

## JOINT STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT

Subject to final approval by the Court, it is stipulated, by and between Plaintiffs Daisy Ayala and Josephine Castaneda (“Plaintiffs,” “Plaintiff Ayala,” and “Plaintiff Castaneda”), on behalf of themselves, other similarly situated putative class members, and other aggrieved employees, and Defendant Carter Shipping Services LLC (“Defendant”) that the Action is hereby compromised and settled pursuant to the terms and conditions set forth in this Joint Stipulation of Class Action and PAGA Settlement (“Settlement Agreement,” “Settlement,” or “Agreement”) and that the Court shall make and enter judgment subject to the definitions, recitals, and terms set forth herein, which by this reference become an integral part of the Agreement. Plaintiffs and Defendant are collectively referred to in this Agreement as the “Parties”.

### I. DEFINITIONS

In addition to the other terms defined in this Agreement, the terms below have the following meaning:

- A. **Action**: The lawsuit originally filed by Plaintiff Ayala on July 1, 2022 entitled *Ayala v. Carter Shipping Services LLC*, Case No. 30-2022-01268249-CU-OE-CXC, in the Superior Court of California, County of Orange, including the First Amended Complaint filed by Plaintiff Ayala.
- B. **Administration Costs**: The costs incurred by the Settlement Administrator to administer this Settlement pursuant to the terms of this Agreement, which shall not exceed \$10,000. All Administration Costs shall be paid from the Qualified Settlement Fund.
- C. **Agreement, Settlement Agreement, or Settlement**: The settlement agreement reflected in this document, titled “Joint Stipulation of Class Action and PAGA Settlement.”
- D. **Attorney Fee Award**: The amount of one-third (1/3) of the Gross Settlement Amount in the event it is finally approved by the Court and awarded to Class Counsel. The Attorney Fee Award shall be paid from the Qualified Settlement Fund and will not be opposed by Defendant.
- E. **Class**: All current and former hourly-paid or non-exempt employees of Defendant within the State of California at any time during the period from June 3, 2020 through June 13, 2023.
- F. **Class Counsel**: Douglas Han and Shunt Tatavos-Gharajeh of Justice Law Corporation.

- G. Class Data:** Information regarding Class Members that Defendant will compile from its available, existing, electronic records and provide to the Settlement Administrator. The Class Data shall be formatted as a Microsoft Excel spreadsheet and shall include each Class Member's: (1) full name; (2) last known address; (3) last known telephone number; (4) Social Security Number; and (5) number of Class work weeks per each Class Member and PAGA pay periods per each Eligible Aggrieved Employee.
- H. Class Member:** Each person eligible to participate in this Settlement who is a member of the Class as defined above.
- I. Class Notice:** The "Notice of Class Action and PAGA Settlement" provided to all Class Members in English regarding the terms of this Settlement, substantially similar to the form attached hereto as **Exhibit A**, subject to Court approval. The Class Notice shall constitute notice to the Class pursuant to California Rule of Court, rule 3.769(f) and, once approved by the Court, shall be deemed compliant with California Rule of Court, rule 3.766.
- J. Class Period:** The time period from June 3, 2020 through June 13, 2023.
- K. Class Representatives or Plaintiffs:** Daisy Ayala and Josephine Castaneda.
- L. Class Representative Enhancement Payments:** The amount the Court awards to Plaintiffs for their services as the Class Representatives, which will not exceed \$5,000 each (totaling \$10,000). This payment shall be paid from the Qualified Settlement Fund and will not be opposed by Defendant. This enhancement is subject to Court approval. If the Court awards less than the amount requested, any amount not awarded will become part of the Net Settlement Amount for distribution to Participating Class Members.
- M. Complaint:** The complaint filed by Plaintiff Ayala in the Superior Court of California, County of Orange, on July 1, 2022 entitled *Ayala v. Carter Shipping Services LLC*, Case No. 30-2022-01268249-CU-OE-CXC, including the First Amended Complaint filed by Plaintiff Ayala.
- N. Cost Award:** The amount that the Court awards Class Counsel for payment of actual litigation costs, which shall not exceed \$15,000. The Cost Award will be paid from the Qualified Settlement Fund and will not be opposed by Defendant. The Cost Award is subject to Court approval. If the Court awards less than the amount requested, any amount not awarded will become part of the Net Settlement Amount for distribution to Participating Class Members.
- O. Court:** The Superior Court of California, County of Orange.
- P. Defendant:** Carter Shipping Services LLC.

- Q. Defense Counsel:** Attorneys Tim Johnson, Yousaf M. Jafri, Nikolas Djordjevski, and Keenan O'Connor of Ogletree, Deakins, Nash, Smoak & Stewart, P.C.
- R. Effective Date:** The later of the following dates: (a) June 13, 2024; or (b) seven (7) calendar days after both of the following have occurred: (i) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (ii) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (1) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (2) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or (3) if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.
- S. Eligible Aggrieved Employees:** The aggrieved employees eligible to recover settlement funds from the PAGA Payment that consist of all current and former hourly-paid or non-exempt employees of Defendant within the State of California at any time during the period from June 26, 2022, through June 13, 2023.
- T. Exclusion Form:** The Request for Exclusion Form, substantially similar to the form attached hereto as **Exhibit B**, subject to Court approval.
- U. Final Approval, Final Approval Order, Judgment, and Final Judgment:** “Final Approval” or “Final Approval Order” means the final order entered by the Court, following the Final Fairness and Approval Hearing, finally approving this Agreement. “Judgment” or “Final Judgment” means the final judgment entered by the Court following the Final Fairness and Approval Hearing.
- V. Gross Settlement Amount or GSA:** The total value of the Settlement is a non-reversionary sum of \$100,000. This is the gross amount Defendant shall be required to pay under this Settlement Agreement, which includes without limitation: (1) Net Settlement Amount to be paid to Participating Class Members; (2) Attorney Fee Award and Cost Award to be paid Class Counsel for attorneys’ fees and costs, as approved by the Court; (3) Class Representative Enhancement Payments to be paid to the Class Representatives, as approved by the Court; (4) Administration Costs to be paid to the Settlement Administrator, as approved by the Court; and (5) PAGA Payment to be paid to the LWDA and to Eligible Aggrieved Employees, as approved by the Court. Defendant’s portion of payroll taxes as the Class Members’ current or former employer is not included in the GSA and will be a separate obligation of Defendant. No portion of the Gross Settlement Amount will revert to Defendant for any reason.

- W. Individual Settlement Share(s):** The amount payable to each Participating Class Member under the terms of this Settlement Agreement. Class Members are not required to submit a claim form to receive their Individual Settlement Shares pursuant to this Agreement. Participating Class Members will receive an Individual Settlement Share automatically, without the return of a claim form, unless the Class Member timely submits a valid Exclusion Form.
- X. LWDA:** California Labor and Workforce Development Agency.
- Y. Net Settlement Amount or NSA:** The total amount of money available for payout to Participating Class Members, which is the GSA less the Attorney Fee Award, Cost Award, Class Representative Enhancement Payments, PAGA Payment, and Administration Costs. In other words, the NSA is the portion of the GSA that will be distributed to Class Members who do not request exclusion from the Settlement.
- Z. Notice Packet:** Collectively, the Class Notice Exclusion Form, and Objection Form mailed to all identified Class Members by the Settlement Administrator.
- AA. Objection Form:** The Objection Form, substantially similar to the form attached hereto as **Exhibit C**, subject to Court approval.
- BB. PAGA:** The Private Attorneys General Act of 2004 (Labor Code section 2698 *et seq.*).
- CC. PAGA Payment:** The PAGA Payment consists of \$5,000 of the Gross Settlement Amount allocated for the settlement and release of claims for civil penalties under the PAGA. Seventy-five percent (75%) of the PAGA Payment (\$3,750) shall be paid to the LWDA, and twenty-five percent (25%) of the PAGA Payment (\$1,250) shall be distributed to Eligible Aggrieved Employees, on a pro rata basis, as set forth below.
- DD. PAGA Period:** The time period from June 26, 2022, through June 13, 2023.
- EE. PAGA Released Claims:** Upon Defendant's fulfillment of its payment obligations set forth herein, the claims that Plaintiffs and Eligible Aggrieved Employees are releasing in exchange for the consideration provided for by this Agreement are defined as all claims based on the facts, circumstances, primary rights, and allegations in the First Amended Complaint and notice letter to the LWDA. This includes all claims for civil penalties based upon or arising out of Defendant's alleged: (1) failure to pay earned wages; (2) failure to pay minimum wages (including any claims for additional wages owed due to "off-the-clock" work) and sick pay at the proper rate; (3) failure to pay overtime compensation (including failure to properly calculate the regular rate of pay of those who worked overtime and earned incentive pay); (4) failure to provide meal breaks; (5) failure to provide rest breaks; (6) failure to pay meal period

premium wages at the regular rate of pay; (7) failure to pay rest period premium wages at the regular rate of pay; (8) failure to provide accurate wage statements; (9) failure to timely pay final wages during employment and at separation; (10) failure to maintain accurate payroll records; and (11) failure to reimburse business-related expenses. The time frame of the PAGA Released Claims shall be the PAGA Period.

**FF. Participating Class Members:** All Class Members who do not submit a valid and timely request to exclude themselves from this Settlement. Participating Class Members will release all of the Released Claims and will be bound by all terms of the Settlement and any final judgment entered in this Action.

**GG. Parties:** Plaintiffs, individually and as Class Representatives, and Defendant.

**HH. Preliminary Approval or Preliminary Approval Order:** The Court's order preliminarily approving the proposed Settlement following the Preliminary Approval Hearing.

**II. Qualified Settlement Fund or QSF:** A fund within the meaning of Treasury Regulation section 1.46B-1, 26 C.F.R. section 1.468B-1 *et seq.*, that is established by the Settlement Administrator for the benefit of Participating Class Members, Eligible Aggrieved Employees, Plaintiffs, and Class Counsel.

**JJ. Released Claims:** Upon Defendant's fulfillment of its payment obligations set forth herein, the claims that Plaintiffs and Participating Class Members are releasing in exchange for the consideration provided for by this Agreement are defined as all claims that were or reasonably could have been asserted in the Action based on the facts, circumstances, primary rights, or allegations in the First Amended Complaint. This includes, but not limited to, claims for: (1) failure to pay earned wages; (2) failure to pay minimum wages (including any claims for additional wages owed due to "off-the-clock" work) and sick pay at the proper rate; (3) failure to pay overtime compensation (including failure to properly calculate the regular rate of pay of those who worked overtime and earned incentive pay); (4) failure to provide meal breaks; (5) failure to provide rest breaks; (6) failure to pay meal period premium wages at the regular rate of pay; (7) failure to pay rest period premium wages at the regular rate of pay; (8) failure to provide accurate wage statements; (9) failure to timely pay final wages during employment and at separation; (10) failure to maintain accurate payroll records; (11) failure to reimburse business-related expenses; (12) unfair competition or business practices; (13) any and all claims under PAGA; (14) any all claims for associated penalties, whether civil or statutory in nature, interest, attorneys' fees and costs, or any other associated damages, and all other alleged violations of the Labor Code and Business and Professions Code section 17200, *et seq.*; and (15) all other claims and allegations alleged in or which could have been alleged in the Action based on the facts and allegations pled in the amended complaint. This release excludes the release of claims not

permitted by law. The time frame of the Released Claims shall be the Class Period.

- KK. Released Parties:** Defendant and its past and present directors, officers, shareholders, owners, members, managing agents, attorneys, insurers, assigns, parents, subsidiaries, affiliates, predecessors, successors, business partners, contracting partners, and clients.
- LL. Response Deadline:** Sixty (60) calendar days from the initial mailing of the Notice Packet and the last date on which Class Members may request exclusion from or object to the Settlement. Class Members who receive a remailed Notice Packet will have an additional ten (10) calendar days, for a total of seventy (70) calendar days from the initial mailing of the Notice Packet, to request exclusion from or object to the Settlement.
- MM. Settlement Administration:** The Settlement Administrator will mail the Notice Packet via first-class regular U.S. Mail to all identified Class Members. The Notice Packet will inform Class Members that they have until the Response Deadline to either object to the Settlement or to opt out of (exclude themselves from) the Settlement. Any Class Member who does not receive a Notice Packet after the steps outlined above have been taken will still be bound by the Settlement and/or Judgment.
- NN. Settlement Administrator:** The third-party administrator agreed upon by the Parties to administer this Settlement is ILYM Group, Inc.

## **II. RECITALS**

- A. Procedural History.** On July 1, 2022, Plaintiff Ayala filed a wage-and-hour class action lawsuit in the Superior Court of California, County of Orange. Plaintiff Ayala's lawsuit alleged violations of: (1) Labor Code sections 510 and 1198 (unpaid overtime); (2) Labor Code sections 226.7 and 512(a) (unpaid meal period premiums); (3) Labor Code section 226.7 (unpaid rest period premiums); (4) Labor Code sections 1194 and 1197 (unpaid minimum wages); (5) Labor Code sections 201 and 202 (final wages not timely paid); (6) Labor Code section 226(a) (non-compliant wage statements); (7) Labor Code sections 2800 and 2802 (unreimbursed business expenses); (8) Labor Code section 229 (collection of due and unpaid wages); and (9) Business & Professions Code section 17200, *et seq.*

The Parties remotely attended mediation with the mediator Lisa Klerman on June 8, 2023, ultimately resulting in the Parties reaching a tentative settlement via a mediator's proposal.

In line with the settlement, on June 26, 2023, Plaintiff Castaneda provided written notice to the LWDA and Defendant of the specific provisions of the Labor Code she contends were violated and the theories supporting her contentions.

On December 22, 2023, Plaintiff Ayala then filed a First Amended Complaint adjusting the “Class” definition, adding Plaintiff Castaneda as a named plaintiff, and adding a cause of action for violation of Labor Code section 2698, *et seq.* (PAGA).

- B. Investigation and Discovery.** Prior to mediation and both before and after the Action was filed, the Parties conducted significant investigation and discovery of the relevant facts and law. Defendant produced documents relating to its recent financial hardships and its wage-and-hour policies, practices, and procedures, including those regarding meal and rest periods, overtime, and logging hours worked. In addition, Plaintiffs reviewed time and pay records and information relating to the size and scope of the Class, as well as data permitting Plaintiffs to understand the number of workweeks and pay periods within the Class Period. Plaintiff also interviewed putative class members who worked for Defendant during the Class Period. The Parties agree the above-described investigation and evaluation, as well as the information exchanged during the settlement negotiations, are more than sufficient to assess the merits of the Parties’ positions and to compromise the issues on a fair and equitable basis.
- C. Mediation.** On June 8, 2023, the Parties participated in a private mediation with Lisa Klerman, a well-respected mediator with considerable experience mediating wage-and-hour class actions. This mediation took place only after the Parties exchanged extensive information and data. The mediation and subsequent negotiations resulted in the Settlement described herein to resolve this Action in its entirety. The settlement took into consideration the financial condition of Defendant and its inability to fund a higher settlement.
- D. Benefits of Settlement to Class Members.** Plaintiffs and Class Counsel recognize the expense and length of additional proceedings necessary to continue the litigation against Defendant through trial and through any possible appeals. Plaintiffs and Class Counsel have also considered the uncertainty and risks of further litigation, potential outcomes, and difficulties and delays inherent in litigation. Plaintiffs and Class Counsel have conducted extensive settlement negotiations, including a full day of formal mediation. Based on the foregoing, Plaintiffs and Class Counsel believe the Settlement set forth in this Agreement is a fair, adequate, and reasonable settlement and is in the best interests of the Class Members.

- E. Defendant's Reasons for Settlement.** Defendant recognizes the defense of this litigation will be protracted and expensive for all Parties. Substantial amounts of Defendant's time, energy, and resources have been and, unless this Settlement is made, will continue to be devoted to the defense of the claims Plaintiffs asserted. Defendant has also considered the risks of further litigation in reaching its decision to enter this Settlement. Despite continuing to contend it is not liable for any of the claims set forth by Plaintiffs, Defendant has agreed to settle in the manner and upon the terms set forth in this Agreement to put to rest the claims as set forth in this Action.
- F. Defendant's Denial of Wrongdoing.** Defendant generally and specifically denies any and all liability or wrongdoing of any sort with regard to any of the claims alleged, makes no concessions or admissions of liability of any sort, makes no concessions or admissions that any Class Member is or was employed by Defendant, and contends that for any purpose other than settlement, this Action is not appropriate for class or representative treatment. Defendant asserts several defenses to the claims and has denied any wrongdoing or liability arising out of any of the alleged facts or conduct in this Action. The monies being paid as part of the settlement are genuinely disputed, and the Parties agree the provisions of Labor Code section 206.5 are not applicable to this Settlement. Neither this Agreement, nor any document referred to or contemplated herein, nor any action taken to carry out this Agreement, is or may be construed as, or may be used as an admission, concession, or indication by or against Defendant or any of the Released Parties of any fault, wrongdoing, or liability whatsoever. Nor should the Agreement be construed as an admission that Plaintiffs can serve as adequate Class Representatives. There has been no final determination by any court as to the merits of the claims asserted or as to whether a class or classes should be certified, other than for settlement purposes only.
- G. Plaintiffs' Claims.** Plaintiffs assert Defendant's defenses are without merit. Neither this Agreement nor any documents referred to or contemplated herein, nor any action taken to carry out this Agreement is, may be construed as, or may be used as an admission, concession, or indication by or against Plaintiffs, Class Members, or Class Counsel as to the merits of any claims or defenses asserted, or lack thereof, in this Action. However, if this Settlement is finally approved by the Court, none of Plaintiffs, Class Members, or Class Counsel will oppose Defendant's efforts to use this Agreement to prove that Plaintiffs and Class Members have resolved and are forever barred from relitigating the Released Claims.

### **III. SETTLEMENT TERMS AND CONDITIONS**

- A. Workweeks and Pay Periods.** Based on a review of its records to date, Defendant estimates there are 452 Class Members who worked a total of 9,195 workweeks within the Class Period, and approximately 75 Eligible Aggrieved Employees who worked a total of approximately 2,650 pay periods within the PAGA Period.
- B. Settlement Consideration by Defendant.** Subject to the terms and conditions of this Agreement, the maximum Gross Settlement Amount, excluding payroll taxes, that Defendant is obligated to pay under this Settlement Agreement is \$100,000. In no event shall Defendant be required to pay more than the Gross Settlement Amount, other than its share of payroll taxes or as specifically described in Section III(Q)(23).
- C. Notice to the LWDA.** On June 26, 2023, Plaintiff Castaneda filed and served her Notice of Labor Code Violations Pursuant to Labor Code section 2699.3. Plaintiff Castaneda maintains that she has satisfied her notice obligations under PAGA.
- D. Class Certification.** Solely for the purposes of this Agreement, the Parties stipulate and agree to certification of the claims asserted on behalf of Class Members. The Parties stipulate and agree that for this Settlement to occur, the Court must conditionally certify the Class as defined in this Agreement.
- E. Conditional Nature of Stipulation for Certification.** The Parties stipulate and agree to the certification of the claims asserted on behalf of Plaintiffs and Class Members for purposes of this Settlement only. This Settlement is contingent upon Preliminary and Final Approval. If the Settlement does not become final and effective, for whatever reason, the fact that the Parties were willing to stipulate to certification as part of the Settlement shall have no bearing on and shall not be admissible or used in any way in connection with the question of whether the Court should certify any claims in a non-settlement context in this Action or in any other lawsuit. Defendant reserves the right to oppose class certification should this Settlement be materially modified, withdrawn, or reversed on appeal, or otherwise fails to become final and effective. An award by the Court of a lesser amount than sought by Plaintiffs and Class Counsel for the Class Representative Enhancement Payments, Attorney Fee Award, and/or Cost Award will not constitute a material modification to the Settlement within the meaning of this Section.
- F. Appointment of Class Representatives.** Solely for the purposes of this Settlement, the Parties stipulate and agree Plaintiffs shall be appointed as the representatives for the Class.

**G. Appointment of Class Counsel.** For the purposes of this Settlement, the Parties stipulate and agree Class Counsel shall be appointed to represent the Class.

**H. Individual Settlement Share.** Subject to the terms and conditions of this Agreement, the Settlement Administrator will pay an Individual Settlement Share from the Net Settlement Amount to each Participating Class Member.

**1. Calculation.** Each Participating Class Member will receive a proportionate share of the Net Settlement Amount that is equal to: (i) the number of weeks he or she worked as an hourly-paid or non-exempt California employee of Defendant during the Class Period based on the Class Data provided by Defendant; (ii) divided by the total number of weeks worked by any and all Participating Class Members collectively during the Class Period based on the same Class Data; and (iii) multiplied by the Net Settlement Amount. One day worked in a given week will be credited as a week for purposes of this calculation. Thus, the value of each Participating Class Member's Individual Settlement Share is tied directly to the number of weeks he or she worked during the Class Period.

**2. Tax Withholdings.** Each Individual Settlement Share will be apportioned as follows: twenty percent (20%) as wages and eighty percent (80%) as penalties and interest. The amounts paid as wages shall be subject to all tax withholdings customarily made from an employee's wages and all other authorized and required withholdings and shall be reported by W-2 forms. Payment of all amounts will be made subject to backup withholding unless a duly executed W-9 form is received from the payee(s). The amounts paid as penalties and interest shall be subject to all authorized and required withholdings other than the tax withholdings customarily made from employees' wages and shall be reported by IRS Form 1099. The employees' share of payroll tax withholdings and other legally required withholdings shall be withheld from the portion of each Individual Settlement Share attributed to wages. Eligible Aggrieved Employees' portion of the PAGA Payment will be allocated as one hundred percent (100%) penalties and shall be reported by IRS Form 1099.

**I. Settlement Disbursement.**

**1. Shares and Payments.** Subject to the Court finally approving the Settlement, the Settlement Administrator shall distribute funds pursuant to the terms of this Agreement and the Court's Final Approval Order and Judgment. The maximum amount Defendant can be required to pay under this Settlement for any purpose is the Gross Settlement Amount, other than Defendant's share of payroll taxes or as specifically described in Section III(Q)(23). The Settlement Administrator shall keep the Parties' counsel apprised of all distributions from the Gross Settlement Amount. The Settlement Administrator shall respond to questions from the Parties'

counsel. No person shall have any claim against Defendant, Defense Counsel, Plaintiffs, Class Counsel, or Settlement Administrator based on the distributions and payments made in accordance with this Agreement.

- 2. Funding the Settlement.** No later than fourteen (14) calendar days after the Effective Date, Defendant shall deposit the Gross Settlement Amount of \$100,000 into the QSF (as defined below). Defendant shall also at this time provide any tax information that the Settlement Administrator may need to calculate the Individual Settlement Shares.
- 3. Disbursement.** Within fourteen (14) calendar days after the funding of the Settlement, the Settlement Administrator shall calculate and pay all payments due under the Settlement Agreement, including all Individual Settlement Shares, Attorney Fee Award, Cost Award, Class Representative Enhancement Payments, PAGA Payment, and Administration Costs. The Settlement Administrator will also forward a check for seventy-five percent (75%) of the PAGA Payment (\$3,750) to the LWDA for settlement of the PAGA claims.
- 4. QSF.** The Parties agree the QSF is intended to be a “Qualified Settlement Fund” under section 468B of the Code and Treasury Regulations section 1.4168B-1, 26 C.F.R. section 1.468B-1, *et seq.*, and will be administered by the Settlement Administrator as such. The Parties and Settlement Administrator shall treat the QSF as coming into existence as a Qualified Settlement Fund on the earliest date permitted as set forth in 26 C.F.R. section 1.468B-1, and such election statement shall be attached to the appropriate returns as required by law.
- 5. Uncashed Checks.** Participating Class Members and Eligible Aggrieved Employees must cash or deposit their settlement checks within one hundred eighty (180) calendar days after the checks are mailed to them. If any checks are not redeemed or deposited within ninety (90) calendar days after mailing, the Settlement Administrator will send a reminder postcard indicating that unless the check is redeemed or deposited in the next ninety (90) calendar days, it will expire and become non-negotiable, and offering to replace the check if it was lost or misplaced. If any checks remain uncashed or not deposited by the expiration of the 90-day period after mailing the reminder notice, the Settlement Administrator will, within two hundred (200) calendar days after the checks are initially mailed, pay the amount of the uncashed funds to the California State Controller’s Unclaimed Property Division in accordance with California Unclaimed Property Law so that the Participating Class Member and Eligible Aggrieved Employee will have his or her settlement payment available to him or her per the applicable claim procedure to request that money from the State of California.

- 6. Final Report by Settlement Administrator.** Within ten (10) calendar days after the disbursement of all funds, the Settlement Administrator will serve on the Parties a declaration providing a final report on the disbursements of all funds.
- 7. Payments.** Subject to the terms and conditions of this Agreement, the Settlement Administrator will make the following payments out of the Gross Settlement Amount:
- a. To the Plaintiffs.** In addition to their Individual Settlement Shares, and subject to the Court's approval, Plaintiffs will each receive \$5,000 as their Class Representative Enhancement Payments (totaling \$10,000) in exchange for their time, effort, and risks they undertook in bringing and prosecuting this matter. The Settlement Administrator will pay the Class Representative Enhancement Payments out of the Qualified Settlement Fund. Payroll tax withholdings and deductions will not be taken from the Class Representative Enhancement Payments. The Settlement Administrator shall issue an IRS Form 1099-MISC to Plaintiffs for their Class Representative Enhancement Payments. Plaintiffs shall be solely and legally responsible to pay any and all applicable taxes on their Class Representative Enhancement Payments and shall hold harmless Defendant and the Released Parties from any claim or liability for taxes, penalties, or interest arising as a result of the Class Representative Enhancement Payments. If the Court does not approve the entirety of the application for the Class Representative Enhancement Payments, Plaintiffs shall not have the right to revoke the settlement and it will remain binding. If the Court does not approve the entirety of the application for the Class Representative Enhancement Payments, the Settlement Administrator shall pay whatever amount the Court awards, and neither Defendant nor the Settlement Administrator shall be responsible for paying the difference between the amount requested and the amount awarded. If the amount awarded is less than the amount requested by Plaintiffs, the difference shall become part of the NSA and be available for distribution to Participating Class Members.
  - b. To Class Counsel.** Class Counsel will apply to the Court for, and Defendant agrees not to oppose, a total Attorney Fee Award not to one-third (1/3) of the Gross Settlement Amount and a Cost Award not to exceed \$15,000. Class Counsel, Plaintiffs, and Participating Class Members will not apply to the Court for any payment of attorneys' fees and costs that are in addition to the foregoing or that exceed the GSA. The Parties agree that, over and above the Court-approved Attorney Fee Award and Cost Awards, each of

the Parties, including all Participating Class Members, shall bear their own fees and costs, including, but not limited to, those related to the investigation, filing, prosecution, or settlement of the Action; negotiation, execution, or implementation of this Agreement; and/or process of obtaining, administering, or challenging an Order Granting Preliminary Approval and/or Final Approval. The Settlement Administrator will pay the court-approved amounts for the Attorney Fee Award and Cost Award out of the Gross Settlement Amount. Payroll tax withholding and deductions will not be taken from the Attorney Fee Award or Cost Award. An IRS Forms 1099 will be issued to Class Counsel with respect to these payments. If the Court does not approve the entirety of the application for the Attorney Fee Award and/or Cost Award, the Settlement Administrator shall pay whatever amount the Court awards, and neither Defendant nor the Settlement Administrator shall be responsible for paying the difference between the amount requested and the amount awarded. If the amount awarded is less than the amount requested by Class Counsel for the Attorney Fee Award and/or Cost Award, the difference shall become part of the NSA and be available for distribution to Participating Class Members.

- c. **To the Responsible Tax Authorities.** The Settlement Administrator will pay the amount of each Participating Class Member's portion of normal payroll withholding taxes out of each Individual Settlement Share. The Settlement Administrator will calculate the amount of the Participating Class Members' and Defendant's portions of payroll withholding taxes. The Settlement Administrator will submit Defendant's portion of payroll withholding tax calculation to Defendant for additional funding and forward that amounts along with each Individual Settlement Share withholdings to the appropriate taxing authorities.
- d. **To the Settlement Administrator.** The Settlement Administrator will pay to itself Administration Costs (reasonable fees and expenses) approved by the Court in an amount not to exceed \$10,000. This will be paid out of the Qualified Settlement Fund. If the actual amount of Administration Costs is less than the amount estimated and/or requested, the difference shall become part of the NSA and be available for distribution to Participating Class Members. If the Court does not approve the entirety of the requested Administration Costs, the Settlement Administrator shall pay to itself whatever amount the Court awards, and neither Defendant nor Plaintiffs shall be responsible for paying the difference between the amount requested and the amount awarded.

- e. **To Participating Class Members.** The Settlement Administrator will pay Participating Class Members according to the Individual Settlement Share calculations set forth above. All payments to Participating Class Members shall be made from the Qualified Settlement Fund. Individual Settlement Shares shall be mailed via first-class regular U.S. Mail to Participating Class Members' last known mailing addresses within fourteen (14) calendar days after the funding of the Settlement. Any checks issued to Participating Class Members shall remain valid and negotiable for one hundred eighty (180) days from the date of their issuance. The Settlement Administrator shall skip trace any checks issued to Participating Class Members that are returned as undeliverable.
- f. **PAGA Payment.** \$5,000 shall be allocated from the Gross Settlement Amount for the settlement and release of claims for civil penalties under PAGA. The Settlement Administrator shall pay seventy-five percent (75%) of the PAGA Payment (\$3,750) to the LWDA. The Settlement Administrator shall also distribute twenty-five percent (25%) of the PAGA Payment (\$1,250) to the Eligible Aggrieved Employees as described in this Agreement. Class Counsel will take all action required by Labor Code section 2699(l).
- g. **To Eligible Aggrieved Employees.** The Settlement Administrator shall pay each Eligible Aggrieved Employee according to his or her proportional share of the PAGA Payment allocated to the Eligible Aggrieved Employees. This will be based upon the total number of pay periods during which the Eligible Aggrieved Employee was employed during the PAGA Period. Each individual share will be calculated by: (i) determining the total number of pay periods during the PAGA Period during which the Eligible Aggrieved Employee was employed; (ii) dividing this number by the total number of pay periods during the PAGA Period during which all Eligible Aggrieved Employees were employed (*i.e.*, the sum of all pay periods of employment for all Eligible Aggrieved Employees); and (iii) multiplying this number by the \$1,250 allocated to the Eligible Aggrieved Employees. Settlement payments for Eligible Aggrieved Employees shall be mailed via first-class regular U.S. Mail to Eligible Aggrieved Employees' last known mailing addresses within fourteen (14) calendar days after the funding of the Settlement. Any checks issued to Eligible Aggrieved Employees shall remain valid and negotiable for one hundred eighty (180) days from the date of their issuance. The Settlement Administrator shall skip trace any checks issued to Eligible Aggrieved Employees that are returned as undeliverable.

**J. Appointment of Settlement Administrator.** Solely for the purposes of this Settlement, the Parties stipulate and agree ILYM Group, Inc. shall be retained to serve as Settlement Administrator. By accepting the role as Settlement Administrator, the Settlement Administrator is bound to all of the terms, conditions and obligations described in this Settlement Agreement. The Settlement Administrator shall be responsible for, among other things: (1) preparing, printing, and mailing the Notice Packet to the Class Members; (2) keeping track of any objections or requests for exclusion from Class Members; (3) calculating each Class Member's and Eligible Aggrieved Employee's Individual Settlement Share; (4) calculating any and all payroll tax deductions as required by law; (5) mailing Individual Settlement Shares to Participating Class Members; (6) performing skip traces and remailing Notice Packets and Individual Settlement Shares to Class Members; (7) providing weekly status reports to the Parties' counsel, which are to include updates on any objections or requests for exclusion that have been received; (8) providing a due diligence declaration for submission to the Court prior to the Final Approval Hearing; (9) mailing the LWDA's portion of the PAGA Payment to the LWDA; (10) distributing the Attorney Fee Award and Cost Award to Class Counsel; (11) printing and providing Class Members and Plaintiffs with W-2 and 1099 forms as required under this Agreement and applicable law; (12) providing a due diligence declaration for submission to the Court upon the completion of the Settlement; (13) providing any funds remaining in the QSF as a result of uncashed checks to the California State Controller's Unclaimed Property Division, including the administration of related tax reimbursements; and (14) performing such other tasks as the Parties mutually agree.

The Parties each represent they do not have any financial interest in the Settlement Administrator or otherwise have a relationship with the Settlement Administrator that could create a conflict of interest. Plaintiffs, Class Counsel, Defendant, and Defense Counsel shall not bear any responsibility for errors or omissions in the calculation or distribution of the Individual Settlement Shares or any other distribution of monies contemplated by this Agreement.

**K. CIRCULAR 230 DISCLAIMER.** Each Party to this Agreement (for purposes of this section, the "Acknowledging Party" and each Party to this Agreement other than the Acknowledging Party, an "Other Party") acknowledges and agrees that:

- (1) No provision of this Agreement, and no written communication or disclosure between or among the Parties or their attorneys and other 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 Agreement based upon the recommendation of any Other Party or any attorney or advisor to any

Other Party; and (c) is not entitled to rely upon any communication or disclosure by any attorney or advisor to any Other Party to avoid any tax penalty that may be imposed on the Acknowledging Party; and

- (3) No attorney or advisor to any Other Party has imposed any limitation that protects the confidentiality of any such attorney's or 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.

## **L. Procedure for Approving Settlement.**

### **1. Motion for Preliminary Approval and Conditional Certification.**

- a.** Plaintiffs will move for an order conditionally certifying the Class for settlement purposes only, giving Preliminary Approval of the Settlement, setting a date for the Final Approval Hearing, and approving the Notice Packet. Plaintiffs' Motion for Preliminary Approval shall include this Settlement Agreement. Due to the financial hardships Defendant has been experiencing in recent years, Defendant and Defense Counsel will also cooperate with Plaintiffs and Class Counsel in submitting relevant information to the Court about Defendant's recent financial condition.
- b.** At the Preliminary Approval Hearing, Plaintiffs will appear, support the granting of the motion, and submit a proposed order granting conditional certification of the Class and Preliminary Approval of the Settlement; appointing the Class Representatives, Class Counsel, and Settlement Administrator; approving the Notice Packet; and setting the Final Approval Hearing.
- c.** If the Court declines to certify the Class or Preliminarily Approve all material aspects of the Settlement, the Settlement will be null and void, and the Parties will have no obligations under it. The sum of the Attorney Fee Award, Cost Award, Administration Costs, and Class Representative Enhancement Payments shall be determined by the Court, and the Court's determination on these amounts shall be final and binding. The Court's approval or denial of any amount requested for these items is not a condition of this Agreement and shall be considered separate and apart from the fairness, reasonableness, and adequacy of this Agreement. Any order or proceeding relating to an application for the Attorney Fee Award, Cost Award, Administration Costs, or Class Representative Enhancement Payments shall not operate to terminate or cancel this Agreement. Nothing in this Agreement shall limit Plaintiffs' or Class Counsel's ability to appeal any

decision by the Court to award less than the requested Attorney Fee Award, Cost Award, Administration Costs, or Class Representative Enhancement Payments.

**2. Notice to Class Members.** After the Court enters its Preliminary Approval Order, every Class Member will be provided with the Notice Packet in accordance with the following procedure:

- a.** Within thirty (30) calendar days after entry of the Preliminary Approval Order, Defendant shall deliver the Class Data to the Settlement Administrator. If any or all of the Class Data is unavailable to Defendant, Defendant will so inform Class Counsel and the Parties will make their best efforts to reconstruct or otherwise agree upon how to deal with the unavailable information. The Class Data shall be based on Defendant's payroll, personnel, and other business records. The Settlement Administrator will conduct a National Change of Address Database ("NCOA") search for all Class Members to obtain the most up-to-date address information. The Settlement Administrator shall maintain the Class Data and all information contained therein as private and confidential. This provision shall not impede Class Counsel's ability to discharge its fiduciary duties, including effectuating the terms of this Settlement.
- b.** Within twenty-one (21) calendar days after the Settlement Administrator delivers the Class Data to Defendant, the Settlement Administrator will mail the Notice Packet to all identified Class Members via first-class regular U.S. Mail, using the most current mailing address information available.
- c.** If a Notice Packet is returned because of an incorrect address, within ten (10) calendar days after receipt of the returned Notice Packet, the Settlement Administrator will conduct a search for a more current address for the Class Member and re-mail the Notice Packet to the Class Member. The Settlement Administrator will conduct a skip trace to attempt to find the Class Member's current address. The Settlement Administrator will be responsible for taking reasonable steps to trace the mailing address of any Class Member for whom a Notice Packet is returned by U.S. Postal Service as undeliverable. These reasonable steps shall include, at a minimum: (i) tracking of all undelivered mail; (ii) performing address searches for all mail returned without a forwarding address; and (iii) promptly re-mailing Notice Packets to Class Members for whom new addresses are found. If the Settlement Administrator is unable to locate a better address, the Notice Packet shall be re-mailed to the original address. If the Notice

Packet is remailed, the Settlement Administrator will note for its own records the date and address of each remailing. Those Class Members who receive a remailed Notice Packet, whether by skip trace or forwarded mail, will have an additional ten (10) calendar days from the original Response Deadline to postmark an Exclusion Form or objection to the Settlement. The Settlement Administrator shall mark on the envelope whether the Notice Packet is a remailed notice.

- d. Class Members will have the opportunity, should they disagree with the number of eligible workweeks and/or pay periods with which they have been credited, as provided in their Notice Packets, to dispute such information. All such disputes must be in writing, postmarked by the Response Deadline, and sent via first-class regular U.S. Mail to the Settlement Administrator, explaining the basis for the dispute and including any supporting documentation showing that the workweeks and/or pay periods credited to him or her is inaccurate. Defendant's records will be presumed determinative absent credible evidence to rebut the accuracy of the workweeks and/or pay periods credited to a Class Member based thereon. The Settlement Administrator will evaluate the evidence submitted by the Class Member and make a recommendation to the Parties as to which figures should be applied. If the Parties disagree with the Settlement Administrator's recommendation, the dispute will be presented to the Court for determination. The Court will make the final decision on disputes.
- e. If the Settlement Administrator receives an incomplete or deficient Exclusion Form, the Settlement Administrator shall send a letter informing the Class Member of the deficiency and shall provide the Class Member fourteen (14) calendar days with which to cure the deficiency. If the Settlement Administrator does not receive a cured Exclusion Form postmarked by the last and fourteenth (14th) day of the cure period, the Class Member will be deemed not have excluded himself or herself from the Settlement and will be bound by the Settlement.
- f. The Settlement Administrator shall provide a weekly status report to the Parties. As part of its weekly status report, the Settlement Administrator will inform the Parties' counsel of the number of Notice Packets mailed, number of Notice Packets returned as undeliverable, number of Notice Packets remailed, and number of Exclusion Forms and objections received.

- g. No later than fourteen (14) calendar days after the Response Deadline, the Settlement Administrator will serve on the Parties a declaration of due diligence setting forth its 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 sixteen (16) calendar days before the Final Approval Hearing. If any material changes occur after the date of the filing of Settlement Administrator's declaration of due diligence but before the Final Approval Hearing, the Settlement Administrator will supplement its declaration.

**3. Objections to Settlement.** The Notice Packet will provide that Class Members who wish to object to the Settlement may do so by mailing a written objection to the Settlement Administrator, postmarked no later than the Response Deadline. The date of the postmark will be the exclusive means for determining whether an objection has been timely submitted.

- a. For an objection to be valid, it must: (i) be signed by the objecting Class Member or his or her lawful representative; (ii) include the objecting Class Member's full name, address, telephone number, and last four digits of the Class Member's Social Security Number; (iii) include the words "Notice of Objection" or "Formal Objection;" and (iv) state the case name and case number. The Parties agree the Settlement Administrator shall not disclose the last four digits of any Class Member's Social Security number to anyone but the Parties, that such information will be securely held, and that the disclosure of those last four digits to the Parties shall not be used for any purpose except to ascertain the identity of the objector for administration of this Settlement.
- b. Any Class Member who fails to timely submit their written objections in the manner specified above may still appear and object at the Final Approval Hearing (either in person or through the objecting Class Member's own counsel). In other words, Class Members wishing to object to this Agreement may do so by simply appearing at the Final Approval Hearing to orally object.
- c. If a Class Member objects to this Settlement, the Class Member will remain a member of the Class. Moreover, if the Court grants final approval of the Settlement, the Class Member will be bound by the terms of the Settlement and any Final Approval Order and Final Judgment.

- d. The Settlement Administrator shall send all objections to the Parties' counsel. Class Counsel will be responsible for filing the objections with the Court in advance of the Final Approval Hearing. Class Counsel and Defense Counsel will be permitted to respond in writing to any properly submitted objections no later than nine (9) court days before the Final Approval Hearing.
- e. If a Class Member submits both an Exclusion Form and written objection to the Settlement Administrator prior to the Response Deadline, the Settlement Administrator will first attempt to contact this Class Member to determine if they intended to submit only the Exclusion Form or written objection. If the Settlement Administrator is unable to contact the Class Member within ten (10) calendar days of receiving both the Exclusion Form and written objection or the Class Member fails to respond to the Settlement Administrator within ten (10) calendar days of being contacted, then only the Exclusion Form will be deemed valid. The Class Member's written objection will be invalid, and the Class Member will no longer be considered a member of the Class, will not receive his or her Individual Settlement Share, and will not be bound by the Released Claims.

**4. Request for Exclusion from the Settlement ("Opt Out").** The Notice Packet will provide that Class Members who wish to exclude themselves from the Settlement must mail an Exclusion Form to the Settlement Administrator by the Response Deadline. The date of the postmark will be the exclusive means for determining whether an Exclusion Form has been timely submitted.

- a. The Exclusion Form shall state the Class Member wishes to exclude himself or herself from the Settlement and must also: (i) include the Class Member's name, address, and the last four digits of the Class Member's Social Security Number; (ii) be addressed to the Settlement Administrator at the specified address; (iii) be signed by the Class Member or his or her lawful representative; and (iv) be postmarked no later than the Response Deadline. All Exclusion Forms received by the Settlement Administrator shall be submitted to the Court.
- b. An Exclusion Form will not be valid if it is not timely submitted (*i.e.*, postmarked on or before the Response Deadline), not signed by the Class Member, and/or does not contain the name and address of the Class Member. Class Members who fail to submit valid and timely Exclusion Forms will automatically be included in the Settlement and will become Participating Class Members upon the expiration of the Response Deadline. Each Participating

Class Member shall be bound by all terms of the Settlement and any Final Judgment entered in this Action if the Settlement is finally approved by the Court and shall receive an Individual Settlement Share regardless of whether the Participating Class Member has objected to the Settlement.

- c. Any Class Member who returns a valid and timely Exclusion Form will not participate in or be bound by the terms of the class portion of the Settlement or any Final Judgment entered if the Settlement is finally approved by the Court and will not have any right to object to, appeal, or comment thereon. Class Members who return valid and timely Exclusion Forms will not be entitled to any payment from the Net Settlement Amount. Nothing in this Settlement will constitute or be construed as a waiver of any defense that Defendant or the Released Parties have or could assert against anyone who timely submits an Exclusion Form.
  - d. If there is a question about the authenticity of a signed Exclusion Form, the Settlement Administrator may demand additional proof of the Class Member's identity.
  - e. No later than fourteen (7) calendar days after the Response Deadline, the Settlement Administrator will provide the Parties with a complete and accurate accounting of the number of Notice Packets mailed to Class Members, number of Notice Packets returned as undeliverable, number of Notice Packets remailed to Class Members, number of remailed Notice Packets returned as undeliverable, number of Class Members who objected to the Settlement and copies of their objections, number of Class Members who returned valid and timely Exclusion Forms, and number of Class Members who returned invalid Exclusion Forms.
  - f. Notwithstanding the foregoing, the Parties agree there is no statutory or other right for any Eligible Aggrieved Employee to opt out or otherwise exclude himself or herself from the PAGA portion of the Settlement, which releases the PAGA claims as provided in Section III(N) of this Agreement. An Eligible Aggrieved Employee who submits a valid and timely request for exclusion shall still receive his or her share of the PAGA Payment and shall release the PAGA claims as provided herein.
- 5. No Solicitation of Objections or Exclusion Forms.** Neither the Parties nor their respective counsel will solicit or otherwise encourage, directly or indirectly, any Class Member to object to the Settlement, request exclusion from the Settlement, or appeal the Final Approval Order or Judgment.

## **6. Motion for Final Approval.**

- a.** At the earliest practicable time following the expiration of the Response Deadline, Class Counsel will file a motion and memorandum in support thereof for Final Approval of the Settlement and the following payments in accord with the terms of the Settlement: (i) Attorney Fee Award; (ii) Cost Award; (iii) Administration Costs; (iv) Class Representative Enhancement Payments; and (v) PAGA Payment. Class Counsel will also move the Court for an order of Final Approval (and associated entry of Judgment), pursuant to which all Participating Class Members shall release all Released Claims.
- b.** The Settlement Administrator shall submit a declaration in support of the Motion for Final Approval of this Settlement detailing the number of Notice Packets mailed and remailed to Class Members, number of undeliverable Notice Packets, number of valid and timely Exclusion Forms received, number of valid and timely written objections received, lowest, average, and highest amount of the Individual Settlement Share, Administration Costs, and any other information as the Parties mutually agree or the Court orders the Settlement Administrator to provide.
- c.** Upon Final Approval of the Settlement, the Parties shall present to the Court a proposed Final Approval Order, approving the Settlement and entering Judgment in accordance therewith. After entry of Judgment, the Court shall have continuing jurisdiction over the Action for purposes of: (i) enforcing this Settlement Agreement; (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as may be appropriate under Court rules and applicable law.

- 7. Defendant's Legal Fees.** Defendant is responsible for paying all its legal fees, costs, and expenses incurred in this Action in addition to and separate from payment of the Gross Settlement Amount.

**M. Released Claims.** As of the Effective Date and upon Defendant's fulfillment of its payment obligations set forth herein, Participating Class Members shall fully and finally release and discharge the Released Parties from the Released Claims.

**N. PAGA Released Claims.** As of the Effective Date and upon Defendant's fulfillment of its payment obligations set forth herein, Plaintiffs and Eligible Aggrieved Employees will be bound by a release of all claims and causes of action falling under the definition of PAGA Released Claims occurring during the PAGA Period.

**O. Plaintiffs' General Release of Claims.** As of the Effective Date and upon Defendant's fulfillment of its payment obligations set forth herein, Plaintiffs provides a general release of claims for themselves and any 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 during the Class Period, known or unknown, suspected or unsuspected, asserted or that might have been asserted, whether in tort, contract, equity, or otherwise, arising out of Plaintiffs' employment with Defendant, payment of wages during that employment and the cessation of that employment, and/or violation of any federal, state or local statute, rule, ordinance, or regulation. With respect to this General Release, Plaintiffs stipulate and agree that as of the Effective Date, Plaintiffs shall be deemed to have expressly waived and relinquished, to the fullest extent permitted by law, the provisions, rights and benefits of Civil Code section 1542, or any other similar provision under federal or state law, which provides:

**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.**

**P. Conditions Precedent.** This Settlement will become final and effective only upon the occurrence of all of the following events:

1. The Court enters an order granting Preliminary Approval of the Settlement;
2. The Court enters an order granting Final Approval of the Settlement and a Final Judgment; and
3. The Effective Date occurs.

**Q. Miscellaneous Terms.**

1. **No Admission of Liability.** Defendant makes no admission of liability or wrongdoing by virtue of entering into this Agreement, including, but not limited to, admitting that it was the employer of any Class Member at any time. Additionally, Defendant reserves the right to contest any issues relating to class certification and liability if the Settlement is not approved. Defendant denies that it has engaged in any unlawful activity, has failed to comply with the law in any respect, has any liability to anyone under the claims asserted in this Action, or that but for the Settlement, a Class should be certified in this Action. This Agreement is entered into solely for the purpose of compromising highly disputed claims. Nothing in this Agreement is intended or will be construed as an admission by Defendant

of liability or wrongdoing. This Settlement and the Parties' willingness to settle will have no bearing on, and will not be admissible in connection with, any litigation (other than in connection with this Settlement).

- 2. No Effect on Employee Benefits.** The amounts paid under this Agreement do not represent a modification of any previously credited hours of service under any employee benefit plan, policy or bonus program sponsored by Defendant. Such amounts will not form the basis for additional contributions to, benefits under, or any other monetary entitlement under, benefit plans (self-insured or not) sponsored by Defendant's policies or bonus programs. Any payments made under the terms of this Settlement shall not be applied retroactively, currently, or on a going forward basis as salary, earnings, wages, or any other form of compensation for the purposes of Defendant's benefit plans, policies, or bonus programs. Defendant retains the right to modify the language of its benefit plans, policies, and bonus programs to effect this intent and to make clear that any amounts paid pursuant to this Settlement are not for "hours worked," "hours paid," "hours of service," or any similar measuring term as defined by applicable plans, policies, and bonus programs for purpose of eligibility, vesting, benefit accrual, or any other purpose and that additional contributions or benefits are not required by this Settlement.
- 3. No Solicitation of Individual Settlements.** Defendant and Defense Counsel agree that until and unless the Court does not grant Final Approval of the Settlement and/or the Settlement becomes null and void, Defendant and Defense Counsel will not attempt to procure any individual settlements from the Class Members. Should this clause be violated, Plaintiffs reserve the right to terminate the Settlement. Plaintiffs and Class Counsel agree that until and unless the Court does not grant Final Approval of the Settlement and/or the Settlement becomes null and void, Plaintiffs and Class Counsel shall not attempt to procure any Exclusion Forms. Should this clause be violated, Defendant reserves the right to terminate the Settlement.
- 4. Publicity.** Plaintiffs and Class Counsel agree they have not and will not publish the Settlement Agreement. In response to any inquiries, Plaintiffs will state that "the case was resolved and it was resolved confidentially." Class Counsel shall not report the Settlement Agreement in any medium or in any publication, shall not post or report anything regarding the claims of Plaintiffs or the Class or the Settlement Agreement on their website and shall not contact any reporters or media regarding the Settlement Agreement. Despite this provision, Class Counsel can discuss the Settlement Agreement with Plaintiffs and Class Members and in any filings with the Court.

- 5. Integrated Agreement.** After this Agreement is signed and delivered by all Parties and their counsel, this Agreement and its exhibits will constitute the entire Agreement between the Parties relating to the settlement, and it will then be deemed that no oral representations, warranties, covenants, or inducements have been made to any party concerning this Agreement or its exhibits other than the representations, warranties, covenants, and inducements expressly stated in this Agreement and its exhibits. Except as expressly provided herein, this Agreement has not been executed in reliance upon any other written or oral representations or terms, and no such extrinsic oral or written representations or terms shall modify, vary, or contradict its terms. In entering this Agreement, the Parties agree this Agreement is to be construed according to its terms and may not be varied or contradicted by extrinsic evidence.
- 6. Authorization to Enter the Settlement Agreement.** The Parties' counsel warrant and represent they are authorized by Plaintiffs and Defendant to take all appropriate action required or permitted to be taken by such Parties under this Settlement Agreement to effectuate its terms and to execute any other documents required to effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to effect the implementation of the Settlement Agreement. If the Parties are unable to reach agreement on the form or content of any document needed to implement this Settlement Agreement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement Agreement, the Parties will seek the assistance of the Court. In all cases, all such documents, supplemental provisions, and assistance of the Court will be consistent with this Settlement Agreement.
- 7. Exhibits and Headings.** The terms of this Agreement include the terms set forth in the attached exhibits, which are incorporated by this reference as though fully set forth herein. Any exhibits to this Agreement are an integral part of the settlement and must be approved substantially as written. The descriptive headings of any sections of this Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement.
- 8. Deadlines Falling on Weekends or Holidays.** To the extent that any deadline set forth in this Settlement falls on a Saturday, Sunday, or legal holiday, that deadline shall be continued until the following business day.
- 9. Interim Stay of Proceedings.** The Parties agree to stay and hold all proceedings in this Action in abeyance, except such proceedings necessary to implement and complete the Settlement, pending the Final Approval Hearing to be conducted by the Court.

- 10. Amendment or Modification of Agreement.** This Agreement, and any and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by counsel for all Parties or their successors-in-interest and subject to Court approval.
- 11. Waiver of Certain Appeals.** The Parties agree to stipulate to class certification for purposes of implementing this Settlement only and agree to waive all appeals from the Court's final approval of the Settlement unless the Court modifies the Settlement.
- 12. Notice of Settlement to LWDA.** Plaintiffs represent that at the same time they file the Motion for Preliminary Approval, they will provide notice of this Agreement and proposed settlement to the LWDA as required by Labor Code section 2699(1)(2).
- 13. Agreement Binding on Successors and Assigns.** This Agreement will be binding upon, and inure to the benefit of, the successors and assigns of the Parties, as previously defined.
- 14. No Prior Assignment.** Plaintiffs represent, covenant, and warrant they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity any portion of any liability, claim, demand, action, cause of action or rights herein released and discharged.
- 15. Applicable Law.** All terms and conditions of this Agreement and its exhibits 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.
- 16. Fair, Adequate, and Reasonable Settlement.** The Parties and their counsel believe and warrant this Agreement reflects a fair, reasonable, and adequate settlement of this Action and have arrived at this Agreement through arm's-length negotiations, considering all relevant factors, current and potential. The Parties further agree this Agreement shall not be construed in favor of or against any party by reason of the extent to which any party or her or its counsel participated in the drafting of this Agreement.
- 17. No Unalleged Claims.** Plaintiffs and Class Counsel represent they, as of the date of execution of this Settlement, have no current intention of pursuing any claims against Defendant in any judicial, administrative, or arbitral forum, including, but not limited to, any and all claims relating to or arising from Plaintiffs' employment with Defendant, and that Class Counsel are not currently aware of any facts or legal theories upon which any claims or causes of action could be brought against Defendant, excepting those facts or legal theories alleged in the Complaint in this

Action. Plaintiffs and Class Counsel further represent and agree they do not currently know of or represent any persons who have expressed any interest in pursuing litigation or seeking any recovery against Defendant. The Parties acknowledge, understand, and agree this representation is essential to the Agreement and that this Agreement would not have been entered were it not for this representation. Nothing in this Section will be construed as a restraint on the right of any counsel to practice.

- 18. 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 Agreement, and that Class Members will assume any such tax obligations or consequences that may arise from this Agreement, and that 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 Class Member, such Class Member assumes all responsibility for the payment of such taxes.
- 19. Jurisdiction of the Court.** The Court shall retain jurisdiction with respect to the interpretation, implementation, and enforcement of the terms of this Agreement and all orders and judgment entered in connection therewith. The Parties and their counsel submit to the jurisdiction of the Court for purposes of interpreting, implementing, and enforcing the Settlement embodied in this Agreement and all orders and judgments in connection.
- 20. Invalidity of Any Provision; Severability.** Before declaring any provision of this Agreement invalid, the Parties request 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 Agreement valid and enforceable. If any provision of this Agreement shall be found unenforceable, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.
- 21. Cooperation in Drafting.** The Parties have cooperated in the drafting and preparation of this Agreement. This Agreement will not be construed against any party on the basis that the party was the drafter or participated in the drafting.
- 22. Execution in Counterpart.** This Settlement Agreement may be executed in one or more counterparts. All executed counterparts, and each of them, will be deemed to be one and the same instrument provided that counsel for the Parties will exchange between themselves original signed counterparts. Facsimile or PDF signatures will be accepted. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Settlement Agreement.

**23. Class Size Escalator.** Defendant estimates the Class consists of about 9,195 workweeks, and this Settlement was reached based on around 9,195 workweeks. If the number of workweeks increase by more than ten percent (10%) by the end of the Class Period, this will increase the Gross Settlement Amount proportionally over the ten percent (10%) increase (*i.e.*, if the number of workweeks increases by eleven percent (11%), the Gross Settlement Amount will increase by one percent (1%).

#### IV. EXECUTION BY PARTIES AND COUNSEL

The Parties and their counsel execute this Agreement.

Dated: 07/02/2024

**Daisy Ayala**

By: 

Dated: 07/01/2024

**Josephine Castaneda**

By: 

Dated: July 2, 2024

**Justice Law Corporation [Approving as to Form Only]**

By:   
Douglas Han, Esq.  
Shunt Tatavos-Gharajeh, Esq.  
*Attorneys for Plaintiffs*

Dated: \_\_\_\_\_

**Carter Shipping Services LLC**

By: \_\_\_\_\_  
On behalf of Carter Shipping Services LLC

Dated: \_\_\_\_\_

**Ogletree, Deakins, Nash, Smoak & Stewart, P.C. [Approving as to Form Only]**

By: \_\_\_\_\_  
Tim L. Johnson, Esq.  
Nikolas T. Djordjevski, Esq.  
Keenan P. O'Connor, Esq.  
Yousaf M. Jafri, Esq.  
*Attorneys for Defendant*

#### IV. EXECUTION BY PARTIES AND COUNSEL

The Parties and their counsel execute this Agreement.

Dated: \_\_\_\_\_ **Daisy Ayala**

By: \_\_\_\_\_

Dated: \_\_\_\_\_ **Josephine Castaneda**

By: \_\_\_\_\_

Dated: \_\_\_\_\_ **Justice Law Corporation [Approving as to Form Only]**

By: \_\_\_\_\_

Douglas Han, Esq.

Shunt Tatavos-Gharajeh, Esq.

*Attorneys for Plaintiffs*

Dated: 30-Jun-2024

**Carter Shipping Services LLC**

DocuSigned by:



By: \_\_\_\_\_

On behalf of Carter Shipping Services LLC

Dated: 7/1/2024

**Ogletree, Deakins, Nash, Smoak & Stewart, P.C. [Approving as to Form Only]**



By: \_\_\_\_\_

Tim L. Johnson, Esq.

Nikolas T. Djordjevski, Esq.

Keenan P. O'Connor, Esq.

Yousaf M. Jafri, Esq.

*Attorneys for Defendant*

# **EXHIBIT A**

## **NOTICE OF CLASS ACTION AND PAGA SETTLEMENT**

*A court authorized this notice. This is not a solicitation.  
This is not a lawsuit against you, and you are not being sued.  
However, your legal rights are affected by whether you act or don't act.*

**TO: All current and former hourly-paid or non-exempt employees of Defendant Carter Shipping Services LLC ("Defendant") within the State of California at any time during the period from June 3, 2020 through June 13, 2023.**

The Superior Court of the State of California, County of Orange, has granted preliminary approval to a settlement ("Settlement") of the above-captioned action ("Class Action"). Because your rights may be affected by this Settlement, it is important that you read this Notice of Class Action and PAGA Settlement ("Notice") carefully.

The Court has certified the following class for settlement purposes ("Class" or "Class Members"):

All current and former hourly-paid or non-exempt employees of Defendant within the State of California at any time during the period from June 3, 2020 through June 13, 2023.

The purpose of this Notice is to provide a brief description of the claims alleged in the Class Action, the key terms of the Settlement, and your rights and options with respect to the Settlement.

**YOU MAY BE ENTITLED TO MONEY UNDER THE PROPOSED CLASS ACTION SETTLEMENT. PLEASE READ THIS NOTICE CAREFULLY; IT INFORMS YOU ABOUT YOUR LEGAL RIGHTS.**

### **WHAT INFORMATION IS IN THIS NOTICE**

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## **1. *Why Have I Received This Notice?***

The personnel records of Defendant indicate that you may be a Class Member. The Settlement will resolve all Class Members' Released Claims from June 3, 2020 through June 13, 2023 ("Class Period"), and all Eligible Aggrieved Employees' PAGA Released Claims from June 26, 2022, through June 13, 2023 ("PAGA Period"), as described in Section No. 9 below.

A Preliminary Approval Hearing was held on [REDACTED] in the Superior Court of California, County of Orange. The Court conditionally certified the Class for settlement purposes only and directed that you receive this Notice.

The Court has determined only that there is sufficient evidence to suggest the settlement might be fair, adequate, and reasonable and that any final determination of those issues will be made at the Final Approval Hearing.

The Court will hold a Final Approval Hearing concerning the settlement on [REDACTED] at [REDACTED] before Judge Melissa McCormick at Department CX-104 in the Superior Court of California, County of Orange, located at 751 West Santa Ana Boulevard, Santa Ana, California 92701.

## **2. *What Is This Case About?***

On July 1, 2022, Plaintiff Daisey Ayala ("Plaintiff Ayala") filed a wage-and-hour class action lawsuit in the Superior Court of California, County of Orange. Plaintiff Ayala's lawsuit alleged violations of: (1) Labor Code sections 510 and 1198 (unpaid overtime); (2) Labor Code sections 226.7 and 512(a) (unpaid meal period premiums); (3) Labor Code section 226.7 (unpaid rest period premiums); (4) Labor Code sections 1194 and 1197 (unpaid minimum wages); (5) Labor Code sections 201 and 202 (final wages not timely paid); (6) Labor Code section 226(a) (non-compliant wage statements); (7) Labor Code sections 2800 and 2802 (unreimbursed business expenses); (8) Labor Code section 229 (collection of due and unpaid wages); and (9) Business & Professions Code section 17200.

The Parties remotely attended mediation with the mediator Lisa Klerman on June 8, 2023, ultimately resulting in the Parties reaching a tentative settlement via a mediator's proposal. Defendant's agreement to settle the Class Action does not mean that Defendant admits any liability or wrongdoing.

In line with the settlement, on June 26, 2023, Plaintiff Josephine Castaneda ("Plaintiff Castaneda") provided written notice to the California Labor and Workforce Development Agency ("LWDA") and Defendant of the specific provisions of the Labor Code she contends were violated and the theories supporting her contentions. On December 22, 2023, Plaintiff Ayala then filed a First Amended Complaint adjusting the "Class" definition, adding Plaintiff Castaneda as a named plaintiff, and adding a cause of action for violation of Labor Code section 2698 (Private Attorneys General Act of 2004 ("PAGA")).

Defendant disagrees with the allegations made by Plaintiff Ayala and Plaintiff Castaneda (collectively, the "Plaintiffs"). Defendant expressly denies it did anything to Plaintiffs or any other Class Member that was illegal or would result in any liability under the employment laws. Defendant also does not admit it employed any Class Member at any time.

The Court has not made any determination as to whether the claims advanced by Plaintiffs have any merit. In other words, the Court has not determined whether any laws have been violated nor has it decided in favor of the Parties. Instead, both sides agreed to resolve the lawsuit with no decision or admission of who is right or wrong. By agreeing to resolve the lawsuit, all Parties avoid the risks and cost of a trial.

### **3. *Am I A Class Member?***

You are a Class Member if you are current or former hourly-paid or non-exempt employee of Defendant within the State of California at any time during the period from June 3, 2020 through June 13, 2023.

### **4. *How Does This Class Action Settlement Work?***

Plaintiffs sued on behalf of themselves and all other similarly situated employees who were employed as hourly-paid or non-exempt California employees of Defendant during the Class Period. Plaintiffs and these other current and former employees comprise a “Class” and are “Class Members”. The settlement of this Class Action resolves the Released Claims of all Class Members except for those who exclude themselves from the Class by requesting to be excluded in the manner set forth below.

Plaintiffs and Class Counsel believe the Settlement is fair and reasonable. The Court must also review the terms of the Settlement and determine if it is fair and reasonable to the Class. The Court file has the Settlement documents that explain the Settlement in greater detail. If you would like copies of the Settlement documents, you can contact Plaintiffs’ counsel (“Class Counsel”), whose contact information is below, and they will provide you with a copy free of charge.

### **5. *Who Are the Attorneys Representing the Parties?***

| <b>Attorneys for Plaintiffs and the Class</b>                                                                                                                                                         | <b>Attorneys for Defendant</b>                                                                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>JUSTICE LAW CORPORATION</b><br>Douglas Han<br>Shunt Tatavos-Gharajeh<br>751 N. Fair Oaks Avenue, Suite 101<br>Pasadena, California 91103<br>Telephone: (818) 230-7502<br>Facsimile: (818) 230-7259 | <b>OGLETREE, DEAKINS, NASH, SMOAK &amp; STEWART, P.C.</b><br>Tim. L. Johnson<br>Nikolas T. Djordjevski<br>Keenan P. O’Connor<br>Yousaf M. Jafri<br>4660 La Jolla Village Drive, Suite 900<br>San Diego, California 92122<br>Telephone: (858) 652-3100<br>Facsimile: (858) 652-3101 |

The Court has preliminarily approved the appointment of Justice Law Corporation to represent you and all Class Members simultaneously with respect to the Settlement. Class Counsel is working on your behalf. If you want your own attorney, you may hire one at your own cost.

## **6. What Are My Options?**

The purpose of this Notice is to inform you of the Settlement and of your options. Each option has its consequences, which you should understand before making your decision. Your rights regarding each option, and the steps you must take to select each option, are summarized below, and explained in more detail in this Notice.

***Important Note: Defendant will not retaliate against you in any way for either participating or not participating in this Settlement.***

- **DO NOTHING:** If you do nothing and the Court grants final approval of the Settlement, you will become part of this lawsuit and will receive an Individual Settlement Share based on the total number of workweeks you were employed as an hourly-paid or non-exempt California employee of Defendant during the Class Period. You will release all the Released Claims, as defined in Section No. 9 below, and you will give up your right to pursue the Released Claims, as defined in Section No. 9 below.
- **OPT OUT:** If you do not want to participate as a Class Member, you may “opt out,” which will remove you from the Class and this Class Action. If the Court grants final approval of the Settlement, you will not receive an Individual Settlement Share and you will not give up the right to sue the Released Parties, including Defendant, for any of the Released Claims as defined in Section No. 9 below. If you do “opt-out”, you will still receive a portion of the PAGA Payment (defined below). Your right to pursue a claim pursuant to PAGA will be extinguished regardless of whether you opt out.
- **OBJECT:** You may file a written objection to the Settlement. If you would like to object, you may not opt out of this Settlement. If you submit both an Exclusion Form and written objection to the Settlement Administrator prior to the Response Deadline, the Settlement Administrator will first attempt to contact you to determine if you intended to submit only the Exclusion Form or written objection. If the Settlement Administrator is unable to contact you within ten (10) calendar days of receiving both the Exclusion Form and written objection or you fail to respond to the Settlement Administrator within ten (10) calendar days of being contacted, then only the Exclusion Form will be deemed valid. Your written objection will be invalid, and you will no longer be considered a member of the Class, will not receive your Individual Settlement Share, and will not be bound by the Released Claims.

The procedures for opting out and objecting are set forth below in the sections entitled “How Do I Opt Out or Exclude Myself From This Settlement?” and “How Do I Object To The Settlement?”

## **7. How Do I Opt Out Or Exclude Myself From This Settlement?**

If you do not wish to participate in the Settlement, you may be excluded from the Settlement by sending a timely exclusion form. A Request for Exclusion Form (“Exclusion Form”) has been provided to you along with this Notice, which can be used for this purpose. Alternatively, you can submit your own written document that includes this same information. If you opt out of the Settlement, you will not be releasing the Released Claims set forth in Section 9. The Exclusion Form must be signed, dated, and mailed by first-class regular U.S. Mail,

postmarked no later than [REDACTED] to: **CARTER SHIPPING SERVICES LLC C/O [REDACTED]**. You cannot exclude yourself by phone.

**Eligible Aggrieved Employees May Not Opt Out of PAGA Portion of the Settlement.** You do not have the right to opt out or otherwise exclude yourself from the PAGA portion of the Settlement, which releases the PAGA Released Claims. If you submit a valid and timely request for exclusion, you will still receive your share of the PAGA Payment and will release the PAGA Released Claims.

If you received a remailed Notice, whether by skip-trace or forwarded mail, you will have an additional ten (10) calendar days from [REDACTED] to postmark an Exclusion Form or objection to the Settlement. The envelope should indicate whether the Notice has been forwarded or remailed. We encourage you to keep copies of all documents, including the envelope, in the event the deadline is challenged.

Exclusion Forms that do not include all required information and/or that are not timely submitted will be deemed null, void, and ineffective. Any Class Member who fails to submit a valid and timely Exclusion Form on or before the above-specified deadline shall be bound by all terms of the Settlement, release, and any Judgment entered in the Class Action if the Settlement receives final approval from the Court. All Exclusion Forms received by the Settlement Administrator shall be submitted to the Court.

If a Class Member submits both an Exclusion Form and written objection, the Exclusion Form will be deemed valid, and the objection will be deemed invalid, as set forth in the Settlement.

You are responsible for ensuring that the Settlement Administrator receives any Exclusion Form you submit.

#### **8. *How Do I Object To The Settlement?***

If you are a Class Member who does not opt out of the Settlement, you may object to the Settlement, personally or through an attorney, by mailing an objection to the Settlement Administrator at [REDACTED] by [REDACTED]. The objection must: (1) be signed by the objecting Class Member or his or her lawful representative; (2) include the objecting Class Member's full name, address, telephone number, and last four digits of the Class Member's Social Security Number; (3) include the words "Notice of Objection" or "Formal Objection;" and (4) state the case name and case number.

Class Members' valid and timely written objections to the Settlement will still be considered even if the objector does not appear at the Final Approval Hearing.

Absent good cause found by the Court, Class Members who fail to object in the manner specified above shall be deemed to have waived any objections and shall be foreclosed from making any objections (whether by appeal or otherwise) to the Settlement. If the Court rejects the objection, the Class Member will receive an Individual Settlement Share and will be bound by the terms of the Settlement.

If a Class Member submits both an Exclusion Form and written objection, the Exclusion Form will be deemed valid, and the objection will be invalid, as set forth in the Settlement.

## **9. *How Does This Settlement Affect My Rights? What are the Released Claims?***

If the Settlement is approved by the Court, a Final Judgment will be entered by the Court. All Class Members who do not opt out of the Settlement will be bound by the Court's Final Judgment and will fully release and discharge Defendant and its past and present directors, officers, shareholders, owners, members, managing agents, attorneys, insurers, assigns, parents, subsidiaries, affiliates, predecessors, successors, business partners, contracting partners, and clients ("Released Parties"). The Released Claims are as follows:

### **A. Released Claims.**

Upon Defendant's fulfillment of its payment obligations set forth herein, the claims that Plaintiffs and Participating Class Members are releasing in exchange for the consideration provided for by this Agreement are defined as all claims that were or reasonably could have been asserted in the Action based on the facts, circumstances, primary rights, or allegations in the First Amended Complaint. This includes, but not limited to, claims for: (1) failure to pay earned wages; (2) failure to pay minimum wages (including any claims for additional wages owed due to "off-the-clock" work) and sick pay at the proper rate; (3) failure to pay overtime compensation (including failure to properly calculate the regular rate of pay of those who worked overtime and earned incentive pay); (4) failure to provide meal breaks; (5) failure to provide rest breaks; (6) failure to pay meal period premium wages at the regular rate of pay; (7) failure to pay rest period premium wages at the regular rate of pay; (8) failure to provide accurate wage statements; (9) failure to timely pay final wages during employment and at separation; (10) failure to maintain accurate payroll records; (11) failure to reimburse business-related expenses; (12) unfair competition or business practices; (13) any and all claims under PAGA; (14) any all claims for associated penalties, whether civil or statutory in nature, interest, attorneys' fees and costs, or any other associated damages, and all other alleged violations of the Labor Code and Business and Professions Code section 17200; and (15) all other claims and allegations alleged in or which could have been alleged in the Action based on the facts and allegations pled in the amended complaint. This release excludes the release of claims not permitted by law. The time frame of the Released Claims shall be the Class Period.

### **B. PAGA Released Claims.**

Upon Defendant's fulfillment of its payment obligations set forth herein, the claims that Plaintiffs and Eligible Aggrieved Employees are releasing in exchange for the consideration provided for by this Agreement are defined as all claims based on the facts, circumstances, primary rights, and allegations in the First Amended Complaint and notice letter to the LWDA. This includes all claims for civil penalties based upon or arising out of Defendant's alleged: (1) failure to pay earned wages; (2) failure to pay minimum wages (including any claims for additional wages owed due to "off-the-clock" work) and sick pay at the proper rate; (3) failure to pay overtime compensation (including failure to properly calculate the regular rate of pay of those who worked overtime and earned incentive pay); (4) failure to provide meal breaks; (5) failure to provide rest breaks; (6) failure to pay meal period premium wages at the regular rate of pay; (7) failure to pay rest period premium wages at the regular rate of pay; (8) failure to provide accurate wage statements; (9) failure to timely pay final wages during employment and at separation; (10) failure to maintain accurate payroll records; and (11) failure to reimburse business-related expenses. The time frame of the PAGA Released Claims shall be the PAGA Period.

## **10. *How Much Can I Expect to Receive From This Settlement?***

The total maximum amount that Defendant could be required to pay under the Settlement Agreement shall be up to but no more than \$100,000 ("Gross Settlement Amount" or "GSA").

The “Net Settlement Amount” or “NSA” means the portion of the Gross Settlement Amount available for distribution to all Class Members who do not submit valid and timely requests to exclude themselves from the Settlement (“Participating Class Members”) after the deduction of the following:

- 1) Attorney Fee Award of up to one-third (1/3) of the Gross Settlement Amount to Class Counsel;
- 2) Cost Award of up to \$15,000 to Class Counsel. These payments are each subject to court approval;
- 3) Class Representative Enhancement Payments of up to \$5,000 to each Plaintiff (totaling \$10,000);
- 4) Administration Costs of up to \$10,000 to the Settlement Administrator; and
- 5) PAGA Payment of up to \$5,000 to the LWDA and Eligible Aggrieved Employees.

After deducting the above-referenced items, the remaining Net Settlement Amount will be proportionately distributed among all Participating Class Members. The Settlement Administrator will pay an Individual Settlement Share from the Net Settlement Amount to each Participating Class Member. Each Participating Class Member will receive a proportionate share of the Net Settlement Amount that is equal to: (1) the number of weeks he or she worked as an hourly-paid or non-exempt California employee of Defendant during the Class Period based on the Class Data provided by Defendant; (2) divided by the total number of weeks worked by any and all Participating Class Members collectively during the Class Period based on the same Class Data; and (3) multiplied by the Net Settlement Amount. One day worked in a given week will be credited as a week for purposes of this calculation. Thus, the value of each Participating Class Member’s Individual Settlement Share is tied directly to the number of weeks he or she worked during the Class Period.

Although your exact share of the Net Settlement Amount cannot be precisely calculated until the time during which Class Members may object to or seek exclusion from the Settlement concludes, based upon the calculation above, your approximate share of the Net Settlement Amount, is as follows: \$ [REDACTED], less taxes. This is based on Defendant’s records that show you worked [REDACTED] workweeks during the Class Period.

If you believe the number of eligible workweeks is incorrect, you may dispute this information by mailing a written explanation and/or documentation providing contrary information to the Settlement Administrator at [REDACTED] on or before [REDACTED]. The Settlement Administrator will evaluate any evidence you submit and will make the initial decision as to the number of eligible workweeks with which you should be credited. The Court will have the right to review the Settlement Administrator’s decision and will make the final determination.

Twenty percent (20%) of your Individual Settlement Share will be treated as unpaid wages. Applicable taxes will be withheld from the wages portion of your Individual Settlement Share only and reported on an IRS Form W-2. The remaining eighty percent (80%) of your Individual Settlement Share will be treated as penalties and interest and will be paid pursuant to an IRS Form 1099. Defendant’s portion of payroll taxes as the Class Members’ current or former employer is not included in the Gross Settlement Amount and will be a separate obligation of Defendant.

Defendant is expected to fund the Gross Settlement Amount no later than fourteen (14) calendar days after the Effective Date. Your Individual Settlement Share will be calculated and distributed within fourteen (14) calendar days after the funding of the Gross Settlement Amount.

- The “Effective Date” is defined as the later of the following dates: (1) June 13, 2024; or (2) seven (7) calendar days after both of the following have occurred: (a) the Court enters a Judgment on its Order Granting Final Approval of the Settlement; and (b) the Judgment is final. The Judgment is final as of the latest of the following occurrences: (i) if no Participating Class Member objects to the Settlement, the day the Court enters Judgment; (ii) if one or more Participating Class Members objects to the Settlement, the day after the deadline for filing a notice of appeal from the Judgment; or (iii) if a timely appeal from the Judgment is filed, the day after the appellate court affirms the Judgment and issues a remittitur.

It is strongly recommended that upon receipt of your Individual Settlement Share check, you immediately cash it or cash it before the 180-day void date shown on each check. If any checks remain uncashed or not deposited by the expiration of the 180-day period after mailing, the Settlement Administrator will, within two hundred (200) calendar days after the checks are mailed, pay the amount of the Individual Settlement Share to the California State Controller’s Unclaimed Property Division in accordance with California Unclaimed Property Law.

## **11. *What is the PAGA Payment and Am I Eligible for it?***

A representative PAGA action is a type of representative lawsuit authorized by the Labor Code section 2698 (PAGA), which allows aggrieved employees to file lawsuits to recover civil penalties on behalf of themselves, other employees, and the State of California for violations of the Labor Code. An aggrieved employee is any person who was employed by the subject employer, and against whom one or more of the alleged Labor Code violations was committed. An employee who files a representative PAGA action is acting as an agent of California’s labor law enforcement agencies, who have the power to initiate an enforcement action directly.

A representative PAGA action is different from a class action in that an employee filing a representative PAGA action is not resolving the claims of other similarly situated employees. Instead, the employee is acting as an agent of the State of California to obtain penalties for themselves and aggrieved employees for Labor Code violations allegedly committed against those employees pursuant to PAGA. Penalties awarded in a representative PAGA action are measured by the number of Labor Code violations committed by the employer, a portion of which (75%) must be paid to the State of California.

Members of a class action have the right to opt out of, or exclude themselves from, the class action. Class members who opt out will not be bound by the terms of any judgment issued by the Court in the class action. Class members who do not opt out will be bound by the terms of any judgment issued and will be precluded from bringing any claims that were or that could have been brought against the employer in the lawsuit in which the individual was a class member. Conversely, aggrieved employees do not have the right to opt out of (or object to) a representative PAGA action. However, aggrieved employees do retain the right to pursue the class claims if they timely opt out of the settlement.

Under the terms of the Settlement, \$5,000 has been set aside as a PAGA Payment. This portion is the total amount of civil penalties collected on behalf of the State of California. Seventy-five percent (75%) of the PAGA Payment (\$3,750) will be sent to the State of California. Eligible Aggrieved Employees will share the remaining twenty-five percent (25%) of the PAGA Payment (\$1,250) based on the number of pay periods they worked during the PAGA Period.

You are an aggrieved employee eligible to recover settlement funds from the PAGA Payment (“Eligible Aggrieved Employee”) if you current or former hourly-paid or non-exempt employee of Defendant within the State of California at any time during the period from June 26, 2022, through June 13, 2023.

The Settlement Administrator shall pay each Eligible Aggrieved Employee according to his or her proportional share of the \$1,250 of the PAGA Payment allocated to the Eligible Aggrieved Employees, which will be based upon the total number of pay periods during which the Eligible Aggrieved Employee was employed during the PAGA Period. Each individual share will be calculated by: (1) determining the total number of pay periods during the PAGA Period during which the Eligible Aggrieved Employee was employed; (2) dividing this number by the total number of pay periods during the PAGA Period during which all Eligible Aggrieved Employees were employed (*i.e.*, the sum of all pay periods of employment for all Eligible Aggrieved Employees); and (3) multiplying this number by the \$1,250 allocated to the Eligible Aggrieved Employees.

Based on the total number of pay periods during the PAGA Period during which you were employed, your portion of the PAGA Payment is \$ [REDACTED]. This is based on Defendant's records that show you worked [REDACTED] pay periods during the PAGA Period. One hundred percent (100%) of this payment will be considered penalties. You are responsible for paying any federal, state, or local taxes owed because of this payment.

If you believe the number of pay periods with which you have been credited is incorrect, you may dispute this information by mailing a written explanation and/or documentation providing contrary information to the Settlement Administrator at [REDACTED] on or before [REDACTED]. The Settlement Administrator will evaluate any evidence you submit and will make the initial decision as to the number of pay periods with which you should be credited. The Court will have the right to review the Settlement Administrator's decision and will make the final determination.

Because these penalties can only be sought by the State of California, you cannot exclude yourself from the PAGA portion of the Settlement if the Court gives final approval. Moreover, you will be bound by the PAGA Released Claims even if you do not cash your settlement check for your portion of the PAGA Payment.

It is strongly recommended that upon receipt of your Individual Settlement Share check, you immediately cash it or cash it before the 180-day void date shown on each check. If any checks remain uncashed or not deposited by the expiration of the 180-day period after mailing, the Settlement Administrator will, within two hundred (200) calendar days after the checks are mailed, pay the amount of the Individual Settlement Share to the California State Controller's Unclaimed Property Division in accordance with California Unclaimed Property Law.

If you are not an Eligible Aggrieved Employee, this Section does not apply to you.

## ***12. How Will the Attorneys for the Class and the Class Representative Be Paid?***

The attorneys for Plaintiffs and the Class will be paid from the Gross Settlement Amount. Subject to Court approval, the attorneys for Plaintiffs and the Class shall be paid an amount not to exceed one-third (1/3) of the Gross Settlement Amount for attorneys' fees and an amount not to exceed \$15,000 for litigation costs.

Defendant has paid all its own attorneys' fees and costs.

As set forth in Section No. 10 above, Plaintiffs will also be paid Class Representative Enhancement Payments, subject to Court approval.

### **13. Final Approval Hearing**

The Court will hold a Final Fairness and Approval Hearing concerning the Settlement on [REDACTED] at [REDACTED] before Judge Melissa McCormick at Department CX-104 in the Superior Court of California, County of Orange, located at 751 West Santa Ana Boulevard, Santa Ana, California 92701. You are not required to appear at the Final Approval Hearing. Any changes to the Final Approval Hearing date will be reflected on the Settlement Administrator's website [REDACTED]. A copy of this Notice along with the most important documents in this Class Action will also be made available on Settlement Administrator's website reflected above.

**IF YOU NEED MORE INFORMATION OR HAVE ANY QUESTIONS**, you may contact Class Counsel, listed above, or the Settlement Administrator at the telephone number listed below, toll free. Please refer to the "Carter Shipping Services LLC class action settlement".

The Settlement Administrator will post all key documents on its website set forth above, including the operative complaint, written notice to the LWDA, Settlement Agreement and any amendments, Notice Packet (comprised of this Notice, Exclusion Form, and Objection Form), Order Granting Preliminary Approval, and Order and Judgment Granting Final Approval. The Order and Judgment Granting Final Approval will be posted on the Settlement Administrator's website for at least one hundred eighty (180) calendar days.

This Notice does not contain all the terms of the Settlement or all the details of these proceedings. For more detailed information, you may refer to the underlying documents and papers on file with the Orange County Superior Court at 751 West Santa Ana Boulevard, Santa Ana, California 92701 between 8:30 a.m. and 4:00 p.m. or by visiting <https://www.occourts.org/> and clicking on the "Online Services" tab, then the "Case Access" subtab, and then the link for "Civil Case & Document Access". Once at this screen, you must read the "Information Disclaimer" and click on "Accept Terms". Next, you must input the case number 30-2022-01268249-CU-OE-CXC, the year the case was filed (2022), confirm that you are not a robot, and click "Search". Next, click on the "Register of Actions" tab and scroll down to the document containing the full Settlement Agreement, titled [REDACTED] filed on [REDACTED]. Click on the blank box next to this document and then click on the "Cart" tab. Finally, click on "Checkout" to purchase the document.

You may also contact Class Counsel by visiting Justice Law Corporation at 751 North Fair Oaks Avenue, Suite 101, Pasadena, California 91103 during regular business hours, from 9:00 a.m. to 6:00 p.m., or by calling (818) 230-7502. Class Counsel will provide you with an electronic copy of the Settlement documents or case documents free of charge.

**PLEASE DO NOT TELEPHONE THE COURT OR COURT'S CLERK FOR INFORMATION ABOUT THIS SETTLEMENT.**

# **EXHIBIT B**

**REQUEST FOR EXCLUSION FORM**  
Superior Court of California, County of Orange  
*Ayala v. Carter Shipping Services LLC*  
Case No. 30-2022-01268249-CU-OE-CXC

**DO NOT SIGN OR SEND THIS DOCUMENT UNLESS YOU WISH TO EXCLUDE YOURSELF FROM THE SETTLEMENT. IF YOU EXCLUDE YOURSELF, YOU WILL NOT RECEIVE ANY PAYMENT FROM THE CLASS PORTION OF THE SETTLEMENT.**

**THIS DOCUMENT MUST BE POSTMARKED NO LATER THAN [REDACTED]. IT MUST BE SENT VIA FIRST-CLASS REGULAR U.S. MAIL.**

**PLEASE MAIL THIS EXCLUSION FORM VIA FIRST-CLASS REGULAR U.S. MAIL TO:**

**CARTER SHIPPING SERVICES LLC C/O [REDACTED]**

**IT IS MY DECISION NOT TO PARTICIPATE IN THE CLASS ACTION REFERRED TO ABOVE, AND NOT TO BE INCLUDED IN THE CLASS. I UNDERSTAND THAT BY EXCLUDING MYSELF, I WILL NOT RECEIVE ANY MONEY FROM THE SETTLEMENT, EXCEPT MY PORTION OF THE CIVIL PENALTIES ALLOCATED TO THE LABOR CODE PRIVATE ATTORNEYS GENERAL ACT OF 2004 (“PAGA”), LABOR CODE SECTION 2698, *et seq.*, SETTLEMENT.**

**I ALSO UNDERSTAND IF I ELECT TO OPT OUT OF THIS CLASS ACTION SETTLEMENT, ANY CLAIMS I HAVE WILL NOT BE RELEASED; EXCEPT THAT, EVEN IF I ELECT TO OPT OUT, I UNDERSTAND THAT I CANNOT PURSUE A PAGA LAWSUIT BASED ON THE CLAIMS RELEASED AS A PART OF THE PAGA RELEASED CLAIMS AGAINST THE RELEASED PARTIES.**

I confirm that I am a current or former hourly-paid or non-exempt employee of Carter Shipping Services LLC within the State of California at any time during the period from June 3, 2020 through June 13, 2023. I confirm that I have received and reviewed the Notice of Class Action Settlement in this matter. I have decided to be excluded from the Class and not to participate in the class portion of the settlement. By completing and returning this Form, I wish to be excluded from the Class, and I have decided **not** to participate in the proposed settlement of the class claims.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Last four digits of Social Security Number)

\_\_\_\_\_  
(Type or print name and former name(s))

\_\_\_\_\_  
(Telephone number)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Address continued)

# **EXHIBIT C**

**NOTICE OF OBJECTION**

Superior Court of the State of California, County of Orange County

*Ayala v. Carter Shipping Services LLC*

Case No. 30-2022-01268249-CU-OE-CXC

**TO OBJECT TO THE CLASS PORTION OF THE SETTLEMENT, YOU MAY FILL OUT, SIGN AND RETURN THIS FORM, POSTMARKED ON OR BEFORE [INSERT DATE] TO:**

**CARTER SHIPPING SERVICES LLC SETTLEMENT ADMINISTRATOR C/O  
[SETTLEMENT ADMINISTRATOR]  
[INSERT ADMINISTRATOR ADDRESS]**

You do not have the right to object to the PAGA portion of the proposed Settlement. Please attach to this Notice of Objection additional pages and documents explaining the reason(s) for your objection.

**IDENTIFYING INFORMATION**

Please verify and/or complete any missing identifying information:

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Last Four Digits of Social Security Number)

\_\_\_\_\_  
(Type or print name and former names(s))

\_\_\_\_\_  
(Type or print name of authorized lawful representative, if any)

\_\_\_\_\_  
(Telephone Number)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Addressed Continued)

**PROOF OF SERVICE  
1013A(3) CCP**

**STATE OF CALIFORNIA, COUNTY OF LOS ANGELES**

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 751 N. Fair Oaks Ave., Ste. 101 Pasadena, California 91103. My electronic service address is ccastro@justicelawcorp.com

On October 21, 2024, I served the foregoing document described as

**JOINT STIPULATION OF CLASS ACTION AND PAGA SETTLEMENT**

for the following case: **Ayala, et al. v. Carter Shipping Services LLC**  
LWDA/Court Case No.: **LWDA-CM-964398-23**  
**Case No.: 30-2022-01268249-CU-OE-CXC**  
**Orange County Superior Court**

on interested parties in this action by electronically submitting as follows:

**State of California**  
**Labor & Workforce Development Agency**  
**800 Capitol Mall, MIC-55**  
**Sacramento, California 95814**

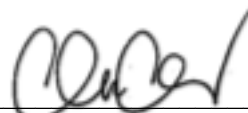
**[X] BY ELECTRONIC SUBMISSION**

Pursuant to California Senate Bill No. 836, I caused the documents described above to be electronically submitted by and through the procedure stated on the website of the State of California Labor and Workforce Development Agency.

**[X] STATE**

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

Executed on October 21, 2024, at Pasadena, California.



Christina Castro