THE JUDGE WITH ANY
QUESTIONS ABOUT THE LAWSUIT OR THE SETTLEMENT**