

CLASS AND PAGA ACTION SETTLEMENT AGREEMENT

This Class and PAGA Action Settlement Agreement (“Agreement”) is made by and between plaintiff Maria Cortez (“Cortez” or “Plaintiff”) and defendant Desert Arc (“Defendant”). The Agreement refers to Plaintiff and Defendant as the “Parties,” or individually as “Party.”

1. DEFINITIONS.

- 1.1. “Action” means the Plaintiffs’ lawsuits alleging wage and hour violations against Defendant captioned *Maria Cortez v. Desert Arc*, pending in Superior Court of the State of California, Riverside, Case No. CVRI2600211.
- 1.2. “Administrator” means ILYM Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.3. “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with Preliminary Approval of the Settlement.
- 1.4. “Aggrieved Employee” means all current and former non-exempt employees of Defendant who worked for Defendant in California at any time during the PAGA Period.
- 1.5. “Class” means all current and former non-exempt employees of Defendant who worked for Defendant in California at any time during the Class Period.
- 1.6. “Class Counsel” means Moon Law Group, PC.
- 1.7. “Class Counsel Fees Payment” means the amount allocated to Class Counsel for their reasonable attorneys’ fees in connection with prosecuting the Action.
- 1.8. “Class Counsel Litigation Expenses Payment” means the amount allocated to Class Counsel for reimbursement of the expenses incurred to prosecute the Action.
- 1.9. “Class Data” means Class Member identifying information in Defendant’s possession including the Class Member’s name, last-known mailing address, Social Security Number, and number of Class Period Workweeks and PAGA Pay Periods.
- 1.10. “Class Member” means a member of the Class.
- 1.11. “Class Member Address Search” means the Administrator’s investigation and search for current Class Member mailing addresses using all reasonably available sources, methods and means, including, but not limited to, the National Change of Address database, skip traces and direct contact by the Administrator with Class Members.

- 1.12. “Class Notice” means the COURT APPROVED NOTICE OF CLASS ACTION SETTLEMENT AND HEARING DATE FOR FINAL COURT APPROVAL, to be mailed to Class Members in English, with a Spanish translation, in the form, without material variation, attached as **Exhibit A** and incorporated by reference into this Agreement.
- 1.13. “Class Period” means the period from September 1, 2020 to May 31, 2026.
- 1.14. “Class Representative” or “Plaintiff” means Maria Cortez.
- 1.15. “Class Representative Service Payment” means the payment to the Class Representative for initiating and providing services in support of the Action, as described in Paragraph 3.2.1 below.
- 1.16. “Court” means the Superior Court of California, County of Riverside.
- 1.17. “Defendant” means Desert Arc.
- 1.18. “Defense Counsel” means Sloat Law Group, APC and Hellmich Law Group P.C.
- 1.19. “Final Approval” means the Court’s order granting final approval of the Settlement.
- 1.20. “Final Approval Hearing” means the Court’s hearing on Plaintiff’s motion for Final Approval of the Settlement.
- 1.21. “Gross Settlement Amount” means \$1,250,000.00, the total amount Defendant agrees to pay under the Settlement, except as provided in Paragraph 8 below, and which will be used to pay the Individual Class Payments, PAGA Penalties, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, Class Representative Service Payment, and Administration Expenses Payment.
- 1.22. “Individual Class Payment” means the Participating Class Member’s pro rata share of the Net Settlement Amount calculated according to the number of workweeks worked during the Class Period.
- 1.23. “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 25% of the PAGA Penalties calculated according to the number of pay periods worked during the PAGA Period.
- 1.24. “Judgment” means the judgment entered by the Court upon granting Final Approval.
- 1.25. “LWDA” means the California Labor and Workforce Development Agency.
- 1.26. “LWDA PAGA Payment” means the allocation of sixty-five percent (65%) of the PAGA Penalties, to be paid to the LWDA, pursuant to Labor Code section 2699, subdivision (m).

- 1.27. “Net Settlement Amount” means the Gross Settlement Amount less the following payments, in the amounts approved by the Court: the Individual PAGA Payments, LWDA PAGA Payment, Class Representative Service Payments, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and Administration Expenses Payment. The Net Settlement Amount is to be paid to Class Members as Individual Class Payments.
- 1.28. “Non-Participating Class Members” means Class Members who opt out of the Settlement by sending the Administrator a valid and timely Request for Exclusion.
- 1.29. “PAGA” means the Private Attorneys General Act (Labor Code §§ 2698 *et seq.*).
- 1.30. “PAGA Notice” means Plaintiff’s letter to Defendant and the LWDA dated December 25, 2025, providing notice pursuant to Labor Code section 2699.3, subdivision (a).
- 1.31. “PAGA Period” means the period from January 6, 2025 to May 31, 2026.
- 1.32. “PAGA Pay Period” means any pay period during which an Aggrieved Employee worked for Defendant for at least one day during the PAGA Period.
- 1.33. “PAGA Penalties” means \$100,000.00, the total amount of PAGA civil penalties to be paid from the Gross Settlement Amount, and which shall be allocated 65% to the LWDA (\$65,000.00) and 35% to the Aggrieved Employees (\$35,000.00), in settlement of the Released PAGA Claims.
- 1.34. “Participating Class Member” means a Class Member who does not submit a valid and timely Request for Exclusion from the Settlement.
- 1.35. “Preliminary Approval” means the Court order granting preliminary approval of the Settlement.
- 1.36. “Released Class Claims” means pursuant to the Court’s Case Management Order #1 Sec. G(3)(e)(ii) and (iii), the claims being released as described in Paragraph 5.1 below. Notwithstanding the foregoing, the Released Class Claims are intended to be no broader than as permitted by the Court’s Case Management Order #1 Sec. G(3)(e)(ii) and (iii).
- 1.37. “Released PAGA Claims” means pursuant to the Court’s Case Management Order #1 Sec. G(3)(e)(iv), the claims being released as described in Paragraph 5.2 below. Notwithstanding the foregoing, the Released PAGA Claims are intended to be no broader than as permitted by the Court’s Case Management Order #1 Sec. G(3)(e)(iv).
- 1.38. “Released Parties” means Defendant and each of its former and present officers, directors, employees and agents. Notwithstanding the foregoing, the Released Parties are intended to be no broader than as permitted by the Court’s Case Management Order #1 Sec. G(3)(e)(i).

- 1.39. “Request for Exclusion” means a Class Member’s written request to be excluded from the Settlement, signed and submitted to the Administrator by the Class Member.
- 1.40. “Response Deadline” means sixty (60) calendar days after the Administrator mails the Class Notice to the Class Members and Aggrieved Employees and the last date on which Class Members may: (a) fax, email, or mail Requests for Exclusion from the Settlement, or (b) fax, email, or mail written objections to the Settlement. Class Members to whom Notice Packets are resent after having been returned undeliverable to the Administrator shall have an additional fourteen (14) calendar days beyond the Response Deadline.
- 1.41. “Settlement” means the disposition of the Action effected by this Agreement.
- 1.42. “Workweek” means any week during which a Class Member worked for Defendant for at least one day during the Class Period.

2. RECITALS.

- 2.1. On January 6, 2026, Plaintiff filed a class action complaint against Defendant, alleging the following violations of the California Labor Code and Business and Professions Code: Failure to Pay Minimum Wage [Labor Code §§ 204, 1194, 1194.2 and 1197]; Failure to Pay Overtime Compensation [Labor Code §§ 1194 and 1198]; Failure to Provide Meal Periods [Labor Code §§ 226.7 and 512]; Failure to Authorize and Permit Rest Breaks [Labor Code § 226.7]; Failure to Indemnify Necessary Business Expenses [Labor Code § 2802]; Failure to Timely Pay Final Wages at Termination [Labor Code §§ 201-203]; Failure to Provide Accurate Itemized Wage Statements [Labor Code § 226]; and Unfair Business Practices [Business & Professions Code §§ 17200, *et seq.*].
- 2.2. On March 2, 2026, Plaintiff filed a First Amended Class Action and Representative Action Complaint (“FAC”), alleging an additional cause of action for civil penalties under PAGA. The FAC is the operative complaint in the Action (the “Operative Complaint”).
- 2.3. Pursuant to Labor Code section 2699.3, subdivision (a), on December 25, 2025, Plaintiff gave timely written notice to Defendant via certified mail and to the LWDA via online submission.
- 2.4. Defendant denies the allegations in the Operative Complaint, denies any failure to comply with the laws identified in the Operative Complaint, and denies any and all liability for the causes of action alleged.
- 2.5. On May 14, 2026, the Parties participated in a full-day mediation presided over by a professional mediator, Lonnie Giamela, Esq., which led to this Agreement.

- 2.6. Prior to mediation, Plaintiffs obtained, through informal discovery, a sample of the Class Members' time and payroll records, the total number of Workweeks, the number of Class Members, Defendant's Employee Handbooks, Plaintiff's personnel file, and other relevant documents. Plaintiff retained an expert to analyze the records produced by Defendant. Plaintiff's investigation was sufficient to satisfy the criteria for court approval set forth in *Dunk v. Foot Locker Retail, Inc.* (1996) 48 Cal.App.4th 1794, 1801 and *Kullar v. Foot Locker Retail, Inc.* (2008) 168 Cal.App.4th 116, 129-130.

3. MONETARY TERMS.

- 3.1. Gross Settlement Amount. Except as otherwise provided by Paragraph 8 below, Defendant agrees to pay \$1,250,000.00 and no more as the Gross Settlement Amount and to separately pay any and all employer payroll taxes owed on the Wage Portions of the Individual Class Payments. Defendant has no obligation to pay the Gross Settlement Amount or any payroll taxes prior to the deadline stated in Paragraph 4.2 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Class Members or Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendant.
- 3.2. Net Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval:
 - 3.2.1. To Plaintiff: Class Representative Service Payment of not more than \$7,500.00 (in addition to any Individual Class Payment and Individual PAGA Payment Plaintiff is entitled to receive as a Participating Class Member and Aggrieved Employee). Defendant will not oppose Plaintiff's request for Class Representative Service Payment that does not exceed this amount. As part of the motion for final approval of the Settlement, Plaintiff will seek Court approval for the Class Representative Service Payment no later than sixteen (16) court days prior to the Final Approval Hearing. If the Court approves Class Representative Service Payments less than the amount requested, the Administrator will retain the remainder in the Net Settlement Amount. The Administrator will pay the Class Representative Service Payment using IRS Form 1099. Plaintiff assumes full responsibility and liability for employee taxes owed on the Class Representative Service Payment.
 - 3.2.2. To Class Counsel: A Class Counsel Fees Payment of not more than one-third of the Gross Settlement Amount, which is currently estimated to be \$416,666.67, and a Class Counsel Litigation Expenses Payment of not more

than \$25,000.00 (Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment are collectively referred to as, “Attorneys’ Fees and Costs”). Defendant will not oppose a request for these payments provided that they do not exceed these amounts. Plaintiff and/or Class Counsel will file a motion for final approval of the Settlement requesting the Court’s approval of the Attorneys’ Fees and Costs, no later than sixteen (16) court days prior to the Final Approval Hearing. If the Court approves Attorneys’ Fees and Costs less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount. Released Parties shall have no liability to Class Counsel or any other Plaintiff’s counsel arising from any claim to any portion of Attorneys’ Fees and Costs. The Administrator will pay the Attorneys’ Fees and Costs using one or more IRS 1099 Forms. Class Counsel assumes full responsibility and liability for taxes owed on the Attorneys’ Fees and Costs and holds Defendant harmless from and indemnifies Defendant for any dispute or controversy regarding division or sharing of such payments.

- 3.2.3. To the Administrator: An Administration Expenses Payment not to exceed \$13,000.00, except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses Payment is less or the Court approves payment less than \$13,000.00, the Administrator will retain the remainder in the Net Settlement Amount.
- 3.2.4. To Each Participating Class Member: An Individual Class Payment calculated by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Class Members during the Class Period and (b) multiplying the result by each Participating Class Member’s Workweeks.
 - 3.2.4.1. Tax Allocation of Individual Class Payments. 20% of each Participating Class Member’s Individual Class Payment will be allocated to settlement of wage claims (the “Wage Portion”). The Wage Portion is subject to tax withholding and will be reported on IRS W-2 Form. 80% of each Participating Class Member’s Individual Class Payment will be allocated to settlement of claims for interest and penalties (the “Non-Wage Portion”). The Non-Wage Portion is not subject to wage withholdings and will be reported on IRS 1099 Forms. Participating Class Members assume full responsibility and liability for any employee taxes owed on their Individual Class Payment.
 - 3.2.4.2. Effect of Non-Participating Class Members on Calculation of Individual Class Payments. Non-Participating Class Members will not receive any Individual Class Payments. The Administrator will retain amounts equal

to their Individual Class Payments in the Net Settlement Amount for distribution to Participating Class Members on a pro rata basis.

3.2.5. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of \$100,000.00 to be paid from the Gross Settlement Amount, with 65% (\$65,000.00) allocated to the LWDA PAGA Payment and 35% (\$35,000.00) allocated to the Individual PAGA Payments.

3.2.5.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 35% share of PAGA Penalties (\$35,000.00) by the total number of pay periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment.

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

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1. Funding of Gross Settlement Amount. Defendant shall fully fund the Gross Settlement Amount and also fund the amounts necessary to fully pay Defendant's share of payroll taxes by transmitting the funds to the Administrator on the later of: (i) March 15, 2027; or (ii) thirty (30) days after the date the Court enters its order granting final approval of the Settlement.

4.2. Payments from the Gross Settlement Amount. Within fourteen (14) days after Defendant fully funds the Gross Settlement Amount, the Administrator will mail checks for the Individual Class Payments, Individual PAGA Payments, LWDA PAGA Payment, Administration Expenses Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment, and Class Representative Service Payment.

4.2.1. The Administrator will issue checks for the Individual Class Payments and/or Individual PAGA Payments and send them to the Class Members via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. The Administrator will send checks for Individual Class Payments to all Participating Class Members (including those for whom Class Notice was returned undelivered). The Administrator will send checks for Individual PAGA Payments to all Aggrieved Employees, including Non-Participating

Class Members who qualify as Aggrieved Employees (including those for whom a Class Notice was returned undelivered). The Administrator may send Participating Class Members a single check combining his or her Individual Class Payment and Individual PAGA Payment. Before mailing any checks, the Administrator must update the recipients' mailing addresses using the National Change of Address Database.

- 4.2.2. The Administrator must conduct a Class Member Address Search for all other Class Members whose checks are returned undelivered without USPS forwarding addresses. Within seven (7) days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Class Member Address Search. The Administrator need not take further steps to deliver checks to Class Members whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Class Member whose original check was lost or misplaced, requested by the Class Member prior to the void date.
 - 4.2.3. For any Class Member whose Individual Class Payment check or Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue," subject to the requirements of California Code of Civil Procedure Section 384, subdivision (b).
 - 4.2.4. The payment of Individual Class Payments and Individual PAGA Payments shall not obligate Defendant to confer any additional benefits or make any additional payments to Class Members (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.
- 5. RELEASE OF CLAIMS.** The following release shall become effective upon the later of:
- (i) the date of the Court's order and judgment granting final approval of the Settlement, or
 - (ii) the date Defendant fully funds the Gross Settlement Amount and all employer payroll taxes owed on the Wage Portion of the Individual Class Payments:
- 5.1. Released Class Claims by Participating Class Members: All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors and assigns, release Released Parties from all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint. Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation or

claims based on facts occurring outside the Class Period. Notwithstanding the foregoing, the Released Class Claims are intended to be no broader than as permitted by the Court's Case Management Order #1 Sec. G(3)(e)(ii) and (iii)

- 5.2. Released PAGA Claims by Aggrieved Employees: Plaintiff and the State of California releases all claims for PAGA penalties alleged on behalf of all Aggrieved Employees, that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and/or Plaintiff's PAGA Notice submitted to the LWDA. Plaintiff does not release any Aggrieved Employee's claims for wages or damages. Notwithstanding the foregoing, the Released PAGA Claims are intended to be no broader than as permitted by the Court's Case Management Order #1 Sec. G(3)(e)(iv).

6. MOTION FOR PRELIMINARY APPROVAL. The Parties agree to jointly prepare and file a motion for preliminary approval of the Settlement ("Motion for Preliminary Approval").

- 6.1. Responsibilities of Parties. Plaintiff will prepare and deliver to Defense Counsel all documents necessary for obtaining Preliminary Approval, including memorandum of points and authorities, any supporting declarations, and any proposed orders, at least three business days in advance of the proposed date of filing. Class Counsel is responsible for timely finalizing and filing the Motion for Preliminary Approval. The Parties are jointly responsible for appearing in Court to advocate in favor of the Motion for Preliminary Approval. Class Counsel is responsible for delivering the Court's Preliminary Approval Order to the Administrator to initiate the notice process.
- 6.2. Duty to Cooperate. If the Parties disagree on any aspect of the proposed Motion for Preliminary Approval and/or the supporting declarations and documents, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant Preliminary Approval or conditions Preliminary Approval on any material change to this Agreement, Class Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns.

7. SETTLEMENT ADMINISTRATION.

- 7.1. Selection of Administrator. The Parties have jointly selected ILYM Group, Inc. to serve as the Administrator and verified that, as a condition of appointment, ILYM Group, Inc., agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for the Administration Expenses Payment. The Parties and their counsel represent that they have no interest or

relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.

- 7.2. Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports to state and federal tax authorities.
- 7.3. Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund (“QSF”) under US Treasury Regulation section 468B-1.
- 7.4. Notice to Class Members.
 - 7.4.1. Class Data. Defendant shall provide the Class Data to the Administrator within fourteen (14) calendar days after the Court grants Preliminary Approval. Defendant will deliver the Class Data to the Administrator, in the form of a Microsoft Excel spreadsheet or its equivalent. To protect Class Members’ privacy rights, the Administrator must maintain the Class Data in confidence, use the Class Data only for purposes of this Settlement and for no other purpose, and restrict access to the Class Data to Administrator employees who need access to the Class Data to effect and perform under this Agreement. Without any extension of the deadline by which Defendant must send the Class Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to omitted data. No later than three (3) business days after receipt of the Class Data, the Administrator shall notify Class Counsel that the list has been received and provide the number of Class Members, Aggrieved Employees, Workweeks, and PAGA Pay Periods in the Class Data.
 - 7.4.2. Using best efforts to perform as soon as possible, and in no event later than fourteen (14) calendar days after receiving the Class Data, the Administrator will send to all Class Members identified in the Class Data, via first-class United States Postal Service (“USPS”) mail, the Class Notice substantially in the form attached to this Agreement as Exhibit A. The Class Notice shall prominently estimate the dollar amounts of any Individual Class Payment and/or Individual PAGA Payment payable to the Participating Class Member and/or Aggrieved Employee. The Class Notice shall be accompanied by a form Class Members may use to exclude themselves from (opt-out of) the Class Settlement (“Exclusion Form”) and a form Class Members may use to object to the Settlement (“Objection Form”). Before mailing the Class Notices, the

Administrator shall update Class Member addresses using the National Change of Address database.

- 7.4.3. Not later than three (3) business days after the Administrator's receipt of any Class Notice returned by the USPS as undelivered, the Administrator shall re-mail the Class Notice using any forwarding address provided by the USPS. If the USPS does not provide a forwarding address, the Administrator shall conduct a Class Member Address Search, and re-mail the Class Notice to the most current address obtained. The Administrator has no obligation to make further attempts to locate or send Class Notices to Class Members whose Class Notice is returned by the USPS a second time.
- 7.4.4. The deadlines for Class Members' written objections, challenges to Workweeks and/or Pay Periods, and Requests for Exclusion will be extended an additional fourteen (14) days beyond the sixty (60) days provided in the Class Notice for all Class Members whose notice is re-mailed. The Administrator will inform the Class Member of the extended deadline with the re-mailed Class Notice.
- 7.4.5. If the Administrator, Defendant, Defense Counsel, or Class Counsel is contacted by or otherwise discovers any persons who believe they should have been included in the Class Data and should have received a Class Notice, the Parties will expeditiously meet and confer in person or by telephone, and in good faith, in an effort to agree on whether to include them as Class Members. If the Parties agree, such persons will be Class Members entitled to the same rights as other Class Members, and the Administrator will send, via email or overnight delivery, a Class Notice requiring them to exercise options under this Agreement not later than fourteen (14) days after receipt of Class Notice, or the deadline dates in the Class Notice, whichever are later.

7.5. Requests for Exclusion (Opt-Outs).

- 7.5.1. Class Members who wish to exclude themselves (opt-out of) the Class Settlement must send the Administrator, by fax, email, or mail, a signed written Request for Exclusion no later than sixty (60) days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed). A Request for Exclusion is a letter from a Class Member or his/her representative that reasonably communicates the Class Member's election to be excluded from the Settlement and includes the Class Member's name, address, and email address or telephone number. Alternatively, Class Members may use the Exclusion Form mailed with the Class Notice to exclude themselves from the class action component of the Settlement. To be valid, a Request for Exclusion

or the Exclusion Form must be timely faxed, emailed or postmarked by the Response Deadline.

- 7.5.2. The Administrator may not reject a Request for Exclusion as invalid because it fails to contain all the information specified in the Class Notice. The Administrator shall accept any Request for Exclusion or Exclusion Form as valid if the Administrator can reasonably ascertain the identity of the person as a Class Member and the Class Member's desire to be excluded. The Administrator's determination shall be final and not appealable or otherwise susceptible to challenge. If the Administrator has reason to question the authenticity of a Request for Exclusion or the Exclusion Form, the Administrator may demand additional proof of the Class Member's identity. The Administrator's determination of authenticity shall be final and not appealable or otherwise susceptible to challenge.
- 7.5.3. Every Class Member who does not submit a timely and valid Request for Exclusion or Exclusion Form is deemed to be a Participating Class Member under this Agreement, entitled to all benefits and bound by all terms and conditions of the Settlement, including the Participating Class Members' release under Paragraph 5.1 of this Agreement, regardless of whether the Participating Class Member actually receives the Class Notice or objects to the Settlement.
- 7.5.4. Every Class Member who submits a valid and timely Request for Exclusion or Exclusion Form is a Non-Participating Class Member and shall not receive an Individual Class Payment or have the right to object to the class action components of the Settlement.
- 7.5.5. There is no right to opt out of the PAGA components of the Settlement. Thus, exclusion from the Class settlement will not result in exclusion from any PAGA settlement, and Non-Participating Class Members who are Aggrieved Employees will receive an Individual PAGA Payment.
- 7.6. Challenges to Calculation of Workweeks/Pay Periods. Each Class Member shall have 60 days after the Administrator mails the Class Notice (plus an additional 14 days for Class Members whose Class Notice is re-mailed) to challenge the number of Class Period Workweeks and PAGA Pay Periods (if any) allocated to the Class Member in the Class Notice. The Class Member may challenge the allocation by communicating with the Administrator via fax, email or mail. The Administrator must encourage the challenging Class Member to submit supporting documentation. In the absence of any contrary documentation, the Administrator is entitled to presume that the Workweeks and/or Pay Periods in the Class Data are correct. The Administrator's determination of each Class Member's allocation of Workweeks and/or Pay Periods shall be final

and not appealable or otherwise susceptible to challenge. The Administrator shall promptly provide to Defense Counsel and Class Counsel copies of all challenges to calculation of Workweeks and/or Pay Periods as well as the Administrator's determination of the challenges.

7.7. Objections to Settlement.

7.7.1. Only Participating Class Members may object to the class action components of the Settlement and/or this Agreement, including contesting the fairness of the Settlement and/or amounts requested for the Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Class Representative Service Payment. Non-Participating Class Members have no right to object to any of the class action components of the Settlement.

7.7.2. Participating Class Members may object to the Settlement by sending written objections or the Objection Form mailed with the Class Notice to the Administrator, by fax, email, or mail. In the alternative, Participating Class Members may appear in Court (or hire an attorney to appear in Court) to present verbal objections at the Final Approval Hearing. A Participating Class Member who elects to send a written objection or the Objection Form to the Administrator must do so not later than 60 days after the Administrator's mailing of the Class Notice (plus an additional 14 days for Class Members whose Class Notice was re-mailed). Regardless of the form, an objection alone will not satisfy the requirement that a Settlement Class Member must formally intervene and become a party of record in the action to appeal a Judgment entered following an Order finally approving this Settlement, as is required under the California Supreme Court decision of *Hernandez v. Restoration Hardware*, 4 Cal. 5th 260 (2018).

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

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

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

- 7.8.2. Requests for Exclusion (Opt-outs) and Exclusion List. The Administrator will promptly review on a rolling basis Requests for Exclusion and Exclusion Forms to ascertain their validity. Not later than 5 days after the expiration of the deadline for submitting Requests for Exclusion or Exclusion Forms, the Administrator shall email a list to Class Counsel and Defense Counsel containing (a) the names and other identifying information of Class Members who have timely submitted valid Requests for Exclusion or Exclusion Forms (“Exclusion List”); (b) the names and other identifying information of Class Members who have submitted invalid Requests for Exclusion or Exclusion Forms; and (c) copies of all Requests for Exclusion or Objection Forms submitted (whether valid or invalid).
- 7.8.3. Weekly Reports. The Administrator must, on a weekly basis, provide written reports to Class Counsel and Defense Counsel that, among other things, tally the number of: Class Notices mailed or re-mailed, Class Notices returned undelivered, Requests for Exclusion or Exclusion Forms (whether valid or invalid) received, objections received, and checks mailed for Individual Class Payments and Individual PAGA Payments (“Weekly Report”). The Weekly Reports must include the Administrator’s assessment of the validity of Requests for Exclusion or Exclusion Forms and attach copies of all such opt-outs and objections received.
- 7.8.4. Administrator’s Declaration. Not later than fourteen (14) days before the date by which Plaintiff is required to file the Motion for Final Approval of the Settlement, the Administrator will provide to Class Counsel and Defense Counsel, a signed declaration suitable for filing in Court, attesting to its due diligence and compliance with all of its obligations under this Agreement, including, but not limited to, its mailing of the Class Notice, the Class Notices returned as undelivered, the re-mailing of Class Notices, attempts to locate Class Members, the total number of Requests for Exclusion or Exclusion Forms it received (both valid or invalid), the number of written objections or Objection Forms received, and the Exclusion List attached. The Administrator will supplement its declaration as needed or requested by the Parties and/or the Court. Class Counsel is responsible for filing the Administrator’s declaration(s) in Court.
- 7.8.5. Final Report by Administrator. Within ten (10) days after the Administrator disburses all funds in the Gross Settlement Amount, the Administrator will provide Class Counsel and Defense Counsel with a final report detailing its disbursements by employee identification number only of all payments made under this Agreement. At least fourteen (14) days before any deadline set by the Court, the Administrator will prepare, and submit to Class Counsel and

Defense Counsel, a signed declaration suitable for filing in Court attesting to its disbursement of all payments required under this Agreement. Class Counsel is responsible for filing the Administrator's declaration in Court.

8. **CLASS SIZE ESTIMATES and ESCALATOR CLAUSE.** Based on its records, Defendant estimates that, as of May 14, 2026, there are approximately 73,500 total Workweeks Class Members worked during the Class Period. If the total number of Workweeks worked during the Class Period increases by more than 10% (i.e., the total number of Class Period Workweeks exceeds 80,850), then, at Defendant's option, either (1) the Class Period shall end on an earlier date so that the total number of Class Period Workweeks does not exceed the 10% threshold; or (2) the Gross Settlement Amount shall increase on a pro rata basis by the same percentage that the total number of Class Period Workweeks exceeds the 10% threshold (e.g., if the total Class Period Workweeks are 11% higher than 73,500, the Gross Settlement Amount shall increase by 1%). To modify the Class Period to end on an earlier date, Defendant shall determine the total number of Class Period Workweeks and make its election before Plaintiff files the Motion for Preliminary Approval, and in all events no later than thirty (30) days after the date this Agreement is fully executed.
9. **DEFENDANT'S RIGHT TO WITHDRAW.** If the number of valid Requests for Exclusion or Exclusion Forms identified in the Exclusion List exceeds 10% of the total Class Members, Defendant may, but is not obligated to, elect to withdraw from the Settlement. The Parties agree that, if Defendant withdraws, the Settlement shall be void ab initio, have no force or effect whatsoever, and that neither Party will have any further obligation to perform under this Agreement; provided, however, Defendant will remain responsible for paying all settlement administration expenses incurred to that point. Defendant shall notify Class Counsel of any such decision to terminate the settlement no later than seven (7) calendar days following the opt-out deadline.
10. **MOTION FOR FINAL APPROVAL.** Not later than sixteen (16) court days before the calendared Final Approval Hearing, Plaintiff will file in Court, a motion for final approval of the Settlement that includes a request for approval of the PAGA settlement under Labor Code section 2699, subd. (s), a proposed Final Approval Order, and a proposed Judgment (collectively "Motion for Final Approval"). Plaintiff will prepare and provide drafts of these documents to Defense Counsel at least three (3) business days prior to filing the Motion for Final Approval.
 - 10.1. Response to Objections. Each Party retains the right to respond to any objection raised by a Participating Class Member, including the right to file responsive documents in Court no later than five (5) court days prior to the Final Approval Hearing, or as otherwise ordered or accepted by the Court.

- 10.2. Duty to Cooperate. If the Court does not grant Final Approval or conditions Final Approval on any material change to the Settlement (including, but not limited to, the scope of release to be granted by Class Members), the Parties will expeditiously work together in good faith to address the Court's concerns by revising the Agreement as necessary to obtain Final Approval. The Court's decision to award less than the amounts requested for the Class Representative Service Payment, Class Counsel Fees Payment, Class Counsel Litigation Expenses Payment and/or Administration Expenses Payment shall not constitute a material modification to the Agreement within the meaning of this paragraph.
- 10.3. Continuing Jurisdiction of the Court. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.
- 10.4. Waiver of Right to Appeal. Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the Class Counsel Fees Payment and Class Counsel Litigation Expenses Payment set forth in this Settlement, the Parties, their respective counsel, and all Participating Class Members who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or appeals. Class Counsel does not waive, and expressly reserves, the right to appeal the Class Counsel Fees Payment and/or Class Counsel Litigation Expenses Payment awarded by the Court if the amounts awarded are less than those provided for under this Agreement.
- 10.5. Appellate Court Orders to Vacate, Reverse, or Materially Modify Judgment. If the reviewing Court vacates, reverses, or modifies the Judgment in a manner that requires a material modification of this Agreement (including, but not limited to, the scope of release to be granted by Class Members), the Parties shall expeditiously work together in good faith to address the appellate court's concerns and to obtain Final Approval and entry of Judgment, sharing, on a 50-50 basis, any additional administration expenses reasonably incurred after remittitur.
11. **AMENDED JUDGMENT.** If any amended judgment is required under Code of Civil Procedure section 384, the Parties will work together in good faith to jointly submit and a proposed amended judgment.
12. **ADDITIONAL PROVISIONS.**

- 12.1. No Admission of Liability, Class Certification, or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendant that any of the allegations in the Operative Complaint have merit or that Defendant has any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Defendant's defenses in the Action have merit. The Parties agree that class certification and representative treatment is for purposes of this Settlement only. If, for any reason the Court does not grant Preliminary or Final Approval and enter a Judgment, Defendant reserves the right to contest certification of any class for any reasons and all available defenses to the claims in the Action, and Plaintiff reserves the right to move for class certification on any grounds available and to contest Defendant's defenses. The Settlement, this Agreement and Parties' willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).
- 12.2. Confidentiality Prior to Preliminary Approval. Plaintiff, Class Counsel, Defendant, and Defense Counsel separately agree that, until the Motion for Preliminary Approval of Settlement is filed, they and each of them will not disclose, disseminate and/or publicize, or cause or permit another person to disclose, disseminate or publicize, any of the terms of the Agreement directly or indirectly, specifically or generally, to any person, corporation, association, government agency, or other entity except: (1) to the Parties' attorneys, accountants, or spouses, all of whom will be instructed to keep this Agreement confidential; (2) counsel in a related matter; (3) to the extent necessary to report income to appropriate taxing authorities; (4) in response to a court order or subpoena; or (5) in response to an inquiry or subpoena issued by a state or federal government agency. Each Party agrees to immediately notify each other of any judicial or agency order, inquiry, or subpoena seeking such information. Plaintiff, Class Counsel, Defendant, and Defense Counsel separately agree not to, directly or indirectly, initiate any conversation or other communication, before the filing of the Motion for Preliminary Approval, with any third party regarding this Agreement or the matters giving rise to this Agreement except to respond only that "the matter was resolved," or words to that effect. This paragraph does not restrict Class Counsel's communications with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.
- 12.3. No Solicitation. The Parties separately agree that they and their respective counsel and employees will not solicit any Class Member to opt out of or object to the Settlement, or appeal from the Judgment. Nothing in this paragraph shall be construed to restrict Class Counsel's ability to communicate with Class Members in accordance with Class Counsel's ethical obligations owed to Class Members.

- 12.4. Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.
- 12.5. Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.
- 12.6. No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.
- 12.7. No Tax Advice. Neither Plaintiff, Class Counsel, Defendant, nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.
- 12.8. Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties and their representatives, and approved by the Court.
- 12.9. Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 12.10. Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.
- 12.11. Cooperation in Drafting. The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.
- 12.12. Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.

- 12.13. Use and Return of Class Data. Information provided to Class Counsel pursuant to Cal. Evid. Code section 1152, and all copies and summaries of the Class Data provided to Class Counsel by Defendant in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the date when the Court discharges the Administrator's obligation to provide a declaration confirming the final pay out of all Settlement funds, Plaintiff shall destroy, all paper and electronic versions of Class Data received from Defendant.
- 12.14. Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.
- 12.15. Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.
- 12.16. Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff:

MOON LAW GROUP, PC

Kane Moon
Allen Feghali
Julie Oh
725 S. Figueroa, 31st Floor
Los Angeles, CA 90017
E-mail: kmoon@moonlawgroup.com
E-mail: afeghali@moonlawgroup.com
E-mail: joh@moonlawgroup.com

To Defendant:

SLOAT LAW GROUP, APC

Craig Sterling
Christopher Hellmich
42-600 Caroline Court, Suite 101
Palm Desert, California 92211
Telephone: (760) 779-1313
Facsimile: (760) 340-4834
E-mail: Craig@sloatlawgroup.com
E-mail: chellmich@hellmichlaw.com

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

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

Date: 7/14/2026

Signed by:

 0738E88BDE8144E...
 Plaintiff Maria Cortez

Date: _____

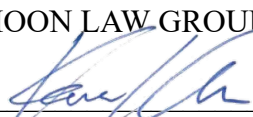
Defendant Desert Arc

 [NAME]

 [TITLE]

Approved as to form by:

Date: 7/15/2026

MOON LAW GROUP, PC

 Kane Moon, Esq.
 Allen Feghali, Esq.
 Julie S. Oh, Esq.
 Attorneys for Plaintiff

Date: _____

SLOAT LAW GROUP, APC

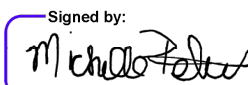
 Craig Sterling, Esq.
 Christopher Hellmich, Esq.
 Attorneys for Defendant

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

Date: _____

Plaintiff Maria Cortez

Date: 7/15/2026

Signed by:


Defendant Desert Arc

Michelle Peters

[NAME]

President & CEO

[TITLE]

Approved as to form by:

MOON LAW GROUP, PC

Date: _____

Kane Moon, Esq.
Allen Feghali, Esq.
Julie S. Oh, Esq.
Attorneys for Plaintiff

Date: 7/15/2026

SLOAT LAW GROUP, APC



Craig Sterling, Esq.
Christopher Hellmich, Esq.
Attorneys for Defendant

EXHIBIT A

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

Maria Cortez v. Desert Arc

Superior Court of California, County of Riverside, Case Number CVRI2600211

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

You may be eligible to receive money from a class and PAGA action lawsuit (“Action”) brought against Desert Arc (“Defendant”) for alleged wage and hour violations. The Action was filed by a former employee, Maria Cortez (“Plaintiff”) who seeks payment of (1) back wages and other relief for a class of non-exempt employees who worked for Defendant during the Class Period (“Class Members”); and (2) civil penalties under the California Private Attorneys General Act (Labor Code §§ 2698, and following sections) (“PAGA”) for all non-exempt employees who worked for Defendant during the PAGA Period (“Aggrieved Employees”).

The Class Period is September 1, 2020, through May 31, 2026. The PAGA Period is January 6, 2025, through May 31, 2026.

Plaintiff and Defendant reached a settlement to resolve the Action (“Settlement”). The proposed Settlement has two main parts: (1) a settlement of class claims (“Class Settlement”) requiring Defendant to fund Individual Class Payments to Class Members, and (2) a settlement of PAGA claims (“PAGA Settlement”) requiring Defendant to fund Individual PAGA Payments to Aggrieved Employees and pay penalties to the California Labor and Workforce Development Agency (“LWDA”).

Based on Defendant’s records, and the Parties’ current assumptions, **your Individual Class Payment is estimated to be \$ [REDACTED] (less withholding) and your Individual PAGA Payment is estimated to be \$ [REDACTED]**. The actual amount you may receive likely will be different and will depend on a number of factors.

The above estimates are based on Defendant’s records showing that **you worked [REDACTED] workweeks** during the Class Period and **you worked [REDACTED] pay periods** during the PAGA Period. (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 during the PAGA Period.) If you believe that you worked more workweeks/pay periods during the Class Period/PAGA Period, you can submit a challenge by the deadline date. See Section 4 of this Notice.

The Court has already preliminarily approved the proposed Settlement and approved this Notice. The Court has not yet decided whether to grant final approval of the proposed Settlement. Your legal rights are affected whether you act or not act. Read this Notice carefully. You will be deemed to have carefully read and understood it. At the hearing on the motion for final approval (“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 PAGA Members to give up their rights to assert certain claims against Defendant.

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

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

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

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

You Don't Have to Do Anything to Participate in the Settlement	If you do nothing, you will be a Participating Class Member, eligible for an Individual Class Payment and an Individual PAGA Payment (if any). In exchange, you will give up your right to assert the wage claims against Defendant that are covered by this Settlement (Released Class Claims).
You Can Opt Out of the Class Settlement but Not the PAGA Settlement The Opt-out Deadline is [REDACTED]	If you don't want to fully participate in the proposed Settlement, you can opt out of the Class Settlement by submitting the Exclusion Form (included in this Notice packet) to the Administrator or otherwise notifying the Administrator in writing that you wish to be excluded from the Class Settlement. Once excluded, you will be a Non-Participating Class Member and no longer eligible for an Individual Class Payment. Non-Participating Class Members cannot object to any portion of the proposed Settlement. See Section 6 of this Notice. You cannot opt-out of the PAGA portion of the proposed Settlement. Defendant must pay Individual PAGA Payments to all Aggrieved Employees and the Aggrieved Employees must give up their rights to pursue Released PAGA Claims (defined below).
Participating Class Members Can Object to the Class Settlement but Not the PAGA Settlement Written Objections Must be Submitted by [REDACTED]	All Class Members who do not opt-out (Participating Class Members) can object to any aspect of the proposed Settlement by submitting the Objection Form (included in this Notice packet) or otherwise notifying the Administrator in writing that you object to the Settlement. The Court's decision whether to finally approve the Settlement will include a determination of how much will be paid to Class Counsel and Plaintiff who pursued the Action on behalf of the Class. You can object to the amounts requested by Class Counsel or Plaintiff if you think they are unreasonable. See Section 7 of this Notice.
You Can Participate in the [REDACTED] Final Approval Hearing	The Court's Final Approval Hearing is scheduled to take place on [REDACTED]. You don't have to attend but you do have the right to appear (or hire an attorney to appear on your behalf at your own cost), in person, by telephone or by using the Court's virtual appearance platform. Participating Class Members can verbally object to the Settlement at the Final Approval Hearing. See Section 8 of this Notice.
You Can Challenge the Calculation of Your Workweeks and/or Pay Periods Written Challenges Must be Submitted by [REDACTED]	The amount of your Individual Class Payment and Individual PAGA Payment (if any) depend on how many workweeks you worked at least one day during the Class Period ("Workweeks") and how many pay periods you worked at least one day during the PAGA Period ("Pay Period"), respectively. The number of Workweeks and Pay Periods you worked according to Defendant's records is stated on the first page of this Notice. If you disagree with either of these numbers, you must challenge it by [REDACTED]. See Section 4 of this Notice.

1. WHAT IS THE ACTION ABOUT?

Plaintiff is a former employee of Defendant. The Action alleges that Defendant violated California labor laws by failing to pay minimum wages, overtime wages, wages due upon termination, and reimbursable expenses, and failing to provide meal periods, rest breaks, and accurate itemized wage statements. Based on the same claims, Plaintiff has also asserted a claim for civil penalties under PAGA. Plaintiff is represented by Moon Law Group, PC, the proposed Class Counsel.

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

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

So far, the Court has made no determination whether Plaintiff or Defendant is correct on the merits. In the meantime, Plaintiff and Defendant hired an experienced, neutral mediator in an effort to resolve the Action by negotiating a settlement to end the case by agreement rather than continuing the expensive and time-consuming process of litigation. The negotiations were ultimately successful. By signing a lengthy written settlement agreement (“Agreement”) and agreeing to jointly ask the Court to enter a judgment ending the Action and enforcing the Agreement (“Judgment”), 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 that 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.

The Court preliminarily approved the proposed Settlement, authorized this Notice, and scheduled a Final Approval Hearing. By preliminarily approving the Settlement, the Court has determined only that there is sufficient evidence to suggest that the proposed Settlement might be fair, adequate, and reasonable, and any final determination of whether the Settlement is fair, adequate, and reasonable will be made at the Final Approval Hearing.

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

- A. Gross Settlement Amount. The Gross Settlement Amount is \$1,250,000.00, which is the total amount Defendant agrees to pay under the Settlement. Defendant agrees to deposit the Gross Settlement Amount into an account controlled by the Administrator. The Administrator will use the Gross Settlement Amount to pay the Individual Class Payments, Individual PAGA Payments, service payment to Plaintiff, Class Counsel’s attorney’s fees and expenses, the Administrator’s expenses, and penalties to be paid to the LWDA. Assuming the Court grants final approval of the Settlement, Defendant will fund the Gross Settlement Amount on the later of: (i) March 15, 2027, or (ii) 30 days after the Court enters its order finally approving the Settlement.
- B. Court Approved Deductions from Gross Settlement Amount. At the Final Approval Hearing, Plaintiff and/or Class Counsel will ask the Court to approve the following deductions from the Gross Settlement Amount, the amounts of which will be decided by the Court at the Final Approval Hearing:
 - i. Up to \$416,666.67 (one-third of the Gross Settlement Amount) to Class Counsel for attorneys’ fees and up to \$25,000 for Class Counsel’s litigation expenses. To date, Class Counsel have worked and incurred expenses on the Action without payment.

- ii. Up to \$7,500 to Plaintiff as a service payment for filing the Action, working with Class Counsel and representing the Class (“Class Representative Service Payment”).
- iii. Up to \$13,000 to the Administrator for its services and expenses in administering the Settlement.
- iv. Up to \$100,000 for PAGA Penalties, allocated 65% (\$65,000) to the LWDA and 35% (\$35,000) to the Aggrieved Employees as Individual PAGA Payments.

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

- C. Net Settlement Distributed to Class Members. After making the above deductions in amounts approved by the Court, the Administrator will distribute the rest of the Gross Settlement Amount (the “Net Settlement Amount”) by making Individual Class Payments to Participating Class Members based on their Class Period Workweeks.
- D. Taxes Owed on Payments to Class Members. Plaintiff and Defendant are asking the Court to approve an allocation of 20% of each Individual Class Payment to taxable wages (“Wage Portion”) and 80% to interest and penalties (“Non-Wage Portion”). The Wage Portion is subject to withholdings and will be reported on IRS W-2 Forms. 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 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.

- E. 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 Controller's Unclaimed Property Fund in your name. If the money represented by your check is sent to the Controller’s Unclaimed Property, you should consult the rules of the Fund for instructions on how to retrieve your money.
- F. Requests for Exclusion from the Class Settlement (Opt-Outs). You will be treated as a Participating Class Member, participating fully in the Class Settlement, unless you notify the Administrator in writing, not later than [**DATE**] (“Response Deadline”), that you wish to opt-out. The easiest way to notify the Administrator is to complete and submit the Exclusion Form included with this Notice via mail, email, or fax by the Response Deadline. Alternatively, you can send a written and signed Request for Exclusion, via mail, email, or fax, within the Response Deadline. The Request for Exclusion should be a letter from a Class Member or his/her representative setting forth the Class Member’s name, address, email address or telephone number, and a simple statement electing to be excluded from the Settlement. Excluded Class Members will not receive Individual Class Payments but will preserve their rights to personally pursue wage and hour claims against Defendant.

You cannot opt out of the PAGA portion of the Settlement. Class Members who are also Aggrieved Employees remain eligible for Individual PAGA Payments even if they exclude themselves from the Class Settlement and are required to give up their right to assert claims for PAGA penalties against Defendant based on the PAGA Period facts alleged in the Action.

- G. 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 and/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.
- H. Administrator. The Court has appointed a neutral company, ILYM Group, Inc., as the Administrator to send this Notice, calculate and make payments, and process Class Members' written objections and exclusion requests. The Administrator will also decide Class Member challenges over Workweeks and/or Pay Periods, mail and re-mail settlement checks and tax forms, and perform other tasks necessary to administer the Settlement. The Administrator's contact information is contained in Section 9 of this Notice.
- I. Participating Class Members' Release. After the Settlement is finally approved by the Court and Defendant has fully funded the Gross Settlement Amount (and separately paid the employer-side 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 other Released Parties based on the Class Period facts, as alleged in the Action and resolved by this Settlement.

The "Released Parties" are: Desert Arc and each of its former and present officers, directors, employees and agents.

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

All Participating Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors and assigns, release Released Parties from all claims that were alleged, or reasonably could have been alleged, based on the Class Period facts stated in the Operative Complaint. Participating Class Members do not release any other claims, including claims for vested benefits, wrongful termination, violation of the Fair Employment and Housing Act, unemployment insurance, disability, social security, workers' compensation or claims based on facts occurring outside the Class Period.

- J. Aggrieved Employees' Release. After the Settlement is finally approved by the Court and Defendant has fully funded the Gross Settlement Amount (and separately paid the employer-side payroll taxes), all Aggrieved Employees will be barred from asserting the Released PAGA Claims against Defendant, whether or not they exclude themselves from the Settlement. This means that all Aggrieved Employees, including those who are Participating Class Members and those who opt-out of the Class Settlement, cannot sue, continue to sue, or participate in any other claim for PAGA civil penalties against Defendant or other Released Parties based on the PAGA Period facts alleged in the Action and resolved by this Settlement.

The Aggrieved Employees' released claims are as follows:

Plaintiff and the State of California release all claims for PAGA penalties alleged on behalf of all Aggrieved Employees, that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and/or Plaintiff's PAGA Notice submitted to the LWDA ("Released PAGA Claims"). Plaintiff does not release any Aggrieved Employee's claims for wages or damages.

4. HOW WILL THE ADMINISTRATOR CALCULATE MY PAYMENT?

- A. Individual Class Payments. The Administrator will calculate Individual Class Payments by (a) dividing the Net Settlement Amount by the total number of Workweeks worked by all Participating Class Members, and (b) multiplying the result by the number of Workweeks worked by each individual Participating Class Member.
- B. Individual PAGA Payments. The Administrator will calculate Individual PAGA Payments by (a) dividing \$35,000.00 by the total number of Pay Periods worked by all Aggrieved Employees and (b) multiplying the result by the number of Pay Periods worked by each individual Aggrieved Employee.
- C. Workweek/Pay Period Challenges. The number of Workweeks you worked during the Class Period and the number of Pay Periods you worked during the PAGA Period (if any), as recorded in Defendant's records, are stated in the first page of this Notice. You have until [**DATE**] to challenge the number of Workweeks and/or Pay Periods credited to you. You can submit your challenge by signing and sending a letter to the Administrator via mail, email or fax. Section 9 of this Notice has the Administrator's contact information.

You need to support your challenge by sending copies of pay stubs or other records. The Administrator will accept Defendant's calculation of Workweeks and/or Pay Periods 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 Administrator will resolve Workweek and/or Pay Period challenges based on your submission and on input from Class Counsel (who will advocate on behalf of Participating Class Members) and Defendant's Counsel. The Administrator's decision is final. You can't appeal or otherwise challenge its final decision.

5. HOW WILL I GET PAID?

- A. Participating Class Members. The Administrator will send, by U.S. mail, a single check to every Participating Class Member (i.e., every Class Member who does not opt out) including those who also qualify as Aggrieved Employees. The single check will combine the Individual Class Payment and the Individual PAGA Payment if the Participating Class Member is also an Aggrieved Employee.
- B. Non-Participating Class Members. Non-Participating Class Members (i.e., Class Members who opt out) will not receive an Individual Class Payment. However, if the Non-Participating Class Member is an Aggrieved Employee, the Administrator will send, by U.S. mail, a single Individual PAGA Payment check.

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

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

Complete and submit the signed Exclusion Form sent with this Notice or submit a written and signed letter with your name, current address, telephone number or email address, and a simple statement that you do not want to participate in the Settlement. You can send this letter or the Exclusion Form to the Administrator via email, mail, or fax. The Administrator will exclude you based on any writing communicating your request be excluded. If you are submitting a letter instead of the Exclusion Form, be sure to personally sign your request and identify the Action as *Maria Cortez v. Desert Arc*. You must make the request yourself. If someone else, other than your representative, makes the request for you, it will not be valid. **The Administrator must be sent**

your request to be excluded by [REDACTED], or it will be invalid. Section 9 of the Notice has the Administrator's contact information where you can mail, email, or fax your Request for Exclusion or the Exclusion Form.

7. HOW DO I OBJECT TO THE SETTLEMENT?

Only Participating Class Members have the right to object to the Settlement. At least 16 court days before the [REDACTED] Final Approval Hearing, Class Counsel and/or Plaintiff will file in Court (1) a Motion for Final Approval that includes, among other things, the reasons why the proposed Settlement is fair, and (2) a request for attorneys' fees and costs and for the Class Representative Service Payment, stating (i) the amount Class Counsel is requesting for attorneys' fees and litigation expenses; and (ii) the amounts Plaintiff is requesting as a Class Representative Service Payment. You can view them on the Administrator's Website [REDACTED] or the Court's website [REDACTED].

A Participating Class Member who disagrees with any aspect of the Agreement, the Motion for Final Approval and/or the request for Class Counsel attorneys' fees and litigation expenses, and the Class Representative Service Payment, may wish to object. **The deadline for sending written objections to the Administrator is [REDACTED].** You can complete and submit the Objection Form sent with this Notice or submit a written objection to the Administrator, via mail, email, or fax. Be sure to tell the Administrator what you object to, why you object, and any facts that support your objection. If you are not using the Objection Form, make sure you identify the Action as *Maria Cortez v. Desert Arc*, include your name, address, and contact information (email address, and/or phone number), and sign the objection. Section 9 of this Notice has the Administrator's contact information where you can mail, email, or fax your written objection or the Objection Form. **Do not file your objection with the Court.**

Alternatively, a Participating Class Member can object (or personally retain a lawyer to object at your own cost) by attending the Final Approval Hearing. You (or your attorney) should be ready to tell the Court what you object to, why you object, and any facts that support your objection. Regardless of the form, an objection alone will not satisfy the requirement that a Settlement Class Member must formally intervene and become a party of record in the action to appeal a Judgment entered following an order finally approving this Settlement, as is required under the California Supreme Court decision of *Hernandez v. Restoration Hardware*, 4 Cal. 5th 260 (2018). See Section 8 of this Notice (immediately below) for specifics regarding the Final Approval Hearing.

8. CAN I ATTEND THE FINAL APPROVAL HEARING?

You can, but don't have to, attend the Final Approval Hearing on [REDACTED] at [REDACTED] in Department 1 of the Riverside County Superior Court, located at the Riverside Historic Courthouse, 4050 Main Street, Riverside, CA 92501. At the Final Approval Hearing, the judge will decide whether to grant final approval of the Settlement and how much of the Gross Settlement Amount will be paid to Class Counsel, Plaintiffs, and the Administrator. The Court will invite comment from objectors, Class Counsel and Defense Counsel before making a decision. You can attend (or hire a lawyer to attend) either personally or virtually via [URL](#). Check the Court's website for the most current information.

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

9. HOW CAN I GET MORE INFORMATION?

The Agreement sets forth everything Defendant and Plaintiffs have promised to do under the proposed Settlement. The easiest way to read the Agreement, the Judgment or any other Settlement documents is to go to the Administrator's website at [REDACTED]. You can also telephone or send an email to Class

Counsel or the Administrator using the contact information listed below, or access case information and view the case file on the Riverside County Superior Court's website at <https://epublic-access.riverside.courts.ca.gov/public-portal/> by entering the case number: CVRI2600211. The Agreement is attached as Exhibit 1 to the Declaration of Kane Moon in Support of Plaintiff's Motion for Preliminary Approval of Class and PAGA Action Settlement, filed on **DATE**. You can also call the clerk's office at (951) 777-3147 for information on obtaining hard copies of case documents. This case is assigned to Department 1 of the Riverside Historic Courthouse, located at 4050 Main Street, Riverside, CA 92501.

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

Class Counsel:

Kane Moon, Esq.
Allen Feghali, Esq.
Julie Oh, Esq.

MOON LAW GROUP, PC

725 S. Figueroa Street, 31st Floor
Los Angeles, California 90017
Telephone: (213) 232-3128
Facsimile: (213) 232-3125

Settlement Administrator:

Name of Company:

Email Address:

Mailing Address:

Telephone:

Fax Number:

10. WHAT IF I LOSE MY SETTLEMENT CHECK?

If you lose or misplace your settlement check before cashing it, the Administrator will replace it as long as you request a replacement before the void date on the face of the original check. If your check is already void, you should consult the California Controller's 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 Administrator if you move or otherwise change your mailing address.

OBJECTION FORM

Maria Cortez v. Desert Arc
Riverside Superior Court, Case No. CVRI2600211

Use and return this form only if you want to object to the class action settlement reached in *Maria Cortez v. Desert Arc*, Riverside Superior Court Case No. CVRI2600211. You may also object to the Settlement by appearing and making an oral objection at the Final Approval Hearing. Regardless of the form, an objection alone will not satisfy the requirement that a Settlement Class Member must formally intervene and become a party of record in the action to appeal a Judgment entered following an Order finally approving this Settlement, as is required under the California Supreme Court decision of *Hernandez v. Restoration Hardware*, 4 Cal. 5th 260 (2018). If you want to object to the Settlement, do not submit a Request for Exclusion or the Exclusion Form. If the Court overrules your objection and approves the Settlement, you will still receive your Individual Class Payment and remain bound by the Settlement terms, including the release of claims described in the Settlement.

To be valid, this Objection Form must be completed, signed, and returned to the Settlement Administrator ON OR BEFORE [DATE]. You can e-mail, mail, or fax the signed form to the Settlement Administrator at:

Maria Cortez v. Desert Arc

c/o ILYM Group, Inc.

Address

Phone: number | Fax: number | Email:

I wish to object to the Settlement in the case of *Maria Cortez v. Desert Arc*, Riverside Superior Court Case No. CVRI2600211. The nature and basis for my objection are as follows:

(Attach additional pages if necessary)

Full Name (First/Middle/Last): _____

Street Address: _____

City, State, and Zip Code: _____

Telephone or Email: _____

By signing below, I hereby confirm that I want to object to the Settlement for the reasons stated herein.

Signature: _____ Date: _____

EXCLUSION FORM

Maria Cortez v. Desert Arc
Riverside Superior Court, Case No. CVRI2600211

Use and return this form only if you wish to exclude yourself from (“opt out” of) the class action settlement reached in *Maria Cortez v. Desert Arc*, Riverside Superior Court Case No. CVRI2600211. If you exclude yourself from the Settlement Class by completing and returning this form, you will not receive your Individual Class Payment, will not be subject to the terms of the Settlement, and you will retain whatever rights you may currently have. However, even if you exclude yourself from the Settlement Class, you will still receive your Individual PAGA Payment if you are an Aggrieved Employee and the Court approves the Settlement.

If you wish to remain in the Settlement Class and receive an Individual Class Payment, disregard this form. You do not need to do anything to receive a settlement payment, and you will receive a check by U.S. Mail if the Court approves the Settlement.

To be valid, this Exclusion Form must be completed, signed, and returned to the Settlement Administrator ON OR BEFORE [DATE]. You can e-mail, mail, or fax the signed form to the Settlement Administrator at:

Maria Cortez v. Desert Arc
c/o ILYM Group, Inc.
Address

Phone: number | Fax: number | Email:

By signing and returning this Form, I certify that I have carefully read the notice of the proposed Settlement in the lawsuit, *Maria Cortez v. Desert Arc*, Riverside Superior Court Case No. CVRI2600211, and that I wish to be excluded from the Settlement Class. I understand that this means that I will not receive an Individual Class Payment and will not be bound by the Released Class Claims.

Full Name (First/Middle/Last): _____

Street Address: _____

City, State, and Zip Code: _____

Telephone or Email: _____

By signing below, I hereby confirm that I want to object to the Settlement for the reasons stated herein.

Signature: _____ Date: _____