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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN BERNARDINO

GABRIELA OROPEZA, as an individual
and on behalf of all others similarly situated,

Plaintiff,

vs.

SPECIALTY COATING SYSTEMS, INC., a
Delaware corporation; and DOES 1 through
100, inclusive,

Defendants.

Case No.: CIVSB2314473

*[Assigned for All Purposes to Hon. Jessica
Morgan, Dept. S-26]*

**DECLARATION OF SCOTT M. LIDMAN
IN SUPPORT OF MOTION FOR
PRELIMINARY APPROVAL OF CLASS
ACTION SETTLEMENT**

Date: November 14, 2024
Time: 8:30 a.m.
Dept.: S-26

1 I, SCOTT M. LIDMAN, declare as follows:

2 1. I am a shareholder and principal of the law firm Lidman Law, APC, and counsel
3 for the named Plaintiff Gabriela Oropeza ("Plaintiff") and the proposed Settlement Class in the
4 above-captioned matter. I am a member in good standing of the bar of the State of California and
5 am admitted to practice in this Court. I have personal knowledge of the facts stated in this
6 declaration and could testify competently to them if called upon to do so.

7 2. I am a 1998 graduate of Santa Clara University School of Law, where I graduated
8 *summa cum laude*. During law school, I worked as a summer associate for the international
9 employment law firm of Littler Mendelson, P.C., located in Los Angeles, California.

10 3. Since graduating from law school, my practice has focused exclusively on
11 employment litigation. In September 1998, I began working as an associate attorney at the
12 international law firm of Littler Mendelson P.C., at its Los Angeles office, which according to its
13 website is the largest law firm in the world exclusively devoted to representing management in
14 employment, employee benefits and labor law matters.

15 4. In 2000, I left Littler Mendelson to work at the Los Angeles office of Jones Day,
16 which was at the time one of the largest international firms in the world. During my employment
17 at Jones Day, I worked exclusively in the labor and employment department. In or around 2003,
18 I went to work at the law firm of Loeb & Loeb, again working exclusively in the Labor &
19 Employment department. In 2008, I returned to Littler Mendelson, was promoted to Shareholder
20 in 2009, and from 2008 until the end of 2017, I practiced exclusively labor and employment law,
21 with a strong emphasis and most of my time working on wage and hour class actions venued in
22 both state and federal courts. During that time and my legal career in general, I also worked on a
23 number of single and multi-plaintiff wage and hour matters as well.

24 5. During my employment at Littler Mendelson, I played a significant role in the class
25 actions that I was staffed on, and ran many on my own both as an Of Counsel and as a Shareholder.
26 In particular, I received a wide-array of wage and hour class action experience performing the
27 following types of tasks: drafting demurrers, motions to strike and/or dismiss; removing actions
28

1 from state court to federal court; drafting and responding to written discovery; drafting and
2 opposing discovery related motions; arguing discovery related motions; drafting motions to
3 consolidate related matters; interviewing putative class members and obtaining declarations in
4 connection with class certification; drafting oppositions to motions for class certification; drafting
5 motions for decertification following class certification; conducting exposure analyses to assess
6 the strengths and weaknesses of asserted claims, the likelihood of prevailing at class certification
7 and potential damages resulting from such claims; drafting mediation briefs; serving as the primary
8 contact to in-house counsel; deposing named plaintiffs and putative class members; deposing
9 retained expert witnesses; and defending the depositions of corporate witnesses. I also was
10 involved in the negotiations and settlements of many large wage and hour class actions. In short,
11 I played an integral role in all aspects of litigation from the inception of a matter through and
12 beyond class certification. I also supervised the work of several junior attorneys who were staffed
13 on the same wage and hour class actions.

14 6. Although not exhaustive, below is a list of many of the wage and hour class and
15 PAGA actions that I performed substantial work on while I was a shareholder at Littler Mendelson:

- 16 ► *Ortega v. J.B. Hunt Transport, Inc.*, Case No. 07-cv-8336-RGK-AFMx,
17 United States District Court, Central District of California, Honorable Gary
18 Klausner, presiding¹.
- 19 ► *Aceves v. J.B. Hunt Transport, Inc.*, Case No. CIVDS1306133, California
20 Superior Court, County of San Bernardino, Honorable Michael Sachs,
21 presiding.
- 22 ► *Moreno v. J.B. Hunt Transport, Inc.*, Case No. BC388612, California
23 Superior Court, County of Los Angeles, Honorable Mel Red Recana,
24 presiding.

25
26
27 ¹ My work on this matter including proceedings not only in District Court, but also work before the United States
28 Court of Appeals for the Ninth Circuit as well as the United States Supreme Court.

- 1 ▶ *Newcomb v. J.B. Hunt Transport, Inc.*, Case No. RG16815734, California
2 Superior Court, County of Alameda, Honorable Winifred Smith, presiding.
- 3 ▶ *Vaquero v. Stoneledge Furniture, LLC, et al.*, Case No. 12-cv-08590-PA-
4 MAN, United States District Court, Central District of California,
5 Honorable Percy Anderson, presiding.
- 6 ▶ *Vaquero v. Stoneledge Furniture, LLC, et al.*, Case No. BC388612,
7 California Superior Court, County of Los Angeles, Honorable Elihu Berle,
8 presiding.²
- 9 ▶ *Dugan v. Stoneledge Furniture, LLC*, Case No. 16-cv-01125-PA-FFMx,
10 United States District Court, Central District of California, Honorable Percy
11 Anderson, presiding.
- 12 ▶ *Klune v. Stoneledge Furniture, LLC*, Case No. 14-cv-03986-PA-FFMx,
13 United States District Court, Central District of California, Honorable Percy
14 Anderson, presiding.
- 15 ▶ *Diaz v. ABM Industries, Inc.; Ampco Parking*, Case No. BC362932,
16 California Superior Court, County of Los Angeles, Honorable Jane
17 Johnson, presiding.³
- 18 ▶ *Adams v. Luxottica Retail North America, Inc.*, Case No. 07CC01346,
19 California Superior Court, County of Orange, Honorable Thierry Patrick
20 Colaw, presiding.
- 21 ▶ *Sakkab v. Luxottica Retail North America, Inc.*, Case No. 12-cv-00436-
22 GPC-KSC, United States District Court, Southern District of California.⁴

25 ² My work on this matter included proceedings not only in the trial court, but also before the California Courts of
26 Appeal and the California Supreme Court.

27 ³ This matter was consolidated and litigated collectively with Case Nos. BC380923, BC 381523 and BC 406663.

28 ⁴ The work I performed on this case included work in the United States Court of Appeals for the Ninth Circuit.

- 1 ▶ *Page v. Oakley, Inc.*, Case No. FCS041512, California Superior Court,
2 County of Solano, Honorable Paul Berman, presiding.
- 3 ▶ *Ramirez v. Oakley, Inc.*, Case No. 30-2014-00731617-CU-OE-CJC
4 California Superior Court, County of Orange, Honorable William Claster,
5 presiding.
- 6 ▶ *Ramirez v. Oakley, Inc.*, Case No. 30-2014-00723846-CU-DE-CXC,
7 California Superior Court, County of Orange, Honorable William Claster,
8 presiding.
- 9 ▶ *Sierra v. Oakley, Inc.*, Case No. 13-cv-00319-AG-JPR, United States
10 District Court, Central District of California, Honorable Andrew Guilford,
11 presiding.⁵
- 12 ▶ *Cordova v. Comerica Bank, et al.*, Case No. 09-cv-08905-MMM-PLAx,
13 United States District Court, Central District of California, Honorable
14 Margaret Morrow, presiding.
- 15 ▶ *Cordova v. Comerica Bank, et al.*, Case No. 09-cv-08905-MMM-PLAx,
16 United States District Court, Central District of California, Honorable
17 Margaret Morrow, presiding.
- 18 ▶ *Khelghatian v. Comerica Bank, et al.*, Case No. 11-cv-7689-DSF-FFMx,
19 United States District Court, Southern District of California, Honorable
20 John A. Houston, presiding.
- 21 ▶ *Babasa v. Comerica Bank, et al.*, Case No. 11-cv-0595-JAH-BGS, United
22 States District Court, Central District of California, Honorable Margaret
23 Morrow, presiding.

28 ⁵ The work I performed on this case included work in the United States Court of Appeals for the Ninth Circuit.

- 1 ▶ *Bernal v. Comerica Bank, et al.*, Case No. 11-cv-01298-JAH-BGS, United
2 States District Court, Central District of California, Honorable Margaret
3 Morrow, presiding.
- 4 ▶ *Khalili v. Comerica Bank, et al.*, Case No. 09-cv-08905-MMM-PLAx,
5 United States District Court, Northern District of California.
- 6 ▶ *Granata v. Comerica Bank, et al.*, Case No. 37-2011-00086316-CU-OE-
7 CTL, California Superior Court, County of San Diego, Honorable Jeffrey
8 B. Barton, presiding.
- 9 ▶ *Mathews v. Comerica Bank, et al.*, Case No. 111CV194781, California
10 Superior Court, County of Santa Clara.
- 11 ▶ *Gallegos v. Comerica Bank, et al.*, Case No. BC455515, California Superior
12 Court, County of Los Angeles, Honorable Terry Green, presiding.
- 13 ▶ *Rumohr v. Comerica Bank, et al.*, Case No. CGC-11-508433, California
14 Superior Court, County of San Francisco.
- 15 ▶ *Smith v. Werner Enterprises*, Case No. 15-cv-02978-RS, United States
16 District Court, Northern District of California, Honorable Richard Seeborg,
17 presiding.

18 7. In January 2018, I voluntarily resigned from Littler Mendelson in order to open my
19 own law firm, Lidman Law, APC, to represent employees with work-related claims, including
20 primarily wage and hour claims and almost exclusively on a class-action basis. I am the President
21 and Shareholder of Lidman Law. Currently, over ninety percent (90%) of my practice is dedicated
22 exclusively to the prosecution of wage and hour class actions, and I am currently responsible for
23 prosecuting over sixty-five (65) wage and hour class actions filed in State courts throughout
24 California, with several of them having been removed to Federal courts. I believe that my
25 professional experience renders me more than qualified to serve as class counsel in this lawsuit
26 involving claims of underpaid overtime and minimum wages, meal and rest period violations, and
27 derivative penalty claims. Not only have I litigated dozens of wage and hour cases throughout my
28

1 career involving similar claims, including the wage and hour class actions identified above, I have
2 litigated similar claims from both plaintiff and defense perspectives. As a result, I am able to
3 realistically assess and evaluate the facts and legal arguments that can be made in pursuit and
4 defense of similar wage and hour claims, as well as those facts and arguments in support and in
5 opposition to class certification. Consequently, I am able to appreciate the significant risks,
6 uncertainties, and delay involved in wage and hour class action litigation.

7 8. I have been appointed Class Counsel in: *Guardado v. Wesley Allen, Inc.*, Case No.
8 BC683027, California Superior Court, County of Los Angeles, Honorable Judge Carolyn B. Kuhl
9 presiding; *Rodriguez v. Satco, Inc.*, Case No. BC682137, California Superior Court, County of
10 Los Angeles, Honorable Judge Ann I. Jones presiding; *Ong v. Howard's Appliances, Inc.*, Case
11 No. 30-2017-00964213-CU-OE-CXC, California Superior Court, County of Orange, Honorable
12 Judge William Claster presiding; *Hanke v. C&W Facility Services, Inc.*, Case No.
13 CIVDS1814412, California Superior Court, County of San Bernardino, Honorable Judge David
14 Cohn presiding; *Molina v. Mader News, Inc.*, Case No. BC685960, California Superior Court,
15 County of Los Angeles, Honorable Judge Yvette M. Palazuelos presiding; *Alvarez v.*
16 *Salamander Fire Protection, Inc.*, Case No. BC688326, California Superior Court, County of Los
17 Angeles, Honorable Judge William F. Highberger presiding; *Rodriguez v. H.F. Cox, Inc.*, Case
18 No. BC653164, California Superior Court, County of Los Angeles, Honorable Judge Carolyn B.
19 Kuhl presiding; *Fregoso v. Amerigas Propane, Inc.*, Case No. BC697973, California Superior
20 Court, County of Los Angeles, Honorable Judge Rafael A. Ongkeko presiding; *Teran v. Western*
21 *Plastics, Inc.*, Case No. RIC1722619, California Superior Court, County of Riverside, Honorable
22 Judge Sunshine Sykes presiding; *Villegas de Torres v. El Monte Superstore Inc.*, Case No.
23 BC688477, California Superior Court, County of Los Angeles, Honorable Judge Daniel J.
24 Buckley presiding; *Huynh v. Polypeptide Laboratories, Inc.*, Case No. BC680872, California
25 Superior Court, County of Los Angeles, Honorable Judge Rafael A. Ongkeko presiding; *Guzman*
26 *v. Century Blinds*, Case No. RIC1723654, California Superior Court, County of Riverside,
27 Honorable Judge Sunshine S. Sykes presiding; *George v. Convergence Marketing*, Case No.

CIVDS1901039, California Superior Court, County of San Bernardino, Honorable Judge David S. Cohn presiding; *Coffee, et al. v. Flyers Transportation Energy, LLC*, Case No. 34-2017-00222084, California Superior Court, County of Sacramento, Honorable Judge Alan G. Perkins presiding; *Romero v. Fillmore Hospitality, LLC*, Case No. BC705667, California Superior Court, County of Los Angeles, Honorable Judge Maren E. Nelson presiding; *Wennerstrom, et al. v. Giant Inland Empire R.V. Center*, Case No. CIVDS1617291, California Superior Court, County of San Bernardino, Honorable Judge David S. Cohn presiding; *Contreras, et al. v. Letter Ride, LLC*, Case No. 37-2018-00020841-CU-OE-CTL, California Superior Court, County of San Diego, Honorable Judge Eddie C. Sturgeon presiding; *Davis v. WeDriveU*, Case No. 18CV322578, California Superior Court, County of Santa Clara, Honorable Judge Brian C. Walsh presiding; *Acuna v. Canton Food Co., Inc.*, Case No. BC685001, California Superior Court, County of Los Angeles, Honorable Judge David S. Cunningham presiding; and *Contreras v. Worldwide Flight Services, Inc.*, Case No. 2:18-cv-06036-PSG-SS, United States District Court for the Central District of California, the Honorable Judge Philip S. Gutierrez presiding.

9. As co-lead counsel for Plaintiff and the proposed Settlement Class, I have been intimately involved in every aspect of this case from its inception through the present, and I believe that the proposed Settlement is a favorable result for the Settlement Class Members under the circumstances presented.

10. Specialty Coating provides conformal coatings for medical devices, circuits and aerospace parts. On June 27, 2023, Plaintiff filed a putative class action complaint against Defendant in San Bernardino County Superior Court. On June 28, 2023, Plaintiff submitted a letter to the California Labor Workforce Development Agency (“LWDA”) and Specialty Coating regarding Defendant’s alleged Labor Code violations and her intent to bring a claim for civil penalties under the Labor Code Private Attorneys General Act (“PAGA”). On September 5, 2023, Plaintiff filed a First Amended Class and Representative Action Complaint. Plaintiff’s operative complaint alleges that Specialty Coating: (1) failed to pay all minimum wages owed; (2) failed to pay all overtime wages owed; (3) failed to provide all legally required meal periods; (4) failed to

1 authorize and permit all legally required rest periods; (5) failed to provide accurate, itemized wage
2 statements; (6) failed to reimburse all necessary business expenditures; (7) engaged in unlawful
3 business practices; and (8) is liable for civil penalties under the PAGA.

4 11. After agreeing to participate in early mediation, Specialty Coating informally
5 produced documents and information relevant to the claims alleged in advance of mediation,
6 including without limitation timekeeping and payroll data for a 25% sampling of the putative class.
7 Additionally, Specialty Coating produced information and data points needed for a fruitful
8 mediation, including without limitation, the number of employees, workweeks at issue, pay
9 periods at issue, meal and rest period policies and procedures, and payroll policies. After a review
10 and analysis of the documents and information produced by Specialty Coating, Class Counsel drew
11 on their extensive experience in similar cases to assess the strengths and weaknesses of Plaintiff's
12 case. This discovery allowed the parties to assess the merits and value of Plaintiff's claims and
13 Specialty Coating's defenses thereto, if a settlement could not be reached.

14 12. On March 5, 2024, a mediation was held with Steven G. Mehta, Esq., a well-
15 respected mediator. During mediation, the parties vigorously debated their opposing legal
16 positions, the likelihood of certification of Plaintiff's claims, and the legal basis for the claims and
17 defenses. Ultimately, the Parties agreed on a class-wide resolution. In the weeks that followed,
18 the parties finalized the terms of settlement and executed the Stipulation of Class Action and
19 PAGA Settlement ("Settlement"). A true and correct copy of the Settlement is attached hereto as
20 **Exhibit 1**. The proposed Notice of Pendency of Class Action and Proposed Settlement and Notice
21 of Individual Settlement Award are attached as **Exhibit B** to the Settlement.

22 13. If the Court approves this Settlement, Defendant will pay a Gross Settlement
23 Amount ("GSA") of \$294,105.⁶ Significantly, this Settlement is non-reversionary, and no

24 ⁶ Defendant represents that there are an estimated 8,400 workweeks worked by settlement class members from June
25 27, 2019 through March 5, 2024 (date of mediation). If the number of workweeks during the Class Period increases
26 by more than 10% above 8,400 (i.e., if there are 9,241 or more workweeks worked by the Class Members during the
27 Class Period), Defendant will at its option either (a) agree to increase the Gross Settlement Amount on a proportional
28 basis (i.e., if there was an 11% increase in the number workweeks during the Class Period, Defendant would agree to
increase the Gross Settlement Amount by 11%), or (b) agree to shorten and close the Class Period on the date that is
closest to without exceeding 9,241 workweeks worked by the Class Members so as to eliminate the need to increase
the Gross Settlement Amount. If Defendant elects to shorten the Class Period if this provision is triggered, the PAGA
Period will also close on the date that the Class Period closes. Defendant will notify Plaintiff's counsel of its election
prior to the hearing date on the preliminary hearing motion. See Settlement ¶ 4.E.

Settlement Class member will have to submit a claim form to receive a Settlement Award. (Settlement, ¶ 5). Each Settlement Class member will automatically receive a Settlement Award unless he or she affirmatively opts out of the Settlement. *Id.* The monetary terms of the Settlement are summarized below:

Gross Settlement Amount (“GSA”):	\$294,105.00
Minus Court-approved attorneys’ fees (1/3 of GSA):	\$98,053.00
Minus Court-approved, verified costs (up to):	\$30,000.00
Minus Court-approved Class Representative Service Award (up to):	\$7,500.00
Minus Settlement Administration Costs:	\$6,750.00
Minus PAGA civil penalties:	\$20,000.00
Net Settlement Amount (“NSA”):	\$131,802.00

With the exception of the Settlement Administrator’s fees, if required by the Settlement Administrator, the Gross Settlement Amount shall be deposited by Defendant into a qualified settlement fund set up by the Settlement Administrator for the benefit of participating Settlement Class members and PAGA Employees. Defendant agrees to deposit the Gross Settlement Amount with the Settlement Administrator within thirty (30) calendar days after the “Effective Date” which is defined as the latter of: (a) the Court’s final approval of the settlement if no objections by or on behalf of Settlement Class members have been filed; (b) the time for appeal has expired if an objection has been filed and no appeal has been filed or withdrawn; or (c) the final resolution of any appeal that has been filed. Settlement ¶ 4.B.

After deducting amounts for the Court-approved attorneys’ fees and verified costs, Service Award to Plaintiff, Settlement Administrator costs, and the PAGA civil penalties, the Settlement requires Defendant to pay a Net Settlement Amount (“NSA”) of at least **\$131,802.00** to all Settlement Class Members who do not timely opt out. This amount does not include the \$5,000.00 PAGA Amount to be paid to the PAGA Employees.

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1 14. According to Defendant, there are approximately 75 total Settlement Class
2 Members (who worked a total of approximately 8,400 workweeks during the relevant time period).
3 . Thus, the average Individual Settlement Awards (assuming there are no opt-outs) is projected to
4 be approximately **\$1,757.36, exclusive of any PAGA civil penalties, which is approximately**
5 **\$15.69 per workweek** (\$131,802/8,400). The Settlement Class members defined as:

6 All current and former non-exempt employees of Specialty Coating Systems,
7 Inc. who worked at any time in California during the Class Period.” For
8 purposes of the Settlement, the Class Period shall mean June 27, 2019 through
9 the date the Court issues an order preliminarily approving the settlement.

10 Additionally, there are approximately 25 PAGA Employees (who worked a total of
11 approximately 1,600 pay periods during the relevant time period). *Id.* Thus, the average individual
12 portion of PAGA Amount is approximately **\$200.00, which is approximately 3.13 per pay**
13 **period** (\$5,000/1,600 pay periods). The PAGA Employees is defined as:

14 All current and former non-exempt, employees of Specialty Coating Systems, Inc.
15 who worked at any time in California during the PAGA Period. The PAGA Period
16 shall mean June 27, 2022 through the date of preliminary approval.

17 Thus, the average individual portion of PAGA Amount is approximately **\$71.43, which is**
18 **approximately 1.08 per pay period** (\$5,000/4,636 pay periods).

19 15. Settlement Class members’ claims arise from Defendant’s common, uniform
20 policies and practices that applied to Settlement Class members during the class period.
21 Specifically, Plaintiff alleged that Defendant’s common and uniform policies and practices
22 resulted in the following violations: (1) failed to pay all minimum wages owed; (2) failed to pay
23 all overtime wages owed; (3) failed to provide all legally required meal periods; (4) failed to
24 authorize and permit all legally required rest periods; (5) failed to provide accurate, itemized wage
25 statements; (6) failed to reimburse for business expenses; (7) engaged in unlawful business
26 practices; and (8) is liable for civil penalties under the PAGA.

27 16. As described in the accompanying Motion for Preliminary Approval, Plaintiff
28 alleges that Defendant failed to compensate its non-exempt employees for all time worked.
Specifically, Plaintiff alleges that Defendant would keep track of Plaintiff’s time worked and

1 would unlawfully round/shave time worked such that Plaintiff would not be fully paid for all time
2 worked. This time-shaving and/or rounding practice utilized by Defendant was not even-handed
3 over time and would almost exclusively round and shave in Defendant's favor such that Plaintiff
4 was routinely underpaid for all her time worked. As a result, Defendant failed to pay Plaintiff and
5 other non-exempt employees for all minimum and overtime wages owed. Accordingly, based on
6 5 minutes of unpaid time each shift, Plaintiff estimates Defendant's exposure at a total of \$7,434.

7 17. Specialty Coating contends that it compensated Settlement Class members for all
8 of their time worked, that its rounding practices were lawful, and any unpaid time was *de minimis*
9 and therefore non-compensable. Specialty Coating further asserts that Plaintiff would be unable
10 to certify a rounding class given the individualized inquiries that would be required, and also that
11 Specialty Coating rounding mechanism was, according to it, allegedly facially neutral. In light of
12 these defenses, Plaintiff discounted the maximum exposure by 35% for the risk of non-
13 certification, and an additional 40% to account for Defendant's defenses on the merits to arrive at
14 an estimated exposure of approximately \$2,899.26.

15 18. Plaintiff alleges that she and Settlement Class Members were not provided with all
16 legally-required meal periods in compliance with California law due to Defendant's unlawful meal
17 period policies/practices. Due to work demands, Plaintiff was often prevented from taking meal
18 periods that commenced before the end of the 5th hour of work and/or which were at least 30
19 minutes in length. Also, there was a 100% violation rate for second meal periods on shifts over
20 10.0 hours. Therefore, based on a review of the time punch data and payroll records, Plaintiff
21 calculated Defendant's maximum exposure for the alleged meal period violations for (1) late first
22 meal break; (2) missed first meal break; (3) short first meal break; and (4) missed second meal
23 break on shifts over 10 hours is \$440,288.

24 19. Specialty Coating counters that it has always provided non-exempt employees with
25 an opportunity to take legally compliant meal periods, and any non-compliant meal periods
26 reflected in employee timekeeping records were solely the result of employee choice, rather than
27 any policy or practice of Specialty Coating. Specialty Coating also points out that it is only
28 required to "provide" the opportunity to take meal periods, not "ensure" meal periods are taken,

1 and that they have always done so. Specialty Coating contends there are no second meal period
2 violations because the employee signed valid second meal period waivers. Finally, Specialty
3 Coating contends Plaintiff's meal period claim is not suited for class certification and individual
4 inquiries would be required to assess which employees took non-compliant meal periods, how
5 many meal periods were non-compliant or missed, and the reasons why a particular employee took
6 a non-compliant meal period or missed a meal period during a particular shift. Accordingly,
7 Plaintiff discounted the maximum exposure by 25% for the risk of non-certification, and an
8 additional 20% to account for Specialty Coating's defenses on the merits to arrive at an estimated
9 exposure of \$264,172.80.

10 20. Plaintiff alleges that she and other Settlement Class Members were not authorized
11 and permitted to take all required rest periods due to Specialty Coating's rest period
12 policies/practices which fail to authorize and permit all rest periods for every four hours worked,
13 *or major fraction thereof*. Specifically, Plaintiff worked shifts in excess of 3.5 hours, but was not
14 authorized or permitted to take a ten-minute paid rest period. Based on the timekeeping records,
15 there were approximately 18,768 shifts worked during this time period over 3.5 hours and 38,813
16 shifts worked in excess of 3.5 hours during the relevant time period. Thus, Plaintiff calculated
17 Specialty Coating's exposure on unique rest period violations at \$711,644.

18 21. Specialty Coating contends it has always maintained and enforced lawful rest
19 period policies and practices, and that Settlement Class Members were authorized and permitted
20 to take all off-duty rest periods in compliance with California law. Specialty Coating argues that
21 Plaintiff's rest period claims are inherently unsuited for class treatment as it requires an
22 individualized inquiry into whether each Settlement Class member was in fact authorized and
23 permitted to take a compliant rest period, which would devolve into an unmanageable series of
24 mini-trials. Accordingly, Plaintiff discounted the maximum exposure by 35% for the risk of non-
25 certification, and an additional 30% to account for Defendant's defenses on the merits to arrive at
26 an estimated exposure of \$323,798.02.

27 22. Plaintiff further alleges that Specialty Coating issued inaccurate wage statements in
28 violation of Labor Code § 226 as a result of the alleged unpaid wages and meal and rest period
premium wages described above. Specifically, Plaintiff contends that this conduct violated Labor

1 Code § 226(a) because the wage statements issued to Settlement Class Members did not include
2 all hours worked and the rate at which they were being paid. Therefore, Plaintiff calculated
3 Specialty Coating's maximum exposure for wage statement violations based on the 1,613 wage
4 statements issued during the relevant time period and applying \$50/\$100 at approximately
5 \$158,700.

6 23. Specialty Coating argues that its alleged wage statement violations could not be
7 shown to be "knowing and intentional," and that Plaintiff cannot show that she or any other
8 employee "suffer[ed] injury" as a result of the alleged wage statement violations, as required by
9 Lab. Code § 226(e) for imposition of penalties. As such, Plaintiff discounted the calculated
10 exposure by 35% for a risk of non-certification and an additional 40% for a risk of being
11 unsuccessful on the merits to arrive at an estimated total of \$61,893.

12 24. Plaintiff alleges that Specialty Coating required her and the other settlement class
13 members to use their cellular phone for business purposes. Despite knowing that putative class
14 members had incurred necessary business expenses to communicate with supervisors through
15 their own personal electronic devices with access to the internet access, Specialty Coating failed
16 to reimburse putative class members in violation of Section 2802 and *Cochran, supra*, 228 Cal.
17 App. 4th at 1144. Therefore, Plaintiff calculated Specialty Coating's maximum exposure at
18 \$30/month, for a total of approximately \$62,820.

19 25. Specialty Coating asserts that settlement class members did not have to use their
20 personal cellular phones to discharge their duties. Also given the wide array of cellular phone
21 plans, Defendant contends that any expenses would be *de minimis*. Accordingly, Plaintiff
22 discounted the maximum exposure by 35% for the risk of non-certification, and an additional 45%
23 to account for Specialty Coating's defenses on the merits to arrive at an estimated exposure of
24 approximately \$22,458.15.

25 26. Plaintiff also seeks civil penalties under the PAGA as a result of the foregoing
26 alleged Labor Code violations. Plaintiff calculated Specialty Coating's exposure at the initial rate
27 of \$100 for a total of \$161,300.

28 27. Specialty Coating argues that Plaintiff's PAGA claim will fail for the same reasons
that her underlying claims will fail. Specialty Coating also maintains that, given its good faith

1 defenses, this Court would exercise its discretion to substantially reduce any PAGA penalties if it
2 were to find Specialty Coating liable for any of Plaintiff's claims. Therefore, Plaintiff discounted
3 the maximum exposure figure by 35% for a risk of being unsuccessful on the merits, and an
4 additional 25% to account for the possibility of this Court reducing penalties, to arrive at an
5 estimated exposure of approximately \$78,633.75.

6 28. Using these estimated figures for each of the claims described above, Plaintiff
7 predicted the realistic total recovery for the Settlement Class would be approximately \$753,854.98.
8 The proposed settlement of \$294,105.00 therefore represents approximately 39% of the reasonably
9 forecasted recovery for the Settlement Class. Preliminary approval is appropriate as the settlement
10 will provide tangible monetary relief to Settlement Class Members, and will still provide an
11 average recovery to Settlement Class Members of over \$1,700.00.

12 29. Here, Class Counsel will also apply for an attorneys' fees award of one-third of
13 the GSA, which is currently estimated to be \$98,053.00, and up to \$30,000 in verified costs
14 reimbursement. Plaintiff submits the requested fee is fair compensation for undertaking complex,
15 risky, expensive, and time-consuming litigation on a purely contingent fee basis. Class Counsel
16 has incurred substantial attorney fees conducting pre-filing investigation, analyzing Plaintiff's
17 claims, conducting legal research, reviewing Defendant's documents and policies, analyzing
18 Settlement Class Members' timekeeping data and payroll records, preparing for and attending
19 mediation, negotiating and revising the MOU, long-form Settlement, preparing this Motion, and
20 otherwise litigating the case. Class Counsel expect to expend additional attorney time in attending
21 the hearing on this Motion, overseeing the Notice process and fielding questions from Settlement
22 Class members, preparing the final approval papers and attending the Final Approval hearing.

23 30. Plaintiff has provided written approval of the split of attorneys' fees in this action.

24 31. Plaintiff will seek a service award of \$7,500.00 at the time of seeking final approval,
25 and I believe this is reasonable given Plaintiff's efforts in this case and the risks she undertook on
26 behalf of the Settlement Class members, including the risk that she could be liable for Defendant's
27 costs if this case was unsuccessful, and because this amount is consideration for Plaintiff's general
28 release and 1542 waiver against Defendant. Plaintiff was integral in the prosecution of this action,

1 by, among other things, providing substantial factual information and documents to Class Counsel,
2 attending multiple meetings and conferences with Class Counsel to discuss the claims and theories
3 at issue in the litigation, and otherwise actively participating in the prosecution of his claims.

4 32. Although the parties engaged in informal discovery throughout this action, the
5 parties still had significant discovery to complete in formal litigation had the matter not settled.
6 Moreover, Plaintiff still had to file for class certification, and faced the prospect of appeals in the
7 wake of a disputed class certification ruling for Plaintiff and/or an adverse summary judgment
8 ruling. Even if the classes sought to be certified by Plaintiff were in fact certified, the parties
9 would incur considerably more attorneys' fees and costs through a possible decertification motion,
10 trial, and possible appeal. This Settlement avoids those risks and the accompanying expense.
11 Thus, this factor supports preliminary approval.

12 33. Plaintiff served the proposed Settlement Agreement on the California Labor &
13 Workforce Development Agency ("LWDA") on August 8, 2024. A true and correct copy of the
14 email generated by the LWDA website after Plaintiff submitted the Settlement Agreement to the
15 LWDA is attached hereto as **Exhibit 2**.

16 34. I have directed my office to submit a copy of the instant Motion for Preliminary
17 Approval and all supporting documents via the LWDA's website on the same date concurrently
18 herewith and will have a supplemental proof of service filed after the Motion for Preliminary
19 Approval and all supporting documents are submitted to the LWDA.

20 I declare under penalty of perjury under the laws of the State of California that the
21 foregoing is true and correct.

22 Executed on August 9, 2024 at El Segundo, California.

23
24 
25 Scott M. Lidman

EXHIBIT 1

EXHIBIT 1

STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT

This Stipulation of Settlement (“Settlement Agreement”) is reached by and between Plaintiff Gabriela Oropeza (“Plaintiff”), individually and on behalf of all members of the Settlement Class and PAGA Employees (both terms defined below), on one hand, and Defendant Specialty Coating Systems, Inc. (“Defendant”), on the other hand. Plaintiff and Defendant are referred to herein collectively as the “Parties.” Plaintiff, the Settlement Class and the PAGA Employees are represented by Paul K. Haines of Haines Law Group, APC and Scott M. Lidman and Milan Moore of Lidman Law, APC (collectively, “Class Counsel”). Defendant is represented by Nick S. Pujji and Carol Yur of Dentons US LLP.

On June 27, 2023, Plaintiff filed a class action Complaint against Defendant in San Bernardino County Superior Court, in the matter entitled *Gabriela Oropeza, as an individual and on behalf of all others similarly situated v. Specialty Coating Systems, Inc., a Delaware corporation; and Does 1 through 100, inclusive*, Case No. CIVSB2314473 (the “Action”) alleging the following class action claims against Defendant: (a) failure to pay all overtime wages owed; (b) failure to pay all minimum wages owed; (c) failure to provide all meal periods; (d) failure to authorize and permit all rest periods; (e) failure to provide accurate, itemized wage statements; and (f) failure to reimburse all business expenditures. As a result of the foregoing alleged violations, Plaintiff contends in the Action that Defendant is further liable to Plaintiff and the Settlement Class and PAGA Employees (both terms defined below) because it engaged in unlawful business practices pursuant to Business and Professions Code section 17200 that could have been premised on the facts, claims, causes of action or legal theories described above. Defendant denies the allegations and Plaintiff’s claims.

After having exhausted her administrative remedies with the California Labor & Workforce Development Agency (“LWDA”) by way of a letter submitted to the LWDA on June 28, 2023 (a true and correct copy of which is attached hereto as **Exhibit A**), on September 5, 2023, Plaintiff filed a First Amended Complaint (“FAC”) against Defendant which added a claim under the Labor Code Private Attorneys General Act of 2004, Cal. Labor Code § 2698 *et seq.* (“PAGA”) seeking civil penalties premised on the facts, claims, causes of action or legal theories described in the original Complaint. Defendant denies Plaintiff’s claims.

On October 10, 2023, Defendant filed an Answer to Plaintiff’s FAC.

Given the uncertainty of litigation and Defendant’s denial of Plaintiff’s claims, Plaintiff and Defendant wish to settle both individually and on behalf of the Settlement Class, PAGA Employees and the State of California. Accordingly, Plaintiff and Defendant agree as follows:

1. **Settlement Class.** For the purposes of this Settlement Agreement only, Plaintiff and Defendant stipulate to the certification of the following Settlement Class:

All current and former non-exempt employees of Specialty Coating Systems, Inc. who worked at any time in California during the Class Period. The Class Period shall mean June 27, 2019 through the date the Court issues an order preliminarily approving the settlement.

For purposes of this Settlement Agreement, the “Class Period” shall mean the time period of June 27, 2019 through the date of preliminary approval of this Settlement Agreement.

The Parties agree that certification for purposes of this Settlement Agreement is not an admission that class certification is proper under Section 382 of the Code of Civil Procedure. If for any reason this Settlement Agreement is not approved or is terminated, in whole or in part, this conditional agreement to class certification will be inadmissible and will have no effect in this matter or in any claims brought on the same or similar allegations, and the Parties shall revert to the respective positions they held prior to entering into the Settlement Agreement.

2. **PAGA Employees.** For the purposes of this Settlement Agreement only, Plaintiff and Defendant stipulate to the following definition of PAGA Employees:

All current and former non-exempt, employees of Specialty Coating Systems, Inc. who worked at any time in California during the PAGA Period. The PAGA Period shall mean June 27, 2022 through the date of preliminary approval.

For purposes of this Settlement Agreement, the “PAGA Period” and release under the PAGA shall mean the time period between June 27, 2022 through the date of preliminary approval.

3. **Release by Settlement Class Members and Plaintiff.** Plaintiff and every member of the Settlement Class (except those who timely and properly submit a Request for Exclusion as set forth below) will fully and forever completely and irrevocably release and discharge Defendant, and all of its past and present officers, directors, owners, shareholders, managers, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers, and its respective successors and predecessors in interest, subsidiaries, divisions, brands, related companies, affiliates, parents, partners, assigns, attorneys, and any individual or entity that could be liable for any of the claims in the FAC (collectively the “Released Parties”), as follows:

- A. Settlement Class Members’ Release: Settlement Class members and Plaintiff will release any and all claims, demands, rights, liabilities and causes of action that are/were pled in the operative complaint in the Action (which is the operative First Amended Complaint), or which could have been pled in the operative complaint in the Action (which is the operative First Amended Complaint attached) based on the factual allegations therein, that arose during the Class Period, including but not limited to the following claims: (a) failure to pay all overtime wages owed; (b) failure to pay all minimum wages owed; (c) failure to authorize and permit rest periods, or failure to provide premium pay for non-compliant rest periods; (d) failure to provide meal periods, or premium pay for non-compliant meal periods; (e) failure to issue accurate, itemized wage statements; (f) failure to reimburse business expenses; and (g) all claims for unfair business practices that could have been premised on the facts, claims, causes of action or legal theories described above (collectively, the “Released Claims”).
- B. The time period for the release of the Released Claims shall be the same time period as the Class Period and shall extend to the limits of the Class Period.

- C. PAGA Release: PAGA Employees, including Plaintiff, will release and forever discharge all claims, demands, rights, liabilities and causes of action for civil penalties under California Labor Code Private Attorneys General Act of 2004, Labor Code § 2698 *et seq.*, against the Released Parties based on or arising out of the violations as alleged in the letter to the Labor & Workforce Development Agency (“LWDA”) dated June 28, 2023 and as alleged in the operative First Amended Complaint for: (a) failure to pay all overtime wages owed; (b) failure to pay all minimum wages owed; (c) failure to authorize and permit rest periods, or pay premium pay for non-compliant rest periods; (d) failure to provide meal periods, or premium pay for non-compliant meal periods; (e) failure to issue accurate, itemized wage statements; and (f) failure to reimburse all business expenses (collectively, “PAGA Released Claims”). The time period of the PAGA Released Claims is defined as the same time period as the PAGA Period and shall extend to the limits of the PAGA Period.
- D. Plaintiff’s Release of Claims and General Release: In exchange for the Class Representative Service Award to Plaintiff and other consideration given, Plaintiff hereby provides a general release of claims for herself and her spouse, heirs, successors and assigns, and forever releases, remises, and discharges the Released Parties from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts, penalties and expenses of any nature whatsoever, arising from the beginning of time through the date the Court grants preliminary approval of the settlement, known or unknown, suspected or unsuspected, whether in tort, contract, equity, or otherwise, for violation of any federal, state or local statute, rule, ordinance or regulation, including but not limited to all claims arising out of, based upon, or relating to her employment with Defendant or the remuneration for, or termination of, such employment. This release includes, without limiting the generality of the foregoing: any and all claims, demands, causes of actions, obligations, charges, liabilities, attorneys’ fees, costs, actual, compensatory and punitive damages, and all claims for any other type of relief relating to, arising out of, or based upon: any and all claims of harassment, discrimination, and/or retaliation in violation of local, state or federal law; any and all claims for failure to prevent harassment, discrimination, and/or retaliation; any and all claims for failure to engage in the interactive process and/or to provide reasonable accommodation; any and all claims of violation of public policy, including a claim for wrongful and/or constructive termination of employment; any and all claims based on tort and/or breach of contract, whether written or oral, express or implied, and any covenant of good faith and fair dealing; any and all claims for misrepresentation, fraud, fraudulent inducement, detrimental reliance, and other similar claims; any and all claims for unpaid commissions, wages, or other benefits, including minimum wage, overtime, double time, vacation, associated penalties and/or premiums, and expense reimbursement; any and all claims for rest or meal periods and associated penalties and/or premiums; any and any claim for unlawful or unfair business practices; any and all claims for emotional distress; any and all claims which were or could have been asserted by Plaintiff and

all claims generally relating to Plaintiff's application for employment, alleged employment and the cessation thereof, including any alleged violation of any federal, state or other governmental statute, regulation, ordinance, or executive order, including without limitation:

- (a) The Civil Rights Acts of 1866, 1964, and 1991, as amended;
- (b) 42 U.S.C. § 1981;
- (c) The California Fair Employment and Housing Act;
- (d) Section 503 of the Rehabilitation Act of 1973;
- (e) The Fair Labor Standards Act (including the Equal Pay Act);
- (f) The California and United States Constitutions;
- (g) The California Labor Code;
- (h) The California Business and Professions Code;
- (i) The California Government Code;
- (j) The Employee Retirement Income Security Act, as amended;
- (k) The California Family Rights Act;
- (l) The Americans with Disabilities Act;
- (m) The Family Medical Leave Act;
- (n) The California Pregnancy Discrimination Act;
- (o) The California Wage Orders;
- (p) The National Labor Relations Act;
- (q) The Immigration Reform and Control Act;
- (r) The California Occupational Safety and Health Act, or the Federal equivalent;
- (s) The Worker Adjustment and Retraining Notification Act;
- (t) The Age Discrimination in Employment Act of 1967, as amended;
- (u) The Older Workers' Benefit Protection Act;
- (v) The California Whistleblower Protection Act;
- (w) The Fair Credit Reporting Act;
- (x) The California Consumer Credit Reporting Agencies Act;
- (y) The California Investigative Consumer Reporting Agencies Act; and
- (z) The Families First Coronavirus Response Act and similar local, state, and federal laws.

This release in all respects has been voluntarily and knowingly executed with the express intention of effecting the legal consequences provided in the California Civil Code section 1542, that is, the extinguishment of obligations herein designated. Plaintiff's release of claims also includes a waiver of California Civil Code section 1542, which provides as follows:

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

If any claim is not subject to release, Plaintiff waives any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a claim in which Defendant or any of the other Released Parties identified in this Settlement Agreement is a party.

E. Age Discrimination in Employment Act and Knowing and Voluntary Agreement.
Plaintiff acknowledges, agrees and understands that:

- a. Under the general release detailed above, Plaintiff is waiving and releasing, among other claims, any rights and claims that may exist under the Age Discrimination in Employment Act of 1967 (“ADEA”), as amended by the Older Workers’ Benefit Protection Act (“OWBPA”);
- b. The waiver and release of claims set forth in the release above does not apply to any rights or claims that may arise under the ADEA after the date of execution of this Settlement Agreement;
- c. The payments and other consideration that are being provided to Plaintiff are of significant value and are in addition to what Plaintiff otherwise would be entitled;
- d. Plaintiff is being advised in writing to consult with an attorney before signing this Settlement Agreement and she has in fact done so;
- e. Plaintiff is being given a period of twenty-one (21) days within which to review and consider this Settlement Agreement before signing it, though Plaintiff may sign earlier, and if Plaintiff fails to sign and return this Settlement Agreement within the twenty-one (21) day consideration period, Defendant’s offer and this Settlement Agreement will expire on its own terms;
- f. Plaintiff may revoke her acceptance of this Settlement Agreement by providing written notice to Defendant within seven (7) days following its execution, and any notice of revocation of this Settlement Agreement must be in writing and transmitted by hand or email to Nick Pujji, Esq., Dentons US, LLP, 601 S. Figueroa St., Ste. 2500, Los Angeles, CA 90017/ nick.pujji@dentons.com; and
- g. Because of Plaintiff’s right to revoke this Settlement Agreement, this Settlement Agreement shall not become enforceable until the eighth (8th) day after the return of an executed copy of this Settlement Agreement without revocation by Plaintiff to Defendant’s counsel at nick.pujji@dentons.com, and Plaintiff will not be entitled to any of the benefits set forth in this Settlement Agreement until after the Effective Date.

F. Notwithstanding Sections 3.A, 3.C, and 3.D nor anything else contained in this Settlement Agreement, the Parties understand and agree that Plaintiff’s waiver and

release in this Settlement Agreement do not apply to: (i) those rights that as a matter of law cannot be released and/or waived, including, but not limited to workers' compensation claims; and (ii) rights or claims arising out of this Settlement Agreement.

- G. The releases identified herein will only be effective upon the date that Defendant fully funds the Gross Settlement Amount.

4. **Gross Settlement Amount.** As consideration, Defendant agrees to pay a "Gross Settlement Amount" of Two Hundred Ninety Four Thousand One Hundred and Five US Dollars and Zero Cents (\$294,105.00 USD) (unless such Gross Settlement Amount is increased at Defendant's sole discretion pursuant to paragraph 4.E. below) in full and complete settlement of the Action, as follows:

- A. The Parties have agreed to engage Phoenix Settlement Administrators as the "Settlement Administrator" to administer this Settlement. All administrative costs due and owing to the Settlement Administrator shall be paid from the Gross Settlement Amount.
- B. With the exception of the Settlement Administrator's fees, if required by the Settlement Administrator, the Gross Settlement Amount shall be deposited by Defendant into a qualified settlement fund set up by the Settlement Administrator for the benefit of participating Settlement Class members and PAGA Employees. Defendant agrees to deposit the Gross Settlement Amount with the Settlement Administrator within thirty (30) calendar days after the "Effective Date" which is defined as the latter of: (a) the Court's final approval of the settlement if no objections by or on behalf of Settlement Class members have been filed; (b) the time for appeal has expired if an objection has been filed and no appeal has been filed or withdrawn; or (c) the final resolution of any appeal that has been filed.
- C. This is a non-reversionary settlement. The Gross Settlement Amount includes:
- (1) All payments (including interest) to the Settlement Class members;
 - (2) All costs of the Settlement Administrator and settlement administration, which are anticipated to be no greater than Six Thousand Seven Hundred Fifty US Dollars and Zero Cents (\$6,750.00 USD);
 - (3) Up to Seven Thousand Five Hundred US Dollars and Zero Cents (\$7,500.00) for Plaintiff's Class Representative Service Award or Enhancement Payment, in recognition of her contributions to the Action, and her service to the Settlement Class. Even in the event that the Court reduces or does not approve the requested Class Representative Service Award, Plaintiff shall not have the right to revoke this Settlement Agreement, and this Settlement shall remain binding;
 - (4) Up to one-third of the Gross Settlement Amount in Class Counsel's attorneys' fees [currently estimated to be Ninety Eight Thousand Fifty

Three US Dollars and Zero Cents (\$98,053.00 USD)], unless the Gross Settlement Amount is increased at Defendant's sole discretion pursuant to paragraph 4.E. below in which case the fees will increase proportionately, plus actual costs and expenses incurred by Class Counsel related to the Action as supported by declaration, which are currently estimated to be no greater than Thirty Thousand US Dollars and Zero Cents (\$30,000.00 USD). In the event that the Court reduces or does not approve the requested Class Counsel attorneys' fees and/or costs, Class Counsel shall not have the right to revoke this Settlement Agreement, and it will remain binding; and

- (5) Twenty Thousand US Dollars and Zero Cents (\$20,000.00 USD) of the Gross Settlement Amount has been set aside by the Parties as PAGA civil penalties. Per Labor Code § 2699(i), seventy-five percent (75%) of such penalties, or Fifteen Thousand US Dollars and Zero Cents (\$15,000.00 USD) will be payable to the Labor & Workforce Development Agency ("LWDA"), and the remaining twenty-five percent (25%), or Five Thousand US Dollars and Zero Cents (\$5,000.00 USD), will be payable to certain PAGA Employees as the "PAGA Amount," as described below.

D. Defendant's share of employer payroll taxes shall be paid by Defendant separately from the Gross Settlement Amount, and these employer-side payroll taxes shall not be deducted from the Gross Settlement Amount.

E. **Unexpected Workweeks/Escalator Clause.** Defendant represents that there are an estimated 8,400 workweeks worked by Settlement Class members from June 27, 2019 through March 5, 2024 (date of mediation). If the number of workweeks during the Class Period increases by more than 10% above 8,400 (i.e., if there are 9,241 or more workweeks worked by the Class Members during the Class Period), Defendant will at its option either: (a) agree to increase the Gross Settlement Amount on a proportional basis (i.e., if there was an 11% increase in the number workweeks during the Class Period, Defendant would agree to increase the Gross Settlement Amount by 11%), or (b) agree to shorten and close the Class Period on the date that is closest to and without exceeding 9,241 workweeks worked by the Settlement Class Members so as to eliminate the need to increase the Gross Settlement Amount. If Defendant elects to shorten the Class Period pursuant to this provision, the PAGA Period will also close on the date that the Class Period closes. If this provision is triggered prior to the hearing date on the preliminary hearing motion, Defendant will notify Plaintiff's counsel of its election prior to the hearing date on the preliminary hearing motion.

5. **Payments to the Settlement Class.** Settlement Class members are not required to submit a claim form to receive a payment ("Settlement Award") from the Settlement. Settlement Awards will be determined and paid as follows:

- A. The Settlement Administrator shall first deduct from the Gross Settlement Amount the amounts approved by the Court for Class Counsel's attorneys' fees, Class

Counsel's costs and expenses, Plaintiff's Class Representative Service Award, the Settlement Administrator's fees and expenses for administration, and the amounts designated as PAGA civil penalties payable to the LWDA and the PAGA Employees. The remaining amount shall be known as the "Net Settlement Amount."

- B. From the Net Settlement Amount, the Settlement Administrator will calculate each Settlement Class member's Settlement Award based on the following formula:
- i. The Net Settlement Amount shall be allocated to Settlement Class members who worked during the Class Period, as follows: each participating Settlement Class member shall receive a proportionate settlement share based upon the number of workweeks worked as a non-exempt employee during the Class Period, the numerator of which is the Settlement Class member's total workweeks worked as a non-exempt employee during the Class Period, and the denominator of which is the total workweeks worked as non-exempt employees by all Settlement Class members (who do not opt out) who worked during the Class Period.
- C. PAGA Amount: Five Thousand US Dollars and Zero Cents (\$5,000.00 USD) of the Gross Settlement Amount has been designated as the "PAGA Amount" as described above. Each PAGA Employee shall receive a portion of the PAGA Amount proportionate to the number of pay periods that he or she worked during the PAGA Period which will be calculated by multiplying the PAGA Amount by a fraction, the numerator of which is the PAGA Employee's number of pay periods worked as an employee during this time period, and the denominator of which is the total number of pay periods worked by all PAGA Employees during this time period.
- D. Within ten (10) calendar days following Defendant's deposit of the Gross Settlement Amount with the Settlement Administrator, the Settlement Administrator will calculate Settlement Award and PAGA Award amounts and provide the same to counsel for the Parties for review and approval, using employee ID numbers to maintain the confidentiality of employees. Within seven (7) calendar days of approval by counsel for the Parties, the Settlement Administrator will prepare and mail Settlement Awards, less applicable taxes and withholdings, to participating Settlement Class members and the portion of the PAGA allocation payable to the LWDA shall be mailed to the LWDA. The Settlement Administrator shall simultaneously pay the withholdings to the applicable authorities with the necessary reports, submitting copies to Defendant's counsel.
- E. For purposes of calculating applicable taxes and withholdings, each Settlement Award shall be allocated as follows: Sixty-Seven percent (67%) as penalties and interest; and Thirty-Three percent (33%) as wages. The Settlement Administrator will be responsible for issuing to participating Settlement Class members IRS Forms W-2 for amounts deemed "wages" and IRS Forms 1099 for the amounts allocated as penalties and interest. Each Settlement Class member who receives a

Settlement Award will be responsible for correctly characterizing the payment for tax purposes and for payment of any taxes owing on said amount. Notwithstanding the treatment of the payments to each Settlement Class member above, none of the payments called for by this Settlement Agreement, including the wage portion, are to be treated as earnings, wages, pay or compensation for any purpose of any applicable benefit or retirement plan, unless required by such plans.

- F. Each member of the Settlement Class who receives a Settlement Award must cash the check(s) within 180 days from the date the Settlement Administrator mails it/them. Any funds payable to Settlement Class members whose checks were not cashed within 180 days after mailing will escheat to the California Secretary of State- Unclaimed Property Fund under the unclaimed property laws in the name of the Settlement Class member. Defendant shall be deemed to fully discharge its obligations to participating Settlement Class members to whom a Settlement Award is mailed, regardless of whether such checks are actually received and/or negotiated by Settlement Class members.
- G. Defendant shall not bear any liability for lost or stolen checks, forged signatures on checks, or unauthorized negotiation of checks. Unless responsible by its own acts of omission or commission, the same is true for the Settlement Administrator.

6. **Attorneys' Fees and Costs.** Defendant will not object to Class Counsel's request for a total award of attorneys' fees of one-third of the Gross Settlement Amount, which is currently estimated to be Ninety Eight Thousand Fifty Three US Dollars and Zero Cents (\$98,053.00 USD), unless the Gross Settlement Amount is increased at Defendant's sole discretion pursuant to paragraph 4.E. above in which case the fees will increase proportionately. Additionally, Class Counsel will request an award of actual costs and expenses as supported by declaration, in an amount not to exceed Thirty Thousand US Dollars and Zero Cents (\$30,000.00 USD) from the Gross Settlement Amount. These amounts will cover any and all work performed and any and all costs incurred in connection with this litigation, including without limitation: all work performed and all costs incurred to date; and all work to be performed and costs to be incurred in connection with obtaining the Court's approval of this Settlement Agreement, including any objections raised and any appeals necessitated by those objections. Class Counsel will be issued an IRS Form 1099 by the Settlement Administrator when the Settlement Administrator pays the fee award allowed by the Court.

7. **Class Representative Service Award.** Defendant will not object to a request for a Class Representative Service Award of up to Seven Thousand Five Hundred US Dollars and Zero Cents (\$7,500.00 USD) to Plaintiff for her time and risk in prosecuting this case and her service to the Settlement Class. This award will be in addition to Plaintiff's Settlement Award as a Settlement Class member and shall be reported on an IRS Form 1099 issued by the Settlement Administrator. Even in the event that the Court reduces or does not approve the requested Class Representative Service Award, Plaintiff shall not have the right to revoke this Settlement, and it will remain binding.

8. **Settlement Administrator.** Defendant will not object the appointment of Phoenix Settlement Administrators as Settlement Administrator. Defendant will not object to Plaintiff

seeking permission to pay up to Six Thousand Seven Hundred Fifty US Dollars and Zero Cents (\$6,750.00 USD) for its services from the Gross Settlement Amount. The Settlement Administrator shall be responsible for sending notices and for calculating Settlement Awards and preparing all checks and mailings, calculating Defendant's share of taxes payable on the wages, which shall be paid by Defendant separate and apart from the Gross Settlement Amount, and other duties as described in this Settlement Agreement. The Settlement Administrator shall be authorized to pay itself from the Gross Settlement Amount by Class Counsel only after Settlement Awards have been mailed to all participating Settlement Class members.

9. **Preliminary Approval.** Within a reasonable time after execution of this Settlement Agreement by the Parties, Plaintiff shall apply to the Court for the entry of an Order:

- A. Conditionally certifying the Settlement Class for purposes of this Settlement Agreement;
- B. Appointing Paul K. Haines of Haines Law Group, APC and Scott M. Lidman and Milan Moore of Lidman Law, APC as Class Counsel;
- C. Appointing Gabriela Oropeza as Class Representative for the Settlement Class;
- D. Approving Phoenix Settlement Administrators as Settlement Administrator;
- E. Preliminarily approving this Settlement Agreement and its terms as fair, reasonable, and adequate;
- F. Approving the form and content of the Notice Packet (which is comprised of the Notice of Pendency of Class Action and Proposed Settlement and Notice of Settlement Award, drafts of which are attached collectively hereto as **Exhibit B**) in both English and Spanish, and directing the mailing of same; and
- G. Scheduling a Final Approval hearing.

Class Counsel will submit to Defendant's counsel for approval drafts of the motion for conditional certification of the Settlement Class and for preliminarily approving this Settlement Agreement in advance of filing.

10. **Notice to Settlement Class.** Following preliminary approval, the Settlement Class shall be notified as follows:

- A. Within thirty (30) calendar days after entry of an order preliminarily approving this Agreement, Defendant will provide the Settlement Administrator with the names, last known addresses, phone numbers, social security numbers, the dates of employment, the number of pay periods worked by each PAGA Employee while employed during the PAGA Period, and the number of workweeks worked by each Settlement Class Member while employed during the Class Period (collectively referred to as the "Class Data"). The Class Data shall be provided to the Settlement Administrator in an electronic format satisfactory to the Settlement Administrator. The Settlement Administrator shall maintain the Class Data as private and

confidential other than to use it to effectuate the terms of this Settlement. The Settlement Administrator will maintain the Class Data in a commercially and reasonably secure manner, in accordance with applicable law.

- B. Within ten (10) business days from receipt of this information, the Settlement Administrator shall (i) run the names of all Settlement Class Members through the National Change of Address (“NCOA”) database to determine any updated addresses for Settlement Class Members; (ii) update the address of any Settlement Class member for whom an updated address was found through the NCOA search; (iii) calculate the estimated Settlement Award for each Settlement Class member and PAGA Employee; and (iv) mail a Notice Packet to each Settlement Class member and PAGA Employee at his or her last known address or at the updated address found through the NCOA search, and retain proof of mailing.
- C. Requests for Exclusion. Any Settlement Class member who wishes to opt-out of the Settlement must complete and mail a Request for Exclusion (defined below) to the Settlement Administrator within sixty (60) calendar days of the date of the initial mailing of the Notice Packets (the “Response Deadline”).
 - i. The Notice Packet shall state that Settlement Class members who wish to exclude themselves from the Settlement must submit a Request for Exclusion by the Response Deadline. The Request for Exclusion must: (1) contain the name, address, telephone number and the last four digits of the Social Security number of the Settlement Class member; (2) contain a statement that the Settlement Class member wishes to be excluded from the Settlement; (3) be signed by the Settlement Class member; and (4) be postmarked by the Response Deadline and mailed to the Settlement Administrator at the address specified in the Class Notice. If the Request for Exclusion does not contain the information listed in (1)-(3), it will not be deemed valid for exclusion from the Settlement, except a Request for Exclusion not containing a Class Member’s telephone number and/or last four digits of the Social Security number will be deemed valid. The date of the postmark on the Request for Exclusion shall be the exclusive means used to determine whether a Request for Exclusion has been timely submitted. A Settlement Class member who does not complete and mail a timely Request for Exclusion will automatically be included in the Settlement, will receive his or her Settlement Class member portion of the Settlement, and be bound by all terms and conditions of the Settlement, if the Settlement is approved by the Court, and by the final order entered by the Court finally approving this Agreement, regardless of whether he or she has objected to the Settlement. Any Settlement Class member who timely and properly requests to be excluded from the Settlement Class will not be entitled to any recovery under this Settlement Agreement and will not be bound by the terms of the Settlement or have any right to object, appeal or comment thereon.
 - ii. The Parties agree there is no statutory or other right for any Settlement Class member or PAGA Employee to opt out or otherwise exclude himself or herself from the PAGA portion of the Settlement. A Settlement Class member or

PAGA Employee who submits a valid and timely Request for Exclusion shall still receive his or her proportionate share of the PAGA Amount.

- iii. Before the Court enters Final Approval of this Settlement, if ten percent (10%) or more of the Settlement Class members timely and properly Request Exclusion from this Settlement, then Defendant shall have sole and exclusive right to withdraw from and void this Settlement and the Parties' previous understanding of settlement, and the Parties will revert to their positions prior to provisional class certification. If Defendant exercises this option, it must provide written notice to Class Counsel and the Settlement Administrator within thirty (30) days of learning that ten percent (10%) or more of the Settlement Class members timely and properly submitted a Request for Exclusion from the Settlement. If Defendant exercises its option to withdraw from and void the Settlement pursuant to this paragraph, Defendant shall be solely responsible for payment to the Settlement Administrator of all costs the Settlement Administrator accrued through the date of notice.
- D. Objections. Members of the Settlement Class who do not request exclusion may object to this Settlement Agreement as explained in the Class Notice by mailing a written objection with the Settlement Administrator (who shall serve all objections as received on Class Counsel and Defendant's counsel). Class Counsel shall file any objections with the Court. Defendant's counsel and Class Counsel shall file any responses to objections no later than the deadline to file the Motion for Final Approval. To be valid, any written objection must: (1) contain the objecting Settlement Class member's full name and current address, as well as contact information for any attorney representing the objecting Settlement Class member for purposes of the objection; (2) include all objections and the factual and legal bases for same; (3) include any and all supporting papers, briefs, written evidence, declarations, and/or other evidence, if any; and (4) be postmarked no later than the Response Deadline. Members of the Settlement Class who do not request exclusion may also object to the Settlement by appearing at the Final Approval Hearing in person or virtually irrespective of whether they submitted any written objections.
- E. Notice of Settlement Award / Disputes. Each Notice Packet mailed to a Settlement Class member and PAGA Employee shall disclose the amount of the Settlement Class member and PAGA Employee's estimated Settlement Award as well the Settlement Class member's number of workweeks worked during the Class Period and the PAGA Employee's number of pay periods worked during the PAGA Period. Settlement Class members will have the opportunity, should they disagree with Defendant's records regarding the information stated in the Notice of Settlement Award, to provide documentation and/or an explanation to show contrary information. Any such dispute, including any supporting documentation, must be mailed to the Settlement Administrator and postmarked by the Response Deadline. If there is a dispute, the Settlement Administrator will consult with the Parties to determine whether an adjustment is warranted. The Settlement Administrator shall determine the eligibility for, and the amounts of, any Settlement Awards under the terms of this Settlement Agreement. If a resolution cannot be

reached by and among the Parties and the Settlement Administrator, the Court will render all final decisions on disputes.

- F. Any Notice Packets returned to the Settlement Administrator as non-delivered on or before the Response Deadline shall be re-mailed to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator shall make reasonable efforts, including utilizing a “skip trace,” to obtain an updated mailing address within three (3) business days of receiving the returned Notice Packet. If an updated mailing address is identified before the Response Deadline, the Settlement Administrator shall resend the Notice Packet to the Settlement Class member immediately, and in any event within three (3) business days of obtaining the updated address. The address identified by the Settlement Administrator as the current mailing address shall be presumed to be the best mailing address for each Settlement Class member. It will be conclusively presumed that, if an envelope so mailed has not been returned within thirty (30) days of the mailing, the Settlement Class member received the Notice Packet. Settlement Class members to whom Notice Packets are re-mailed after having been returned as undeliverable to the Settlement Administrator shall have fourteen (14) calendar days from the date of re-mailing, or until the Response Deadline has expired, whichever is later, to submit a Request for Exclusion, Objection, or dispute. Notice Packets that are re-mailed shall inform the recipient of this adjusted deadline. If a Settlement Class member’s Notice Packet is returned to the Settlement Administrator more than once before the Response Deadline, the Settlement Administrator shall continue to make reasonable efforts to obtain an updated mailing address. Nothing else shall be required of, or done by, the Parties, Class Counsel, or Defendant’s Counsel to provide notice of the proposed settlement.
- G. Any Class Member who does not receive a Notice Packet after the steps outlined above in this Paragraph 10 have been taken will still be bound by the Settlement and/or final order entered by the Court finally approving this Agreement.
- H. The Settlement Administrator shall provide a weekly status report to the Parties through their counsel of record. As part of its weekly status report, the Settlement Administrator will inform Class Counsel and Defendant’s Counsel of the number of Notice Packets mailed, the number of Notice Packets returned as undeliverable, the number of Notice Packets re-mailed, and the number of Requests for Exclusion received.
- I. No later than seven (7) calendar days after the Response Deadline, the Settlement Administrator will provide the Parties through their counsel of record with a complete and accurate accounting of the number of Notice Packets mailed to Settlement Class members, the number of Notice Packets returned as undeliverable, the number of Notice Packets re-mailed to Settlement Class members, the number of re-mailed Notice Packets returned as undeliverable, the number of Settlement Class members who objected to the Settlement and copies of their submitted objections, the number of Settlement Class members who returned valid Requests

for Exclusion, and the number of Settlement Class members who returned invalid Requests for Exclusion.

- J. No later than fourteen (14) calendar days after the Response Deadline set forth in the Notice Packet, the Settlement Administrator will serve on the Parties through their counsel of record a declaration of due diligence setting forth the Settlement Administrator's compliance with its obligations under this Agreement. The declaration from the Settlement Administrator shall also be filed with the Court by Class Counsel no later than ten (10) calendar days before the Final Approval hearing. Before the Final Approval hearing, the Settlement Administrator will supplement its declaration of due diligence if any material changes occur from the date of the filing of its prior declaration.

11. **No Solicitation of Objection or Requests for Exclusion.** Neither the Parties nor their respective counsel will solicit or otherwise encourage directly or indirectly any Settlement Class member to object to the Settlement, request exclusion from the Settlement, or appeal from the final order entered by the Court finally approving this Agreement.

12. **Final Approval.** Following preliminary approval and the close of the period for filing requests for exclusion, objections, or disputes under this Settlement Agreement, Plaintiff shall apply to the Court for entry of an Order:

- A. Granting final approval to the Settlement Agreement and adjudging its terms to be fair, reasonable, and adequate;
- B. Releasing and barring any Released Claims of the Settlement Class members who do not opt out of the Settlement;
- C. Approving Plaintiff's and Class Counsel's application for attorneys' fees and costs, Class Representative Service Award, and settlement administration costs; and
- D. Entering judgment pursuant to California Rule of Court 3.769 and posting notice of the judgment on a static website created and maintained by the Settlement Administrator.

Class counsel will submit to Defendant's counsel for approval drafts of the motions and memorandums in support thereof for final approval of settlement in advance of filing. Upon final approval of the Settlement, the Parties shall present to the Court a joint proposed Final Approval Order, approving the Settlement and entering judgment in accordance therewith (the "Judgment").

13. **Vacating, Reversing, or Modifying Judgment on Appeal.** If, after a notice of appeal, the reviewing court vacates, reverses, or modifies the Judgment such that there is a material modification to the Settlement, and that court's decision is not completely reversed and the Judgment is not fully affirmed on review by a higher court, then this Settlement will become null and void and the Parties will have no further obligations under it. The Parties agree, in such a situation, to work in good faith to modify the Settlement and continue their settlement discussions.

A material modification would include, but not necessarily be limited to, any alteration of the Gross Settlement Amount.

14. **Circular 230 Disclaimer.** Each Party to this Settlement Agreement (for purposes of this section, the “Acknowledging Party” and each Party to this Settlement Agreement other than the Acknowledging Party, an “Other Party”) acknowledges and agrees that:

- (1) No provision of this Settlement Agreement, and no written communication or disclosure between or among the Parties or their attorneys and other advisors, is or was intended to be, nor shall any such communication or disclosure constitute or be construed or be relied upon as, tax advice within the meaning of U.S. Treasury Dept. Circular 230 (31 C.F.R. Part 10, as amended);
- (2) The Acknowledging Party (a) has relied exclusively upon his, her or its own, independent legal and tax counsel for advice (including tax advice) in connection with this Agreement, (b) has not entered into this Settlement Agreement based upon the recommendation of any Other Party or any attorney or advisor to any Other Party, and (c) is not entitled to rely upon any communication or disclosure by any attorney or advisor to any Other Party to avoid any tax penalty that may be imposed on the Acknowledging Party; and
- (3) No attorney or adviser to any Other Party has imposed any limitation that protects the confidentiality of any such attorney’s or adviser’s tax strategies (regardless of whether such limitation is legally binding) upon disclosure by the Acknowledging Party of the tax treatment or tax structure of any transaction, including any transaction contemplated by this Agreement.

15. **Non-Admission of Liability.** Nothing in this Settlement Agreement shall operate or be construed as an admission of any liability or that class certification is appropriate in any context other than this Settlement. In particular, but without limiting the generality of the foregoing, nothing about this Settlement Agreement shall be offered or construed as an admission of liability, wrongdoing, impropriety, responsibility, or fault whatsoever on the part of Defendant and/or the Released Parties, and it shall not be construed as or deemed to be evidence of, or an admission or concession that any Settling Class member has suffered any damage. Each of the Parties has entered into this Settlement Agreement to avoid the burden and expense of further litigation. Pursuant to California Evidence Code Section 1152, this Settlement Agreement is inadmissible in any proceeding, except a proceeding to approve, interpret, or enforce this Settlement Agreement. If Final Approval does not occur, the Parties agree that this Settlement Agreement is null and void, but remains protected by California Evidence Code Section 1152. If that occurs, the Parties will have no further obligations under the Settlement, including any obligation by Defendant to pay the Gross Settlement Amount or any amounts that otherwise would have been owed under this Agreement. Further, should this occur, the Parties agree they shall be equally responsible for the Settlement Administrator’s costs through that date.

16. **Non-disclosure and Non-publication.** Plaintiff and Class Counsel agree not to disclose or publicize the Settlement Agreement contemplated herein, the fact of the Settlement Agreement, its terms or contents, or the negotiations underlying the Settlement Agreement, in any manner or

form, directly or indirectly, to any person or entity, except to Settlement Class members and as shall be contractually required to effectuate the terms of the Settlement Agreement as set forth herein. However, for the limited purpose of allowing Class Counsel to prove adequacy as class counsel in other actions, Class Counsel may disclose the names of the Parties in this Action, the venue/case number of this Action, and a general description of the Action, to a court in a declaration by Class Counsel. Class Counsel may also include a general description of the Settlement on their respective websites but may not include the name(s) of any of the Parties, or the case name or case number of the Action.

17. **Legal Developments.** The Parties agree that Plaintiff will submit to the Court a motion for preliminary approval of this Settlement containing all of the terms and conditions contained herein notwithstanding any new legal developments regarding the Released Claims.

18. **Waiver and Amendment.** The Parties may not waive, amend, or modify any provision of this Settlement Agreement except by a written agreement signed by all of the Parties, and subject to any necessary Court approval. A waiver or amendment of any provision of this Settlement Agreement will not constitute a waiver of any other provision.

19. **Attorneys' Fees:** In the event of any dispute arising out of the interpretation, performance, or breach of any provision of this Settlement Agreement, the prevailing party in such dispute(s) shall be entitled to recover her and/or its reasonable attorneys' fees and costs incurred arising from such dispute.

20. **Notices.** All notices, demands, and other communications to be provided concerning this Settlement Agreement shall be in writing and delivered by receipted delivery and by e-mail at the addresses set forth below, or such other addresses as either Party may designate in writing from time to time:

if to Defendants: Nick S. Pujji and Carol Yur of Dentons US LLP, 601 South Figueroa Street, Suite 2500, Los Angeles, California 90017-5704; nick.pujji@dentons.com and carol.yur@dentons.com

if to Plaintiff: Scott M. Lidman and Milan Moore of Lidman Law, APC, 2155 Campus Drive, Suite 150, El Segundo, California 90245; slidman@lidmanlaw.com and mmoore@lidmanlaw.com

Paul K. Haines, Haines Law Group, APC, 2155 Campus Drive, Suite 180, El Segundo, California 90245; phaines@haineslawgroup.com

21. **Cooperation.** The Parties agree to work cooperatively, diligently and in good faith to ensure that all documents necessary to effectuate this Settlement are properly and timely filed.

22. **Interim Stay of Proceedings.** The Parties agree to stay and hold all proceedings in the Action in abeyance, including outstanding written discovery, except such proceedings necessary to implement and complete the Settlement, pending the Final Approval hearing to be conducted by the Court.

23. **Agreement Binding on Successors and Assigns.** This Settlement Agreement will be binding upon, and inure to the benefit of, the successors and assigns of the Parties.

24. **No Prior Assignment.** Plaintiff hereby represents, covenants, and warrants that she has not directly or indirectly, assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or rights herein released and discharged, and that Plaintiff is fully empowered to enter into this Settlement Agreement.

25. **Applicable Law.** All terms and conditions of this Settlement Agreement will be governed by and interpreted according to the laws of the State of California, without giving effect to any conflict of law principles or choice of law principles.

26. **Jurisdiction of the Superior Court.** The Court shall retain jurisdiction with respect to the interpretation, implementation, and enforcement of the terms of this Settlement Agreement and all orders and judgment entered in connection therewith, and the Parties and their counsel hereto submit to the jurisdiction of the Superior Court for purposes of interpreting, implementing, and enforcing the Settlement embodied in this Settlement Agreement and all orders and judgments in connection therewith.

27. **No Tax or Legal Advice.** The Parties understand and agree that the Parties are neither providing tax or legal advice, nor making representations regarding tax obligations or consequences, if any, related to this Settlement Agreement, and that Settlement Class members will assume any such tax obligations or consequences that may arise from this Settlement Agreement, and that Settlement Class members shall not seek any indemnification from the Parties or any of the Released Parties in this regard. The Parties agree that, in the event that any taxing body determines that additional taxes are due from any Settlement Class member, such Settlement Class member assumes all responsibility for the payment of such taxes.

28. **No Reliance.** The Parties represent and acknowledge that in executing this Settlement Agreement, they do not rely and have not relied upon any representation or statement made by the other party or the other party's agents, attorneys, employees, officers, directors, or representatives with regard to the subject matter, basis or effect of this Settlement Agreement or otherwise, other than those specifically stated in this Settlement Agreement.

29. **Entire Agreement.** This Settlement Agreement contains the entire agreement between the Parties with respect to the transactions contemplated hereby, and supersedes all negotiations, presentations, warranties, commitments, offers, contracts, and writings prior to the date hereof relating to the subject matters hereof.

30. **Invalidity of Any Provision; Severability.** Before declaring any provision of this Settlement Agreement invalid, the Parties request that the Court first attempt to construe the provisions valid to the fullest extent possible consistent with applicable precedents, so as to define all provisions of this Settlement Agreement valid and enforceable. In the event any provision of this Settlement Agreement shall be found unenforceable by any court of competent jurisdiction, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby so long as the remaining provisions remain intelligible and continue to reflect the original intent of the Parties, provided, however, that if the deletion of such provision materially affects the operation of the release of claims against Defendant and/or the Released Parties then the Settlement Agreement shall be deemed null and void.

31. **Cooperation in Drafting.** The Parties have cooperated in the drafting and preparation of this Settlement Agreement. This Settlement Agreement will not be construed against any Party on the basis that the Party was the drafter or participated in the drafting.

32. **Counterparts.** This Settlement Agreement may be executed by one or more of the Parties on any number of separate counterparts and delivered electronically, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

DATED:

DEFENDANT SPECIALTY COATING
SYSTEMS, INC.

By: _____

Its: _____

DATED: May 31, 2024

PLAINTIFF GABRIELA OROPEZA

By:  _____
Gabriela Oropeza (May 31, 2024 15:33 PDT)

Plaintiff and Settlement Class Representative

30. **Invalidity of Any Provision; Severability.** Before declaring any provision of this Settlement Agreement invalid, the Parties request that the Court first attempt to construe the provisions valid to the fullest extent possible consistent with applicable precedents, so as to define all provisions of this Settlement Agreement valid and enforceable. In the event any provision of this Settlement Agreement shall be found unenforceable by any court of competent jurisdiction, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby so long as the remaining provisions remain intelligible and continue to reflect the original intent of the Parties, provided, however, that if the deletion of such provision materially affects the operation of the release of claims against Defendant and/or the Released Parties then the Settlement Agreement shall be deemed null and void.

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DATED: 6/3/2024

DEFENDANT SPECIALTY COATING
SYSTEMS, INC.

By: Nick Lenta

Its: Human Resources Director

DATED:

PLAINTIFF GABRIELA OROPEZA

By: _____

Plaintiff and Settlement Class Representative

APPROVED AS TO FORM:

DATED: May 31, 2024

DENTONS US LLP

By: 

Nick S. Pujji
Attorneys for Defendant

DATED:

HAINES LAW GROUP, APC

By: _____
Paul K. Haines
Attorneys for Plaintiff

DATED:

LIDMAN LAW, APC

By: _____
Scott M. Lidman
Attorneys for Plaintiff

APPROVED AS TO FORM:

DATED:

DENTONS US LLP

By: _____
Nick S. Pujji
Attorneys for Defendant

DATED: 5/31/2024

HAINES LAW GROUP, APC

By:  _____
Paul K. Haines
Attorneys for Plaintiff

DATED: 5/31/2024

LIDMAN LAW, APC

By:  _____
Scott M. Lidman
Attorneys for Plaintiff

EXHIBIT A

EXHIBIT A

LIDMAN LAW

2155 CAMPUS DRIVE, SUITE 150, EL SEGUNDO, CA 90245

OFFICE: (424) 322-4772

FAX: (424) 322-4775

June 28, 2023

VIA LWDA WEBSITE

Labor and Workforce Development Agency
Attn: PAGA Administrator
1515 Clay Street, Suite 801
Oakland, CA 94612

**VIA U.S. CERTIFIED MAIL – RETURN
RECEIPT REQUESTED**

Specialty Coating Systems, Inc.
c/o CSC Lawyers Incorporating Service
2710 Gateway Oaks Drive
Sacramento, CA 95833

Re: *Gabriela Oropeza v. Specialty Coating Systems, Inc.*

To Whom It May Concern:

Please be advised that this law firm represents Gabriela Oropeza in claims arising from her employment with Specialty Coating Systems, Inc., a Delaware corporation (“Defendant”). Ms. Oropeza is an “aggrieved employee” as defined by Labor Code sections 2699, *et seq.* due to Defendant’s numerous violations of the Labor Code as set forth below. The purpose of this letter is to comply with Labor Code section 2699.3, which requires aggrieved employees to notify their employer and the Labor and Workforce Development Agency (“LWDA”) of the specific provisions of the Labor Code allegedly violated.

For purposes of this letter, an “aggrieved employee” should be considered to include all current and former hourly-paid employees in California who worked, at least in part, during the one year immediately preceding the date of this letter through the date of trial, the date judgment is entered, the date of settlement and/or other date approved by the Court.

Ms. Oropeza, a current non-exempt employee, has been employed by Defendant since approximately December 31, 2011 through the present. Ms. Oropeza has been on a leave of absence since approximately March 4, 2022. Ms. Oropeza held the position as a Masking Lead and her job responsibilities included without limitation, overseeing the masking team as they were responsible for covering certain parts prior to the curing and/or spraying process.

Throughout Ms. Oropeza’s employment with Defendant, Ms. Oropeza was generally scheduled to work Monday through Friday from approximately 5:00 a.m. to approximately 4:30 p.m. Ms. Oropeza was also often scheduled to work on Saturdays and Sundays.

During her employment with Defendant, Defendant would keep track of Ms. Oropeza and the other non-exempt, hourly employees' time worked and would unlawfully shave their work time and/or round their work time such that they would not be fully paid for all time worked. This time-shaving and/or rounding practice utilized by Defendant was not even-handed over time and would almost exclusively round and shave in Defendant's favor such that Ms. Oropeza and the other non-exempt, hourly employees were routinely unpaid for their time worked. As a result, Defendant failed to pay Ms. Oropeza and the other non-exempt, hourly employees all required minimum and overtime wages.

Further, throughout Ms. Oropeza's employment with Defendant, Ms. Oropeza and other non-exempt hourly employees would regularly work in excess of 8.0 hours in a workday and/or 40.0 hours in a workweek, and in excess of 12.0 hours per day. Although Ms. Oropeza and other non-exempt, hourly employees regularly worked in excess of 8.0 hours in a workday and/or 40.0 hours in a workweek, they did not receive legally required overtime compensation for these hours.

During her employment with Defendant, Ms. Oropeza and other non-exempt, hourly employees were not provided all legally required meal periods due to Defendant's unlawful meal period policies and practices. Throughout her employment with Defendant, Ms. Oropeza and other non-exempt, hourly employees were not provided all required meal periods due to Defendant's meal period policies/practices which fail to provide uninterrupted, duty-free and timely 30-minute meal periods when employees work in excess of 5.0 hours in a day. Ms. Oropeza and other non-exempt, hourly employees were often unable to take a legally compliant first meal period because of the heavy work demands imposed by Defendant which prevented them from taking legally compliant meal periods as their meal periods were often late, short, or otherwise unlawful. Additionally, upon information and belief, as a result of Defendant's rounding policies and practices, Defendant rounded their meal periods in violation of California law.

Further, Defendant did not require Ms. Oropeza and the other non-exempt employees to clock in and out for their meal periods if they remained on the premises. Therefore, despite Defendant's failure to keep any records of Ms. Oropeza's and the other non-exempt, hourly employees' meal periods when they remained on the work premises, Ms. Oropeza is informed and believes that Defendant unlawfully and automatically deducted thirty minutes from their work time each shift for a purported meal period regardless of whether or not a meal period was taken and regardless of whether the meal period, if taken, was less than 30 minutes in length. As a result, Defendant failed to pay Ms. Oropeza and other non-exempt hourly employees all of their minimum and overtime wages owed. Moreover, when Ms. Oropeza and other non-exempt, hourly employees worked in excess of 10.0 hours in a shift, Defendant failed to provide a second uninterrupted, duty-free 30-minute meal period in violation of California law.

Although Ms. Oropeza and other non-exempt, hourly employees were not provided with all legally-compliant meal periods to which they were entitled, Defendant failed to compensate Ms. Oropeza and other non-exempt, hourly employees with the required meal period premium of one hour of wages at the employee's regular rate of pay for each workday in which they experienced a meal period violation as mandated by Labor Code § 226.7.

Ms. Oropeza and other non-exempt, hourly employees were also not authorized and permitted to take all legally required paid rest periods due to Defendant's unlawful rest period policies and practices. Specifically, Ms. Oropeza and other non-exempt hourly employees worked shifts in excess of 3.5 hours, but was not authorized or permitted to take a ten-minute paid rest period for every four (4)

hour period worked, or *major fraction thereof*. As a result of the work demands imposed by Defendant and Defendant's practices of understaffing, Defendant failed to authorize and permit duty-free rest periods for every four hours worked, or *major fraction thereof*.

On those occasions when Ms. Oropeza and other non-exempt, hourly employees were not authorized and permitted to take all legally-compliant rest periods to which they were entitled, Defendant failed to compensate them with the required rest period premium of one hour of wages at the employee's regular rate of pay for each workday in which they experienced a rest period violation as mandated by Labor Code § 226.7.

Defendant also failed to adequately reimburse Ms. Oropeza and other non-exempt employees for all reasonable and necessary work expenditures, including, but not limited to, use of personal cellular phones to communicate with management. Despite requiring Ms. Oropeza and other non-exempt employees to use their personal cell phones for work-related purposes, Defendant did not reimburse Ms. Oropeza and other employees for their cellular phone expenses, as mandated by *Cochran v. Schwan's Home Service, Inc.* (2014) 228 Cal.App.4th 1137.

As a result of Defendant's failure to pay all minimum and overtime wages, failure to pay as well as meal and rest period premium wages, Defendant maintained inaccurate payroll records and issued inaccurate wage statements to Ms. Oropeza and other non-exempt, hourly employees.

As described above, Defendant committed the following violations of the Labor Code and Industrial Welfare Commission Wage Order No. 1 ("Wage Order 1"):

Overtime Violations

Defendant was required to pay Ms. Oropeza and other aggrieved employees overtime wages for all hours worked in excess of eight hours per workday and/or forty hours per workweek. *See* Labor Code §§ 1194(a) and 1198; the Wage Order 1, § 3. According to Labor Code § 510(a), "Any work in excess of eight hours in one workday and any work in excess of 40 hours in any one workweek and the first eight hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee." This Section further provides, "Any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee. In addition, any work in excess of eight hours on any seventh day of a workweek shall be compensated equal to one and one-half times their regular rate of pay for all overtime hours worked." As explained above, Ms. Oropeza and other aggrieved employees often worked over eight hours in a day and/or 40 hours in a week, and Defendant's policy and practice of failing to compensate them for all hours worked also deprived them of all overtime wages owed due to Defendant's unlawful time shaving/rounding practice.

Minimum Wage Violations

Defendant was required to pay Ms. Oropeza and other aggrieved employees an hourly rate at least equal to the minimum wage for each hour actually worked. *See* Labor Code §§ 1194; 1194.2, 1197; The Wage Order 1, § 4. Ms. Oropeza and other aggrieved employees were not paid for all hours worked due to Defendant's timekeeping and compensation practices. As alleged above, Ms. Oropeza was not fully paid for all time worked due to Defendant's timekeeping policies and practices because Defendant would unlawfully shave Ms. Oropeza's work time and/or round Ms. Oropeza's work time

such that Ms. Oropeza would not be fully paid all wages she was rightfully owed. This time shaving/rounding practice utilized by Defendant was not-even handed over time and would round and/or shave in Defendant's favor such that Ms. Oropeza was routinely underpaid for her time worked, including minimum wages. As a result of this policy or practice, Defendant failed to properly account for and track all time actually worked by Ms. Oropeza, and also failed to pay Ms. Oropeza all required minimum wages.

Meal Period Violations

As alleged above, Defendant failed to provide their aggrieved employees with all required and compliant meal periods. *See* Labor Code §§ 226.7 and 512; Wage Order 1, § 11. As described above, Defendant did not require Ms. Oropeza and the other aggrieved employees to clock in and out for their meal periods if they remained on the premises. Therefore, despite Defendant's failure to keep any records of Ms. Oropeza's meal periods when she remained on the work premises, Ms. Oropeza is informed and believes that Defendant unlawfully and automatically deducted thirty minutes from Ms. Oropeza's work time each shift for a purported meal period regardless of whether or not a meal period was taken and regardless of whether the meal period, if taken, was less than 30 minutes in length. Therefore, the aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday they experienced a meal period violation. *See* Labor Code § 226.7 ("If an employer fails to provide an employee a meal or rest or recovery period in accordance with ... [an] order of the Industrial Welfare Commission ... the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest or recovery period is not provided."). Although the aggrieved employees were not provided with all legally-compliant meal periods to which they were entitled, Defendant failed to compensate them with the required meal period premium for each workday in which they experienced a meal period violation as mandated by Labor Code § 226.7.

Rest Period Violations

Defendant also failed to authorize and permit their aggrieved employees to take all required rest periods. *See* Labor Code §§ 226.7 and 516; Wage Order 1, § 12. As alleged above, Defendant's rest period policies and practices fail to authorize and permit the aggrieved employees to take a net paid 10-minute rest period for every four hours worked, or *major fraction thereof*, due to Defendant's practices of understaffing and the work demands imposed by Defendant. As a result, the aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday that they were not authorized and permitted to take all legally required rest periods. *See* Labor Code § 226.7 ("If an employer fails to provide an employee a meal period or rest period in accordance with an applicable order of the Industrial Welfare Commission, the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest period is not provided.")

Wage Statement Violations

Defendant knowingly and intentionally, as a matter of uniform practice and policy, failed to furnish their aggrieved employees with accurate and complete, itemized wage statements that included, among other requirements, all minimum and overtime wages earned, total gross wages earned, total net wages earned, and meal and rest period premium wages, in violation of Labor Code § 226 *et seq.* Further, Defendant face independent liability as the wage statements were inaccurate because they did

not list the proper overtime rates. Defendant's failure to furnish their aggrieved employees with complete and accurate, itemized wage statements resulted in actual injury, as said failures led to, among other things, the non-payment of all minimum and overtime wages earned, and unpaid meal period and premium wages, and deprived them of the information necessary to identify discrepancies in Defendant's reported data.

Failure to Reimburse Business Expenses

Defendant failed to reimburse Ms. Oropeza and other aggrieved employees for necessary work expenses, including, but not limited to, expenses incurred for the reasonable portion of cellular phone expenses incurred in the direct discharge of the job duties of such employees. Defendant's policy of not providing reimbursement for necessary work-related expenses is in violation of Wage Order 1, § 9, and Labor Code § 2802 ("An employer shall indemnify his or her employees for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer.") Ms. Oropeza and other aggrieved employees are therefore entitled to reimbursement of such unpaid work expenses with interest.

As an "aggrieved employee," Ms. Oropeza will initiate a civil action on behalf of herself and other aggrieved employees to recover damages, statutory penalties, and civil penalties resulting from the wage and hour violations alleged herein. Based on Ms. Oropeza's own investigation, and on information and belief, Defendant committed the following Labor Code violations:

- a) Defendant violated Labor Code §§ 1194, 1194.2, and 1197 by failing to pay Ms. Oropeza and other aggrieved employees the statutory minimum wage for all hours worked;
- b) Defendant violated Labor Code §§ 204, 510, 558, 1194, and 1198 by failing to pay Ms. Oropeza and other aggrieved employees all overtime compensation earned;
- c) Defendant violated Labor Code §§ 226.7, 512, and 558 by failing to provide all legally required meal periods and failing to pay meal period premiums to Ms. Oropeza and the aggrieved employees;
- d) Defendant violated Labor Code §§ 226.7, 516, and 558 by failing to provide all legally required rest periods and failing to pay rest period premiums to Ms. Oropeza and the aggrieved employees;
- e) Defendant violated Labor Code § 226 by failing to furnish Ms. Oropeza and the aggrieved employees with accurate and compliant itemized wage statements;
- f) Defendant violated Labor Code § 204 by failing to pay Ms. Oropeza and the aggrieved employees all earned wages at least twice during each calendar month;
- g) Defendant violated Labor Code § 1174 by failing to maintain accurate records on behalf of Ms. Oropeza and the aggrieved employees; and
- h) Defendant violated Labor Code § 2802 by failing to reimburse Ms. Oropeza and other aggrieved employees for necessary work expenditures.

Pursuant to Labor Code section 2699.3(a)(2)(A), please notify us and Defendant if the LWDA intends to investigate these alleged violations of the Labor Code. Please contact me should you require additional information.

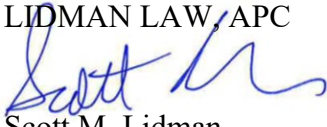
Very truly yours,
LIDMAN LAW, APC

Scott M. Lidman

EXHIBIT B

EXHIBIT B

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO

GABRIELA OROPEZA, as an individual and on
behalf of all others similarly situated,

Plaintiff,

vs.

SPECIALTY COATING SYSTEMS, INC., a
Delaware corporation; and DOES 1 through 100,
inclusive,

Defendants.

Case No. CIVSB2314473

**NOTICE OF PENDENCY OF CLASS
ACTION AND PROPOSED SETTLEMENT**

To: All current and former non-exempt employees of Defendant Specialty Coating Systems, Inc. (“Defendant”) who worked in California at any time between June 27, 2019 and [insert the date of preliminary approval of this Settlement Agreement]. Collectively, these employees will be referred to as “Settlement Class Members.”

**PLEASE READ THIS NOTICE CAREFULLY
YOUR LEGAL RIGHTS MAY BE AFFECTED WHETHER YOU ACT OR NOT**

SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
Do Nothing and Receive a Payment	To receive a cash payment from the Settlement, you do not have to do anything. In exchange for the settlement payment, you will release claims against the Defendant as detailed below. Your estimated Settlement Award is explained in the accompanying Notice of Settlement Award. After final approval by the Court, the payment will be mailed to you at the same address as this notice. If your address has changed, you must notify the Settlement Administrator as explained below.
Exclude Yourself	To exclude yourself, you must send a written request for exclusion to the Settlement Administrator as provided below. If you request exclusion, you will receive no money from the Settlement. However, if you are a PAGA Employee who requests exclusion, you will still receive a certain amount as your share of the PAGA civil penalties described below. Instructions are set forth below.
Object	Write to the Court about why you do not agree with the Settlement, and/or appear at the Final Approval Hearing to make an oral objection. Directions are provided below.

Why should you read this notice?

The Court has granted preliminary approval of a proposed class action settlement (the “Settlement”) in *Gabriela Oropeza, as an individual and on behalf of all others similarly situated, v. Specialty Coating Systems, Inc., a Delaware corporation; and Does 1 through 100, inclusive*, San Bernardino County Superior Court Case No.

CIVSB2314473 (the “Lawsuit”). Because your rights may be affected by the Settlement, it is important that you read this notice carefully.

You may be entitled to money from this Settlement. Defendant’s records show that you were employed by Defendant as a non-exempt employee in California at some time between June 27, 2019 and [insert the date of preliminary approval of this Settlement Agreement] (the “Class Period”). The Court ordered that this Notice be sent to you because you may be entitled to money under the Settlement and because the Settlement affects your legal rights.

The purpose of this Notice is to provide you with a brief description of the Lawsuit, to inform you of the terms of the Settlement, to describe your rights in connection with the Settlement, and to explain what steps you may take to participate in, object to, or exclude yourself from the Settlement. If you do not exclude yourself from the Settlement and the Court finally approves the Settlement, you will be bound by the terms of the Settlement and any final judgment.

What is this case about?

Plaintiff Gabriela Oropeza (“Plaintiff”) brought this Lawsuit against Defendant, seeking to assert claims on behalf of a class of current and former non-exempt employees who worked for Defendant in California at any time between June 27, 2019 and [insert the date of preliminary approval of this Settlement Agreement]. Plaintiff is known as the “Class Representative,” and her attorneys, who also represent the interests of all Settlement Class members, are known as “Class Counsel.”

The Lawsuit alleges that Defendant failed to provide Settlement Class members all minimum and/or overtime wages, failed to provide all legally required meal periods, failed to authorize and permit all legally required rest periods, failed to provide accurate, itemized wage statements, and failed to reimburse all business expenses. As a result of the foregoing alleged violations, Plaintiff also alleges that Defendant engaged in unfair business practices and is liable for civil penalties under the California Labor Code Private Attorneys General Act of 2004 (“PAGA”).

Defendant denies that it has done anything wrong. Defendant further denies that it owes Settlement Class members any wages, restitution, penalties, or other damages. No Court has made any determination as to the factual allegations in the Lawsuit. Rather, the Settlement constitutes a compromise of disputed claims and should not be construed as an admission of liability on the part of Defendant, and it expressly denies all liability.

The Court has not ruled that Defendant violated any laws or whether Plaintiff or any other person is entitled to damages or other relief. However, to avoid additional expense, inconvenience, and interference with its business operations, Defendant has concluded that it is in its best interests and the interests of Settlement Class members to settle the Lawsuit on the terms summarized in this Notice. After Defendant provided relevant information to Class Counsel, the Settlement was reached after mediation and arm’s-length negotiations between the Parties.

The Class Representative and Class Counsel support the Settlement. Among the reasons for support are the defenses to liability potentially available to Defendant, the risk of denial of class certification, the inherent risks of trial on the merits, and the delays and uncertainties associated with litigation.

If you are still employed by Defendant, your decision about whether to participate in the Settlement will not affect your employment. California law and Defendant’s policies strictly prohibit unlawful retaliation. Defendant will not take any adverse employment action against or otherwise target, retaliate, or discriminate against any Settlement Class member because of the Settlement Class member’s decision to either participate or not participate in the Settlement.

Who are the Attorneys?

Attorneys for the Plaintiff / Settlement Class Members: LIDMAN LAW, APC Scott M. Lidman slidman@lidmanlaw.com Milan Moore mmoore@lidmanlaw.com 2155 Campus Drive, Suite 150 El Segundo, California 90245 Tel: (424) 322-4772 Fax: (424) 322-4775 www.lidmanlaw.com HAINES LAW GROUP, APC Paul K. Haines phaines@haineslawgroup.com 2155 Campus Drive, Suite 180 El Segundo, California 90245 Tel: (424) 292-2350 Fax: (424) 292-2355 www.haineslawgroup.com	Attorneys for Defendant Specialty Coating Systems, Inc.: Nick S. Pujji (State Bar No. 259571) Carol Yur (State Bar No. 290145) DENTONS US LLP 601 South Figueroa Street, Suite 2500 Los Angeles, CA 90017-5704 Tel: (408) 579-0404 Fax: (408) 454-0290 Email: nick.pujji@dentons.com carol.yur@dentons.com
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What are the terms of the Settlement?

On **[INSERT DATE OF PRELIMINARY APPROVAL]**, the Court preliminarily certified a class, for settlement purposes only, of all current and former non-exempt employees of Defendant who worked at any time in California during the time period between June 27, 2019 and **[insert the date of preliminary approval of this Settlement Agreement]**. Settlement Class members who do not opt out of the Settlement pursuant to the procedures set forth in this Notice will be bound by the Settlement and will release their claims against Defendant as described below.

Defendant has agreed to pay \$294,105.00 USD (the “Gross Settlement Amount”) to fully resolve all claims in the Lawsuit, which includes payments to Settlement Class members, attorneys’ fees and expenses, payment to the Labor & Workforce Development Agency (“LWDA”), settlement administration costs, and the Class Representative’s Service Award.

The following deductions from the Gross Settlement Amount will be requested by the Parties:

Settlement Administration Costs. The Court has approved Phoenix Settlement Administrators to act as the “Settlement Administrator,” who is sending this Notice to you and will perform many other duties relating to the Settlement. The Court has approved setting aside an amount not to exceed \$6,750.00 from the Gross Settlement Amount to pay the Settlement administration costs.

Attorneys’ Fees and Expenses. Class Counsel have been prosecuting the Lawsuit on behalf of the Settlement Class Members on a contingency fee basis (that is, without being paid any money to date) and have been paying all litigation costs and expenses. The Court will determine the actual amount awarded to Class Counsel as attorneys’ fees, which will be paid from the Gross Settlement Amount. Settlement Class members are not personally responsible for any of Class Counsel’s attorneys’ fees or expenses. Class Counsel will ask for fees of up to one-third of the Gross Settlement Amount, which is estimated to be \$98,035, as reasonable compensation for the work Class Counsel performed and will continue to perform in this Lawsuit through Settlement finalization. Class Counsel also will ask for reimbursement in an amount not to exceed \$30,000.00 for verified costs Class Counsel incurred in connection with the Lawsuit.

Service Award to Class Representative. Class Counsel will ask the Court to award the Class Representative a service award in the amount not to exceed \$7,500.00, to compensate her for her services and extra work provided on behalf of the Settlement Class members.

LWDA Payment. Class Counsel will ask the Court to approve a payment in the total amount of \$20,000.00 as and for alleged civil penalties, payable pursuant to the California Labor Code Private Attorneys General Act (“PAGA”). Per Labor Code § 2699(i), seventy-five percent (75%) of such penalties, or \$15,000.00 will be payable to the LWDA, and the remaining twenty-five percent (25%), or \$5,000.00, will be payable to certain Settlement Class members as the “PAGA Amount,” as described below.

Calculation of Individual Settlement Class Members’ Settlement Award. After deducting the Court-approved amounts above, the balance of the Gross Settlement Amount will form the Net Settlement Amount (“NSA”), which will be distributed to all Settlement Class members who do not submit a valid and timely Request for Exclusion (described below). The NSA is estimated at approximately \$<< >>, to be shared among an up to << >> estimated Settlement Class members. The NSA will be divided as follows:

- (i) Each participating Settlement Class member shall receive a portion of the Net Settlement Amount proportionate to the number of workweeks that he or she worked as a non-exempt employee during the Class Period, which will be calculated by multiplying the Net Settlement Amount by a fraction, the numerator of which is the Settlement Class member’s number of workweeks worked as a non-exempt employee during the Class Period, and the denominator of which is the total workweeks worked as non-exempt employees by all participating Settlement Class members during the Class Period.

PAGA Amount. In addition, Five Thousand Dollars and Zero Cents (\$5,000.00) of the Gross Settlement Amount has been designated as the “PAGA Amount” as described above. Each PAGA Employee shall receive a portion of the PAGA Amount proportionate to the number of pay periods that he or she worked during the time period between June 27, 2022 and [insert the date of preliminary approval of this Settlement Agreement] (“PAGA Period”) which will be calculated by multiplying the PAGA Amount by a fraction, the numerator of which is the PAGA Employee’s number of pay periods worked as a non-exempt employee during this time period, and the denominator of which is the total number of pay periods worked by all PAGA Employees during the PAGA Period. The payments to PAGA Employees shall be reported as penalties on a Form 1099.

Payments to Settlement Class Members. If the Court grants final approval of the Settlement, Settlement Awards will be mailed to all Settlement Class members who did not submit a valid and timely Request for Exclusion.

If you submit a Request for Exclusion, you will still receive a proportionate share of the PAGA Amount regardless of whether you exclude yourself from the Settlement if you are a PAGA Employee.

Each member of the Settlement Class who receives a Settlement Award must cash the check within 180 days from the date the Settlement Administrator mails it. Any funds payable to Settlement Class Members whose checks were not cashed within 180 days after mailing will escheat to the California Secretary of State- Unclaimed Property Fund under the unclaimed property laws in the name of the Settlement Class member.

Payment by Defendants of Gross Settlement Amount. With the exception of the Settlement Administrator’s fees, if required by the Settlement Administrator, the Gross Settlement Amount shall be deposited by Defendant into a qualified settlement fund set up by the Settlement Administrator for the benefit of participating Settlement Class members and PAGA Employees. Defendant agrees to deposit the Gross Settlement Amount with the Settlement Administrator within thirty (30) calendar days after the “Effective Date” which is defined as the latter of: (a) the Court’s final approval of the settlement if no objections by or on behalf of Settlement Class members have been filed; (b) the time for appeal has expired if an objection has been filed and no appeal has been filed or withdrawn; or (c) the final resolution of any appeal that has been filed.

Within ten (10) calendar days following Defendant’s deposit of the Gross Settlement Amount with the Settlement Administrator, the Settlement Administrator will calculate Settlement Award and PAGA Award amounts and provide

the same to counsel for the Parties for review and approval, using employee ID numbers to maintain the confidentiality of employees. Within seven (7) calendar days of approval by counsel for the Parties, the Settlement Administrator will prepare and mail Settlement Awards, less applicable taxes and withholdings, to participating Settlement Class members, prepare and mail all PAGA Awards to PAGA employees, and the portion of the PAGA allocation payable to the LWDA shall be mailed to the LWDA.

Allocation and Taxes. For purposes of calculating applicable taxes and withholdings, each Settlement Award shall be allocated as follows: Sixty-Seven percent (67%) as penalties and interest; and Thirty-Three percent (33%) as wages. PAGA Awards shall be allocated One Hundred percent (100%) as penalties. The Settlement Administrator will be responsible for issuing to participating Settlement Class members and PAGA Employees IRS Forms W-2 for amounts deemed “wages” and IRS Forms 1099 for the amounts allocated as penalties and interest. Each Settlement Class member who receives a Settlement Award, and each PAGA Employee who receives a PAGA Award, will be responsible for correctly characterizing the payment for tax purposes and for payment of any taxes owing on said amount. Notwithstanding the treatment of the payments to each Settlement Class member or PAGA Employee above, none of the payments called for by this Settlement Agreement, including the wage portion, are to be treated as earnings, wages, pay or compensation for any purpose of any applicable benefit or retirement plan, unless required by such plans. The Settlement Administrator, Defendant and its counsel, and Class Counsel cannot provide tax advice. Accordingly, Settlement Class members should consult with their tax advisors concerning the tax consequences and treatment of payments they receive under the Settlement.

Release. If the Court approves the Settlement, the Settlement Class, and each Settlement Class member who has not submitted a timely and valid Request for Exclusion, will fully and forever completely release and discharge Defendant, and all of its past and present officers, directors, owners, shareholders, managers, employees, agents, principals, heirs, representatives, accountants, auditors, consultants, insurers, and its respective successors and predecessors in interest, subsidiaries, divisions, brands, related companies, affiliates, parents, partners, assigns, attorneys, and any individual or entity that could be liable for any of the claims in the Lawsuit (collectively the “Released Parties”), from all claims, demands, rights, liabilities and causes of action that are/were pled in the operative complaint in the Lawsuit (which is the First Amended Complaint), or which could have been pled in the operative complaint in the Lawsuit (which is the First Amended Complaint) based on the factual allegations therein, that arose during the Class Period including but not limited to the following claims: (a) failure to pay all overtime wages owed; (b) failure to pay all minimum wages owed; (c) failure to authorize and permit rest periods, or failure to provide premium pay for non-compliant rest periods; (d) failure to provide meal periods, or premium pay for non-compliant meal periods; (e) failure to issue accurate, itemized wage statements; (f) failure to reimburse all business expenses; and (f) all claims for unfair business practices that could have been premised on the facts, claims, causes of action or legal theories described above (collectively, the “Released Class Claims”).

The time period of the Released Class Claims extends to the limits of the Class Period.

PAGA Release and PAGA Employees. If the Court approves the Settlement, all PAGA Employees, including Plaintiff individually and as a representative for the State of California and on its behalf, will release and forever discharge all claims, demands, rights, liabilities and causes of action for civil penalties under California Labor Code Private Attorneys General Act of 2004, Labor Code § 2698 *et seq.*, against the Released Parties based on or arising out of the violations as alleged in the letter to the LWDA dated June 28, 2023 and as alleged in the operative complaint (which is the First Amended Complaint) for violations of California Labor Code sections 204, 212, 218 *et seq.*, 226, 226.7, 246 510, 512, 516, 558, 1182.12, 1194, 1194.2, 1197, 1198, 2802 and applicable Industrial Welfare Commission Wage Orders, and for: (a) failure to pay all overtime wages owed; (b) failure to pay all minimum wages owed; (c) failure to authorize and permit rest periods, or failure to provide premium pay for non-compliant rest periods; (d) failure to provide meal periods, or premium pay for non-compliant meal periods; (e) failure to issue accurate, itemized wage statements; and (f) failure to reimburse all business expenses (collectively, “PAGA Released Claims”).

The time period of the PAGA Released Claims is June 27, 2022 through [insert the date of preliminary approval of this Settlement Agreement] (“PAGA Period”).

You cannot submit a Request for Exclusion from the PAGA Release.

The releases are null and void if Defendant fails to fully fund the Settlement. The releases identified herein shall become effective on the date on which Defendant fully funds the Settlement (“Effective Date of the Release”). Upon the Effective Date of the Release, all Settlement Class Members shall be deemed to have, and by operation of Judgment shall have, released, waived and relinquished the Released Class Claims and all PAGA Employees shall be deemed to have released, waived and relinquished the PAGA Released Claims.

Conditions of Settlement. The Settlement is conditioned upon the Court entering an order at or following the Final Approval Hearing finally approving the Settlement as fair, reasonable, adequate and in the best interests of the Settlement Class, and the entry of Judgment.

How can I claim money from the Settlement?

Do Nothing. If you do nothing, you will be entitled to your share of the Settlement based on the proportionate number of workweeks you worked during the Class Period (as explained above), and as stated in the accompanying Notice of Settlement Award. You also will be bound by the Settlement, including the release of claims stated above.

If your address is incorrect or has changed, you must notify the Settlement Administrator. It is your responsibility to ensure that the Settlement Administrator has your current address on file, or you may not receive important information or a settlement payment. The Settlement Administrator is: Phoenix Settlement Administrators: (800) 523-5773.

What other options do I have?

Dispute Information in Notice of Settlement Award. Your award is based on the proportionate number of workweeks you worked during the Class Period, and the number of pay periods you worked during the PAGA Period, if any. The information contained in Defendant’s records regarding all of these factors, along with your estimated Settlement Award, is listed on the accompanying Notice of Settlement Award. If you disagree with the information in your Notice of Settlement Award, you may submit a dispute, along with any supporting documentation, in accordance with the procedures stated in the Notice of Settlement Award. Any disputes, along with supporting documentation, must be postmarked no later than <<RESPONSE DEADLINE>>. Send disputes directly to the Settlement Administrator at <<INSERT ADMINISTRATOR CONTACT INFO>>.

DO NOT SEND ORIGINALS; DOCUMENTATION SENT TO THE SETTLEMENT ADMINISTRATOR WILL NOT BE RETURNED OR PRESERVED.

The Parties and the Settlement Administrator will evaluate the evidence submitted and discuss in good faith how to resolve any timely disputes properly submitted by Settlement Class members. The Settlement Administrator’s decision regarding any dispute will be final. If a resolution cannot be reached by and among the Parties and the Settlement Administrator, the Court will render all final decisions on disputes.

Exclude Yourself from the Settlement. If you **do not** wish to take part in the Settlement, you may exclude yourself by sending to the Settlement Administrator a written “Request for Exclusion from the Class Action Settlement” letter or card postmarked no later than <<RESPONSE DEADLINE>>, with your name, address, telephone number, last four digits of your social security number, your signature, and a statement indicating that you would like to be excluded from the Class Action Settlement. The Request for Exclusion should state something to the effect of:

“I WISH TO BE EXCLUDED FROM THE SETTLEMENT CLASS IN THE *OROPEZA v. SPECIALTY COATING SYSTEMS, INC.* LAWSUIT. I UNDERSTAND THAT IF I ASK TO BE EXCLUDED FROM THE SETTLEMENT CLASS, I WILL NOT RECEIVE ANY MONEY FROM THE SETTLEMENT OF THIS LAWSUIT.”

Send the Request for Exclusion directly to the Settlement Administrator at <<INSERT ADMINISTRATOR CONTACT INFO>>. Any person who files a timely and properly submitted Request for Exclusion from the Settlement shall, upon receipt by the Settlement Administrator, no longer be a Settlement Class member, shall be barred from participating in any portion of the Settlement, and shall receive no benefits from the Settlement.

If you submit a timely and proper Request for Exclusion, you will only be excluded from the Released Class Claims. You cannot submit a Request for Exclusion from the PAGA Release. You will receive a proportionate share of the PAGA Payment regardless of whether you exclude yourself from the Settlement if you were employed and worked between June 27, 2022 and [insert the date of preliminary approval of this Settlement Agreement].

Any Settlement Class member who fails to submit a valid and timely Request for Exclusion on or before the above-specified deadline shall be bound by all terms of the Settlement, release, and any Judgment entered in the Lawsuit if the Settlement receives final approval from the Court.

Do not submit both a Dispute and a Request for Exclusion. If you do, the Request for Exclusion will be invalid, you will be included in the Settlement Class, and you will be bound by the terms of the Settlement.

Objecting to the Settlement. You also have the right to object to the terms of the Settlement. However, if the Court rejects your objection, you will still be bound by the terms of the Settlement. If you wish to object to the Settlement, or any portion of it, you may mail a written objection to the Settlement Administrator. Your written objection must include your name, address, as well as contact information for any attorney representing you regarding your objection, the case name and number, each specific reason in support of your objection, and any legal or factual support for each objection together with any evidence in support of your objection. Written objections must be postmarked on or before <<RESPONSE DEADLINE>>. Send written objections directly to the Settlement Administrator at <<INSERT ADMINISTRATOR CONTACT INFO>>.

If you choose to object to the Settlement, you may also appear at the Final Approval Hearing scheduled for <<FINAL APPROVAL HEARING DATE/TIME>> in Department S-26 of the San Bernardino County Superior Court, located at 247 West Third Street, San Bernardino, California 92415. You have the right to appear either remotely, in person or through your own attorney at this hearing. Any attorney who intends to represent an individual objecting to the Settlement must file a notice of appearance with the Court and serve counsel for all parties on or before <<RESPONSE DEADLINE>>. All objections or other correspondence must state the name and number of the case (*Gabriela Oropeza v. Specialty Coating Systems, Inc.*, San Bernardino County Superior Court, Case No. CIVSB2314473).

If you object to the Settlement, you will remain a member of the Settlement Class, and if the Court approves the Settlement, you will be bound by the terms of the Settlement in the same way as Settlement Class members who do not object.

What is the next step?

The Court will hold a Final Approval Hearing on the adequacy, reasonableness, and fairness of the Settlement on <<FINAL APPROVAL HEARING DATE/TIME>>, in Department S-26 of the San Bernardino County Superior Court, located at 247 West Third Street, San Bernardino, California 92415. The Court also will be asked to rule on Class Counsel's request for attorneys' fees and reimbursement of documented costs and expenses and the Service Award to the Class Representative. The Final Approval Hearing may be postponed without further notice to Settlement Class members. **You are not required to attend the Final Approval Hearing, although any Settlement Class member is welcome to attend the hearing.**

Any changes to date, time, or location of the Final Approval Hearing will be posted on the Settlement Administrator's website (<http://.com>). The Court's final judgment will also be posted on the Settlement Administrator's website.

How can I get additional information?

This Notice is only a summary of the Lawsuit and the Settlement. For more information, you may inspect the Court's files and the Settlement Agreement at the Office of the Clerk of the San Bernardino County Superior Court, located at 247 West Third Street, San Bernardino, California 92415. You may get more details by examining the Court's file on the Court Access website for the California Superior Court for the County of San Bernardino (<https://cap.sb-court.org/login>) and entering the Case No. CIVSB2314473. You may also contact Phoenix Settlement Administrators using the contact information listed above for more information.

**PLEASE DO NOT CALL OR WRITE THE COURT, DEFENDANT OR ITS ATTORNEYS FOR INFORMATION
ABOUT THIS SETTLEMENT OR THE SETTLEMENT PROCESS**

REMINDER AS TO TIME LIMITS

The deadline for submitting any Disputes, Requests for Exclusion, or Objections is <<RESPONSE DEADLINE>>. These deadlines will be strictly enforced.

BY ORDER OF THE COURT ENTERED ON <<PRELIM APPROVAL DATE>>.

NOTICE OF SETTLEMENT AWARD

Gabriela Oropeza, as an individual and on behalf of all others similarly situated, v. *Specialty Coating Systems, Inc.*,
a Delaware corporation

SAN BERNARDINO COUNTY SUPERIOR COURT, CASE NO. CIVSB2314473

Please complete, sign, date and return this form to **Phoenix Settlement Administrators** **ONLY IF** (1) your personal contact information has changed, and/or (2) you wish to dispute any of the items listed in Section (III), below. It is your responsibility to keep a current address on file with the Settlement Administrator.

(I) Please type or print your name:

(First, Middle, Last)

(II) Please type or print the following identifying information if your contact information has changed:

Former Names (if any)

New Street Address

City

State

Zip Code

(III) Information Used to Calculate Your Individual Settlement Award:

According to the records of Defendant Specialty Coating Systems, Inc. ("Defendant"):

- (a) You were employed by Defendant and worked a total of workweeks between June 27, 2019 and [insert the date of preliminary approval of this Settlement Agreement].
- (b) You were employed by Defendant and worked a total of pay periods between June 27, 2022 and [insert the date of preliminary approval of this Settlement Agreement].

Based on the above, your Individual Settlement Award is estimated to be \$.

(IV) If you disagree with item (a) in Section (III) above, please explain why in the space provided below and include copies of any supporting evidence or documentation with this form:

If you dispute the above information from Defendant's records, Defendant's records will control unless you are able to provide documentation that establishes that Defendant's records are mistaken. If there is a dispute about whether Defendant's information or yours is accurate, and the dispute cannot be resolved informally, the dispute will be resolved by the Parties and the Settlement Administrator as described in the "Notice of Pendency of Class Action and Proposed Settlement" that accompanies this Form. Any unresolved disputes will be submitted to the Court for a final determination.

**ANY DISPUTES, ALONG WITH ANY SUPPORTING DOCUMENTATION, MUST BE POSTMARKED
NO LATER THAN <<RESPONSE DEADLINE>>**

EXHIBIT 2

EXHIBIT 2

From: [DIR PAGA Unit](#)
To: [Marlyn Ajanel](#)
Subject: Thank you for your Proposed Settlement Submission
Date: Thursday, August 8, 2024 1:02:24 PM

08/08/2024 01:02:05 PM

Thank you for your submission to the Labor and Workforce Development Agency.

Item submitted: Proposed Settlement

If you have questions or concerns regarding this submission or your case, please send an email to pagainfo@dir.ca.gov.

DIR PAGA Unit on behalf of
Labor and Workforce Development Agency

Website: http://labor.ca.gov/Private_Attorneys_General_Act.htm