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Faye Chapman

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF ALAMEDA
UNLIMITED JURISDICTION

FAYE CHAPMAN, on behalf of herself and
all others similarly situated,

Plaintiff,

v.

WORLD'S FINEST CHOCOLATE, INC.
AND DOES 1-10,

Defendants.

Case No. 23CV038555

*[Assigned for All Purposes to Hon. Somnath
Raj Chaterjee, Dept. 21]*

**PAGA REPRESENTATIVE ACTION
SETTLEMENT AGREEMENT**

Continued Hearing Date: March 11, 2025
Hearing Time: 2:30 p.m.
Original Reservation No.: 764348946450

1 This Settlement Agreement is made and entered into between (1) Plaintiff Faye Chapman
2 (“Plaintiff”), in her capacity as proxy for the State of California and (2) Defendant World’s Finest
3 Chocolate, Inc. (“Defendant”) (referred to collectively as the “Parties”), subject to approval from
4 the Court, as provided below.

5 The Parties intend this PAGA Representative Action Settlement Agreement to fully and
6 finally resolve and settle the Released PAGA Claims, as follows:

7 **1. DEFINITIONS**

8 **1.1 “Action”** refers to the civil action that Plaintiff filed in Superior Court,
9 Alameda County, titled *Chapman v. World’s Finest Chocolate, Inc.*, Case No. 23CV038555. The
10 Action is a putative class action and representative action under the Private Attorneys General
11 Act of 2004, Lab. Code §§ 2699 *et seq.* (“PAGA”).

12 **1.2 “Agreement”** refers to this PAGA Representative Action Settlement
13 Agreement.

14 **1.3 “Approval Order”** refers to the order issued and entered by the Court
15 following a motion for approval of this Settlement.

16 **1.4 “Complaint”** refers to the operative First Amended Complaint that
17 Plaintiff filed on September 6, 2023.

18 **1.5 “Defendant”** refers to World’s Finest Chocolate, Inc.

19 **1.6 “Defendant’s Counsel”** refers to Daniel J. McQueen and Jeffrey B.
20 Weston of Arent Fox Schiff LLP. For purposes of providing any notices required under this
21 Settlement, Defendant’s Counsel shall refer to: Daniel J. McQueen and Jeffrey B. Weston of
22 Arent Fox Schiff LLP, 555 South Flower Street, 43rd Floor, Los Angeles, CA 90071.

23 **1.7 “Effective Date”** shall be only after the Court grants approval of the
24 Settlement and upon Plaintiff’s service of the Notice of Entry of Order and/or Judgment on
25 Defendant and upon the latter of: (i) if no appeal or other challenge is filed, the sixty-first day
26 following Notice of Entry of the Court’s Order and/or Judgment; or (ii) if an appeal is filed, (a)
27 the date of affirmance of an appeal of the Order and/or Judgment becomes final under the
28

1 California Rules of Court; or (b) the date of final dismissal of any appeal from the Order and/or
2 Judgment or the final dismissal of any proceeding on review of any court of appeal decision
3 relating to the Order and/or Judgment. Within 10 days of the Effective Date, Defendant will cause
4 the Gross Settlement Amount to be paid into the settlement account established by the Settlement
5 Administrator.

6 **1.8 “Eligible Pay Periods”** refers to all pay periods in which a PAGA
7 Settlement Member worked as an Independent Sales Representative (“ISR”) with Defendant
8 during the PAGA Period. Based on Defendant’s records, there were approximately 1,717
9 Eligible Pay Periods between June 28, 2022 and December 18, 2024.

10 **1.9 “Gross Settlement Amount”** refers to the \$495,000 that Defendant has
11 agreed to pay to settle the Action. This sum shall include all Individual Settlement Payments
12 made to PAGA Settlement Members, Settlement Administration Costs, the Service Award, the
13 LWDA Payment, and Attorneys’ Fees and Costs, as set forth below. No portion of the Gross
14 Settlement Amount shall revert to Defendant.

15 **1.10 “Individual Settlement Payment”** refers to the amount calculated by the
16 Settlement Administrator to be distributed to each individual PAGA Settlement Member.

17 **1.11 “Judgment”** refers to the final judgment by the Court after approval of the
18 Settlement.

19 **1.12 “LWDA”** refers to the California Labor & Workforce Development
20 Agency.

21 **1.13 “LWDA Payment”** refers to the seventy-five percent (75%) of the Net
22 Settlement Amount that constitutes the LWDA’s share of the settlement of civil penalties paid
23 under this Settlement pursuant to the PAGA.

24 **1.14 “Net Settlement Amount”** refers to the Gross Settlement Amount minus
25 the Settlement Administration Costs, Attorneys’ Fees and Costs, and the Service Award. The Net
26 Settlement Amount shall include all Individual Settlement Payments due to PAGA Settlement
27 Members and the LWDA Payment.
28

1 **1.15 “PAGA Distribution Fund”** refers to the twenty-five percent (25%) of the
2 Net Settlement Amount that will be distributed to PAGA Settlement Members.

3 **1.16 “PAGA Period”** refers to the period from June 28, 2022 through the date
4 on which the Court approves the Settlement.

5 **1.17 “PAGA Settlement Members”** refers to all California ISRs who worked
6 during the PAGA Period. There are 30 PAGA Settlement Members.

7 **1.18 “Parties”** refers to Plaintiff and Defendant.

8 **1.19 “Plaintiff”** refers to Faye Chapman.

9 **1.20 “Plaintiff’s Counsel”** refers to Olivier & Schreiber PC. For purposes of
10 providing any notices required under this Settlement, Plaintiff’s Counsel shall refer to Rachel
11 Bien, Olivier & Schreiber PC, 595 East Colorado Blvd., Suite 418, Pasadena, CA 91101.

12 **1.21 “Released PAGA Claims”** refers to those claims defined in Paragraph 5.1
13 of this Settlement.

14 **1.22 “Released Parties”** refers to Defendant and any parent companies,
15 subsidiaries, affiliates, current and former management companies, shareholders, members, agents
16 (including any investment bankers, accountants, insurers, reinsurers, attorneys and any past,
17 present or future officers, directors and employees) predecessors, successors, and assigns.

18 **1.23 “Service Payment”** refers to any payment that the Court awards to
19 Plaintiff for her efforts in prosecuting the Action as proxy for the State of California.

20 **1.24 “Settlement”** refers to the terms of this Agreement.

21 **1.25 “Settlement Administrator”** refers to ILYM Group, Inc., the third-party
22 administrator agreed to by the Parties, subject to Court approval, which will perform the
23 settlement administration and distribution of payment functions further described in this
24 Settlement. The Settlement Administrator shall establish its own employer identification number
25 and file an Internal Revenue Service Form W-9. The Settlement Administrator shall meet all of
26 the requirements to establish a Qualified Settlement Fund (“QSF”) pursuant to U.S. Treasury
27 Regulation Section 468B-1.
28

1 **2. PROCEDURAL HISTORY AND RECITALS**

2 **2.1** On June 28, 2023, Plaintiff submitted a letter to the LWDA providing
3 notice of her claims under PAGA.

4 **2.2** On July 17, 2023, Plaintiff filed the Action bringing individual and class
5 action claims against Defendant based upon Defendant's alleged misclassification of ISRs as
6 independent contractors under California law.

7 **2.3** On September 6, 2023, Plaintiff filed a First Amended Complaint adding
8 her PAGA claims.

9 **2.4** The Parties engaged in discovery and motion practice and attended a
10 mediation before resolving the Action. Plaintiff obtained documents from Defendant relating to
11 ISRs' job duties and compensation policies applicable to ISRs, contracts between Defendant and
12 ISRs, and data reflecting ISRs' compensation and pay periods.

13 **2.5** Defendant settled the claims of 31 ISRs after the Action was filed.
14 Defendant paid these individuals a sum of money in exchange for a release of their employment
15 claims during the period covered by the class claims in the Action.

16 **2.6** The Parties attended a mediation with Jeffrey Fuchsman on October 16,
17 2024, which resulted in a mediator's proposal that the Parties accepted.

18 **2.7** Based on Plaintiff's Counsel's thorough investigation and evaluation of the
19 claims, Plaintiff's Counsel believes that the terms set forth in this Settlement are fair, reasonable,
20 adequate, and in the best interest of the State of California. Plaintiff's Counsel investigated and
21 litigated the claims, as discussed above, and thus appreciates the risks Plaintiff faced at trial and
22 on appeal, as well as the benefits of the Settlement.

23 **2.8** Defendant denies that it is liable for civil penalties as alleged in the Action.
24 Nonetheless, without admitting or conceding any liability or wrongdoing whatsoever, Defendant
25 has agreed to settle the Action to avoid the burden, expense, and uncertainty of continuing the
26 Action. Any stipulations or statements by Defendant contained in this Settlement are made for
27 settlement purposes only.
28

1 **2.9** It is the desire of the Parties to fully settle the PAGA claims that were
2 asserted in the Action and to dismiss without prejudice the class claims.

3 **2.10** The Parties agree to cooperate and to take all steps necessary and
4 appropriate to effectuate all aspects of this Settlement.

5 **3. SETTLEMENT ADMINISTRATOR**

6 **3.1 Settlement Administrator.** The Parties will request that the Court appoint
7 ILYM Group, Inc., as the Settlement Administrator. All disputes relating to the Settlement
8 Administrator's performance of its duties, after good-faith efforts by the Parties to first resolve
9 such disputes, will be referred to the Court, if necessary, which will have continuing jurisdiction
10 over this Settlement until all payments and obligations contemplated by this Settlement have been
11 fully completed.

12 **3.2 Data for Settlement Administrator.**

13 **3.2.1** Defendant will provide Plaintiff's Counsel and the Settlement
14 Administrator with a list containing the following for each PAGA Settlement Member: (1) name;
15 (2) number of Eligible Pay Periods during the PAGA Period; (3) last known address; and (4) last
16 known telephone number. In addition, Defendant will also provide the Settlement Administrator
17 with each PAGA Settlement Member's Social Security number to enable the Settlement
18 Administrator to perform its tax reporting duties. The information described herein shall be
19 referred to hereafter as "PAGA Member Data." Defendant will provide the PAGA Member Data
20 by no later than February 28, 2025.

21 **3.2.2 Confidentiality of PAGA Member Data.** Defendants are
22 providing the PAGA Member Data confidentially, and the Settlement Administrator shall treat
23 the PAGA Member Data as private and confidential and take all necessary precautions to
24 maintain the confidentiality of the PAGA Member Data. The Settlement Administrator is to use
25 this information only to carry out the Settlement Administrator's duties as specified in this
26 Settlement.

1 **3.3 Settlement Administrator’s Duties.** The Settlement Administrator will
2 perform the calculations set forth in Paragraph 4.6, make the payments as set forth in Paragraphs
3 4.7-4.8, and perform all other duties necessary to effectuate the administration of the Settlement
4 as provided in this Agreement. The Settlement Administrator will periodically provide reports to
5 the Parties updating them on the status of its administration duties. If requested by the Court, the
6 Settlement Administrator will prepare, and submit to the Parties, a signed declaration suitable for
7 filing in Court attesting to its disbursement of all payments required under this Agreement.

8 **4. DISTRIBUTION OF SETTLEMENT PROCEEDS**

9 **4.1 Gross Settlement Amount.** Defendant agrees to pay \$495,000 as the
10 Gross Settlement Amount. Defendant will cause the Gross Settlement Amount to be paid into the
11 Qualified Settlement Fund established by the Settlement Administrator within 10 days of the
12 Effective Date.

13 **4.2 Attorneys’ Fees and Costs.** Plaintiff’s Counsel intends to request that the
14 Court approve an award for: (a) attorneys’ fees in the amount up to one-third of the Gross
15 Settlement Amount; and (b) costs and expenses incurred in the Action, which are anticipated to
16 be no more than \$25,000 (collectively referred to as “Attorneys’ Fees and Costs”).

17 **4.3 Service Payment.** Plaintiff’s Counsel intends to request, and Defendant
18 will not oppose, that the Court award a Service Payment to Plaintiff in an amount up to \$10,000,
19 to be drawn from the Gross Settlement Amount, for her service in bringing the Action as a proxy
20 for the State of California. The Service Award shall be reported by the Settlement Administrator
21 on an IRS 1099-MISC basis. To the extent that the Court approves less than the amount of the
22 Service Payment that Plaintiff’s Counsel requests, the difference will be included in the Net
23 Settlement Amount.

24 **4.4 Settlement Administration Costs.** Plaintiff’s Counsel intends to request
25 that the Court approve the costs of settlement administration currently estimated not to exceed
26 \$3,000 (“Settlement Administration Costs”). The Settlement Administration Costs approved by
27 the Court will be paid from the Gross Settlement Amount. Any amount of Settlement
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Administration Costs requested by Plaintiff's Counsel but unapproved by the Court shall be allocated to the Net Settlement Amount. Upon completion of administration of the Settlement set forth in this Agreement, the Settlement Administrator shall provide written certification of such completion to Plaintiff's Counsel and Defendant's Counsel.

4.5 LWDA Payment. The Parties will seek approval from the Court for an LWDA Payment consisting of seventy-five percent (75%) of the Net Settlement Amount as the LWDA's share of the settlement of civil penalties paid under this Settlement pursuant to PAGA ("LWDA Payment"). The remaining twenty-five percent (25%) of the Net Settlement Amount will constitute the "PAGA Distribution Fund" for distribution to PAGA Settlement Members.

4.6 Allocation of PAGA Distribution Fund. PAGA Settlement Members will be eligible to receive a portion of the PAGA Distribution Fund based on their Eligible Pay Periods as reflected in the PAGA Member Data.

4.6.1 The Settlement Administrator will calculate the total number of Eligible Pay Periods and determine each PAGA Settlement Member's proportionate share of the Net Settlement Amount by dividing the number of Eligible Pay Periods attributable to that PAGA Settlement Member by the total number of Eligible Pay Periods multiplied by the PAGA Distribution Fund.

4.6.2 The Settlement Administrator shall issue a check to each PAGA Settlement Member for their Individual Settlement Payment with a letter explaining the payment, a copy of which is attached hereto as "Exhibit A." Prior to mailing, the Settlement Administrator will update the mailing addresses contained in the PAGA Member Data against the National Change of Address Database. Individual Settlement Payments will be reported on a Form 1099 as "MISC" income to the extent required by law.

4.7 Timing of Settlement Payments. Within 30 days after Defendant pays the Gross Settlement Amount into the Qualified Settlement Fund, the Settlement Administrator will mail checks to PAGA Settlement Members, make the LWDA Payment to the LWDA, wire Plaintiff's Counsel their approved Attorneys' Fees and Costs, mail Plaintiff her approved Service

1 Payment, and deduct from the Gross Settlement Amount its approved Settlement Administration
2 Costs.

3 **4.8 Undeliverable or Uncashed Checks.** Any Individual Settlement Payment
4 checks returned to the Settlement Administrator as undeliverable shall be sent within five (5)
5 calendar days via First Class U.S. Mail to any forwarding address affixed thereto. If no
6 forwarding address is provided, the Settlement Administrator shall attempt to determine the
7 correct address, and it shall then perform a re-mailing within five (5) calendar days of locating an
8 updated address. Any Individual Settlement Payment checks that remain undeliverable or
9 uncashed one hundred eighty (180) calendar days after the postmarked date of the initial mailing
10 of the Individual Settlement Payments will be cancelled and the funds associated with such
11 checks will be sent, subject to the Court's approval, to Bet Tzedek Legal Services, as a *cy pres*
12 beneficiary pursuant to Code of Civil Procedure § 384. The Settlement Administrator shall notify
13 Plaintiff's Counsel and Defendant's Counsel of any undeliverable checks.

14 **4.9 Tax Payment Considerations.** Plaintiff's Counsel and Defendant's
15 Counsel are not giving any tax advice in connection with the Settlement or any payments to be
16 made pursuant to the Settlement.

17 **5. RELEASE**

18 **5.1 Released Claims by Plaintiff as Proxy for LWDA.** By operation of the
19 entry of the Approval Order and Judgment, subject to Defendant's full payment of the Gross
20 Settlement Amount into the QSF, and except as to such rights or claims as may be created by this
21 Settlement, Plaintiff, as proxy and agent for the State of California, releases the Released Parties
22 from all claims under PAGA asserted in and/or based on facts alleged in the June 28, 2023 PAGA
23 letter sent to the LWDA, which include failure to pay minimum wages and overtime; failure to
24 timely pay wages, including upon separation from employment; failure to authorize and permit
25 rest periods; failure to reimburse business expenses; failure to provide legally sufficient wage
26 statements and maintain payroll records; failure to provide paid sick leave; failure to provide
27 written notice upon hire; misclassification as independent contractors; imposition of unlawful
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1 non-compete and non-solicitation clauses and choice of law clauses; as well as all claims for
2 attorneys' fees, costs, and interest related to the above claims. This release excludes the release
3 of claims not permitted by law.

4 **5.2** The above release does not release the putative class claims alleged in the
5 Action. With respect to those claims, Plaintiff will request that the Court dismiss them without
6 prejudice pursuant to Rule of Court 3.770. Plaintiff will make this request at the same time that
7 she files her Motion for Approval of PAGA Settlement.

8 **5.3** The above release also does not release Plaintiff's individual claims alleged
9 in the Action. Plaintiff has agreed by separate agreement with Defendant to a general release of
10 claims covering her individual claims in the Action in exchange for a payment of \$80,000.

11 **6. SETTLEMENT APPROVAL PROCEDURE**

12 **6.1 Settlement Approval.**

13 **6.1.1** Plaintiff shall submit an unopposed Motion for Approval of PAGA
14 Settlement on or before January 8, 2025. The motion shall seek an order to approve the proposed
15 Settlement and dismiss the class action claims in the Action without prejudice pursuant to Rule of
16 Court 3.770. The motion shall include the basis for the Gross Settlement Amount and why the
17 amount is reasonable in light of the facts and controlling authorities pertaining to the claims
18 alleged. The motion shall also inform the Court that Plaintiff has agreed to a general release of
19 claims against Defendant in exchange for a payment of \$80,000.

20 **6.1.2** Plaintiff shall submit a copy of the Settlement Agreement to the
21 LWDA for review pursuant to Lab. Code § 2699(l) at the same time that she submits the
22 Agreement to the Court.

23 **6.2 Effect of Failure to Obtain Approval.** If this Settlement or a
24 substantially similar settlement mutually agreed to by the Parties is not approved, the Action shall
25 proceed as if no settlement had been attempted. Notwithstanding the forgoing, the Parties agree
26 to seek approval of the Settlement and work together to provide supplemental briefing if
27 requested by the Court.
28

1 **6.3 Entry of Judgment.** Upon issuance of the Approval Order, the Parties
2 shall request that the Court enter Judgment in the case.

3 **6.3.1 Effect of Failure to Obtain Judgment.** In the event the Court
4 fails to enter Judgment in accordance with this Settlement, or such final judgment is vacated or
5 reversed, the Action shall proceed as if no settlement had been attempted unless the Parties jointly
6 agree to seek reconsideration or appellate review of the ruling or Court approval of a renegotiated
7 settlement.

8 **7. MISCELLANEOUS**

9 **7.1 Parties' Authority.** The signatories hereto represent that they are fully
10 authorized to enter into this Settlement and are fully authorized to bind the Parties to all terms
11 stated herein.

12 **7.2 Confidentiality.** Neither Plaintiff nor Plaintiff's Counsel shall issue any
13 press release or announcement of any kind related in any way to the Settlement. Unless otherwise
14 required by law or under the terms of the Settlement, Plaintiff agrees to limit her statements
15 regarding the terms of the Settlement, whether oral, written, or electronic, to say the Action has
16 been resolved and that Plaintiff is satisfied with the settlement terms. Nothing in this Paragraph is
17 intended to interfere with Plaintiff's Counsel's duties and obligations to faithfully discharge their
18 duties as Counsel.

19 **7.3 Entire Agreement.** This Settlement, which includes the Definitions and
20 Recitals, constitutes the entire agreement between the Parties with regard to the subject matter
21 contained herein, and all prior and contemporaneous negotiations and understandings between the
22 Parties shall be deemed merged into this Settlement.

23 **7.4 Materiality of Terms.** The Parties have arrived at this Settlement as a
24 result of arm's-length negotiations. Except as otherwise stated in this Settlement, all terms and
25 conditions of this Settlement in the exact form set forth in this Settlement are material to this
26 Settlement and have been relied upon by the Parties in entering into this Settlement.

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1 **7.5 Counterparts.** This Settlement may be executed in counterparts, and
2 when each party has signed and delivered at least one such counterpart, each counterpart shall be
3 deemed an original, and when taken together with other signed counterparts, shall constitute one
4 signed Settlement, which shall be binding upon and effective as to all Parties.

5 **7.6 Facsimile or Electronic Signatures.** The parties may submit their
6 signatures via facsimile or electronically, and such signatures shall be deemed to be original
7 signatures for purposes of this Settlement and shall be binding upon the party or parties who
8 provided the signature.

9 **7.7 Waivers and Modifications to Be in Writing.** This Settlement may be
10 amended or modified only by a written instrument signed by counsel for the Parties and approved
11 by the Court. No rights under this Settlement may be waived except in writing.

12 **7.8 Construction.** The determination of the terms and conditions of this
13 Settlement has been by mutual agreement of the Parties. Each party participated jointly in the
14 drafting of this Settlement, and the terms and conditions of this Settlement are not intended to be,
15 and shall not be, construed against any party by virtue of draftsmanship.

16 **7.9 Captions.** The captions or headings of the sections and paragraphs of this
17 Settlement have been inserted for convenience of reference only and shall have no effect upon the
18 construction or interpretation of any part of this Settlement.

19 **7.10 Invalidity of Any Provision.** Before declaring any provision of this
20 Settlement invalid, the Court shall first attempt to construe the provisions valid to the fullest
21 extent possible consistent with applicable precedents so as to render all provisions of this
22 Settlement valid and enforceable.

23 **7.11 Further Acts and Cooperation Between the Parties.** The Parties shall
24 cooperate fully with each other and shall use their best efforts to obtain the Court's approval of
25 this Settlement and all of its terms. Each of the Parties, upon the request of another, agrees to
26 perform such further acts and to execute and to deliver such other documents as are reasonably
27 necessary to carry out the provisions of this Settlement.
28

1 **7.12 Continuing Jurisdiction.** The Court shall retain jurisdiction over the
2 implementation of this Settlement as well as any and all matters arising out of, or related to, the
3 implementation of this Settlement. The Court shall not have jurisdiction to modify the terms of
4 the Settlement without the consent of all of the Parties. Should either party be required to enforce
5 the terms of this Settlement, the prevailing party shall be entitled to reasonable attorneys' fees and
6 costs.

7 **7.13 Governing Law.** This Settlement was made and entered into in the State
8 of California. All terms of this Settlement shall be governed by and interpreted according to the
9 laws of the State of California.

10 **SO AGREED AND STIPULATED:**

11 Dated: Feb 12, 2025
12 _____

13 By: 
14 Faye Chapman (Feb 12, 2025 14:21 PST)
15 Plaintiff FAYE CHAPMAN

16 Dated: _____

17 By: _____

18 Defendant WORLD'S FINEST
19 CHOCOLATE, INC.

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2 implementation of this Settlement as well as any and all matters arising out of, or related to, the
3 implementation of this Settlement. The Court shall not have jurisdiction to modify the terms of
4 the Settlement without the consent of all of the Parties. Should either party be required to enforce
5 the terms of this Settlement, the prevailing party shall be entitled to reasonable attorneys' fees and
6 costs.

7 **7.13 Governing Law.** This Settlement was made and entered into in the State
8 of California. All terms of this Settlement shall be governed by and interpreted according to the
9 laws of the State of California.

10 **SO AGREED AND STIPULATED:**

11 Dated: _____

12 By: _____
13 **Plaintiff FAYE CHAPMAN**

14
15 Dated: 02/18/2025

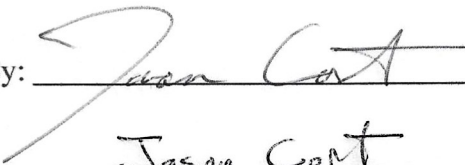
16 By: 
17 **Jason Cort**
18 **Defendant WORLD'S FINEST**
19 **CHOCOLATE, INC.**

EXHIBIT A

DATE

ILYM Group, Inc.

[Address]

<< Name>>

<< Street Address>>

<<City, State Zip>>

Re: PAGA Settlement Payment

Dear << Name>>:

You are receiving this notice because you worked as an Independent Sales Representative (“ISR”) with World’s Finest Chocolate, Inc. (“WFC”) at some time between June 28, 2022 and [date of the Court’s approval order] in California. This notice relates to a \$495,000 settlement of a representative action lawsuit against Defendant styled *Chapman v. World’s Finest Chocolate, Inc.*, filed in Alameda County Superior Court, Case No. 23CV038555 (the “Lawsuit”).

In the Lawsuit, the Plaintiff seeks civil penalties pursuant to the California Private Attorneys General Act (“PAGA”), a law that allows a plaintiff to recover penalties as the proxy of the State of California for violations of the California Labor Code. Here, the Plaintiff, a former ISR, claims that WFC misclassified ISRs as independent contractors instead of classifying them as employees and failed to pay ISRs in accordance with the California Labor Code, including reimbursing business expenses, paying overtime, paying at least the minimum wage for all hours worked, and other violations stemming from the alleged misclassification. Defendant vigorously denies that any of Plaintiff’s claims have merit and believes it has always paid ISRs correctly. Defendant views this settlement as a compromise, to which it has agreed in order to avoid the risks and costs associated with litigation.

To avoid the cost, risk, and prolonged nature of litigation, the parties have agreed to a monetary settlement that the Court approved. The parties agreed to resolve the Lawsuit with no decision or admission of who is right or wrong. The settlement will be used to cover payments of civil penalties to current and former ISRs, the State of California, attorneys’ fees, costs, administrative fees, and a service payment for the Plaintiff. The settlement does not resolve the putative class action claims for damages that were included in the Lawsuit, which were dismissed without prejudice.

Under the settlement, Plaintiff will release the following claims of the State of California as its proxy:

All claims under PAGA asserted in and/or based on facts alleged in Plaintiff’s June 28, 2023 PAGA letter sent to the LWDA, which include failure to pay minimum wages and overtime; failure to timely pay wages, including upon separation from employment; failure to authorize and permit rest periods; failure to reimburse business expenses; failure to provide legally sufficient wage statements and maintain payroll records; failure to provide paid sick leave; failure to provide written notice upon hire; misclassification as independent contractors; imposition of unlawful non-compete and non-solicitation clauses and choice of law clauses; as well as all claims for attorneys’ fees, costs, and interest related to the above claims. The enclosed settlement check represents your *pro rata* portion of the Court-approved PAGA settlement based on the dates when you were an active ISR between June 28, 2022 and [date of the Court’s approval order].

You will not be retaliated against for cashing your check. Checks that are not cashed within 180 days of issuance will be cancelled and the funds will be sent to Bet Tzedek Legal Services, a non-profit organization that provides free legal services.

Regardless of what you do with your settlement check, Plaintiff, as the State's proxy, will release the claims identified above.

If you have any questions about this notice, please contact the Settlement Administrator, ILYM Group, Inc., at [number].

THIS NOTICE IS NOT AN EXPRESSION OF ANY OPINION BY THE COURT AS TO THE MERITS OF THE CLAIMS OR DEFENSES BY EITHER SIDE IN THE LAWSUIT. PLEASE DO NOT CONTACT THE COURT REGARDING THE CASE.