

PAGA SETTLEMENT AGREEMENT

This PAGA Settlement Agreement (“Agreement”) is made by and between plaintiff Kenia Castro (“Plaintiff”) and defendants Fred Leeds Property Management, Inc and Maximilian Leeds (“collectively, Defendants”). The Agreement refers to Plaintiff and Defendants collectively as “Parties,” or individually as “Party.”

1. DEFINITIONS.

- 1.1 “Action” means Plaintiff’s PAGA lawsuit alleging wage and hour violations against Defendants, captioned *Kenia Castro v. Fred Leeds Property Management, Inc, et al.*, Los Angeles County Superior Court Case No. 23STCV21642, filed on September 8, 2023, and pending in the Superior Court of the State of California, County of Los Angeles.
- 1.2 “Administrator” means the ILYM Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.3 “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses in accordance with the Administrator’s “not to exceed” bid submitted to the Court in connection with approval of this Settlement.
- 1.4 “Aggrieved Employee” means a non-exempt, hourly-paid current and/or former employee of Fred Leeds Property Management, Inc. who worked in the State of California at any time during the PAGA Period in the position of onsite property manager.
- 1.5 “Aggrieved Employee Data” means Aggrieved Employee identifying information in Defendant Fred Leeds Property Management, Inc.’s possession, including the Aggrieved Employee’s name, last-known mailing address, Social Security Number, and number of PAGA Pay Periods.
- 1.6 “Aggrieved Employee Address Search” means the Administrator’s investigation and search for current Aggrieved Employee mailing addresses using reasonably available sources, methods and means including, but not limited to, the National Change of Address database, and skip traces by the Administrator with Aggrieved Employees.
- 1.7 “Court” means the Superior Court of California, County of Los Angeles.
- 1.8 “Defendants” means Fred Leeds Property Management, Inc. and Maximilian Leeds.
- 1.9 “Defense Counsel” means Kurt Bockes and Emily Mertes of Littler Mendelson, P.C..
- 1.10 “Effective Date” means the date that the Court’s Approval Order and Judgment become final and are no longer appealable. For purposes of this Agreement, the phrase “become final and are no longer appealable” shall mean the later of: (a) the day after the last date by which a notice of appeal to the applicable Court of Appeal of the Approval Order and Judgment approving the Settlement may be timely filed and none is filed (i.e., 61 days from notice of entry of Judgment); (b) if an appeal is

filed, and the appeal is finally disposed of by ruling, dismissal, denial, or in any other manner that confirms the validity of the Approval Order and Judgment, the day after the last date for filing a request for further review of the Approval Order and Judgment passes, and no further review is requested; or (c) if an appeal is filed and the Approval Order and Judgment are affirmed and further review of the order is requested, the day after the review is finally resolved and the Approval Order and Judgment is affirmed. The Effective Date cannot occur, and Defendant will not be obligated to fund the Settlement, until and unless there is no possibility of an appeal or further appeal that could potentially prevent the Settlement from becoming final and binding.

- 1.11 “Gross Settlement Amount” means \$200,000.00, which is the total amount Defendant Fred Leeds Property Management, Inc. agrees to pay under the Settlement. The Gross Settlement Amount will be used to pay Individual PAGA Payments to the Aggrieved Employees for their share of the Net Settlement, the LWDA PAGA Payment for its share of the Net Settlement Amount, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, the Plaintiff’s Service Payment, and the Administrator’s Expenses Payment.
- 1.12 “Individual PAGA Payment” means the Aggrieved Employee’s pro rata share of 25% of the Net Settlement Amount calculated according to the number of Pay Periods the Aggrieved Employee worked during the PAGA Period.
- 1.13 “Judgment” means the judgment entered by the Court based upon the Final Approval.
- 1.14 “LWDA” means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).
- 1.15 “LWDA PAGA Payment” means the 75% of the Net Settlement Amount paid to the LWDA under Labor Code section 2699, subd. (i).
- 1.16 “Net Settlement Amount” means the Gross Settlement Amount minus the sum of: (1) the court-approved PAGA Counsel Fees Payment; (2) the court-approved PAGA Counsel Litigation Expenses Payment; (3) the court-approved Administration Expenses Payment; and (4) the court-approved Plaintiff’s Service Payment. 75% of the Net Settlement Amount will be paid to the LWDA as the LWDA PAGA Payment and the remaining 25% of the Net Settlement Amount will be paid to Aggrieved Employees as their Individual PAGA Payments, which amounts may be amended by the Court’s Order Approving the PAGA Settlement.
- 1.17 “PAGA Counsel” means Keith Custis of Custis Law, P.C., the attorneys representing the Plaintiff in the Action.
- 1.18 “PAGA Counsel Fees Payment” and “PAGA Counsel Litigation Expenses Payment” mean the amounts allocated to PAGA Counsel for reimbursement of reasonable attorneys’ fees and expenses, respectively, incurred to prosecute the Action.

- 1.19 “PAGA Pay Period” means any Pay Period during which an Aggrieved Employee worked for Fred Leeds Property Management, Inc. for at least one day during the PAGA Period.
- 1.20 “PAGA Period” means the period from June 7, 2022 through August 31, 2024.
- 1.21 “PAGA” means the Private Attorneys General Act (Labor Code §§ 2698, *et seq.*).
- 1.22 “PAGA Notice” means Plaintiff’s June 7, 2023 letter to Defendants and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a), which is attached hereto as Exhibit 1 and incorporated herein as if expressly set forth.
- 1.23 “Plaintiff” means Kenia Castro, the named plaintiff in the Action.
- 1.24 “Plaintiff’s Service Payment” means the amount that the Court authorizes to be paid to Plaintiff, in addition to her Individual PAGA Payment, in recognition of her efforts and risks in assisting with the prosecution of the Action.
- 1.25 “Approval Order” means the proposed Court Order Granting Approval of PAGA Settlement.
- 1.26 “Released PAGA Claims” means the claims being released by the Plaintiff and PAGA Counsel and as described in Paragraph 5 below.
- 1.27 “Released Parties” means: Maximilian Leeds and Fred Leeds Property Management, Inc., and each of its former and present directors, officers, shareholders, owners, employees, agents, members, managers, representatives, attorneys, insurers, partners, investors, principals, administrators, parent companies, predecessors, successors, assigns, subsidiaries, joint ventures, and affiliates.
- 1.28 “Settlement” means the disposition of the Action effected by this Agreement and the Judgment.

2. RECITALS.

- 2.1 On September 8, 2023, Plaintiff commenced this Action by filing a Complaint alleging a single cause of action against Defendants for violation of the PAGA, based on alleged violations of Labor Code sections 201, 202, 203, 204, 226, 226.3, 432, 510, 558, 1174(d), 1182.12, 1194, 1174.5, 1197, 1197.1, 1198, 1198.5, and 2802.
- 2.2 Defendants deny the allegations in the Action, deny any failure to comply with the laws identified in in the Action and deny any and all liability for the causes of action alleged in the Action.
- 2.3 Pursuant to Labor Code section 2699.3, subd.(a), Plaintiff gave timely written notice to Defendants and the LWDA by sending the PAGA Notice on or about June 7, 2023.

- 2.4 On June 24, 2024, the Parties participated in an all-day mediation presided over by Steven Paul, Esq. The mediator issued a mediator's proposal to settle this case, which was accepted by the Parties.
- 2.5 Prior to mediation, Plaintiff obtained through informal discovery the number of Aggrieved Employees and PAGA Pay Periods worked as well as relevant policy and procedure documents regarding Plaintiff's claims.
- 2.6 The Parties, PAGA Counsel and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3. MONETARY TERMS.

- 3.1 Gross Settlement Amount. Defendant Fred Leeds Property Management, Inc. promises to pay \$200,000.00 and no more as the Gross Settlement Amount. Defendant Fred Leeds Property Management, Inc. has no obligation to pay the Gross Settlement Amount prior to the deadline stated in Paragraph 4.3 of this Agreement. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendants.
- 3.2 Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval:
 - 3.2.1 To PAGA Counsel: A PAGA Counsel Fees Payment of not more than 33.33% which is currently estimated to be \$66,600.00 and PAGA Counsel Litigation Expenses Payment of not more than \$10,000.00. Defendants will not oppose requests for Court approval of these payments provided that they do not exceed these amounts. Plaintiff and/or PAGA Counsel will file an application or motion for PAGA Counsel Fees Payment and PAGA Litigation Expenses Payment. If the Court approves a PAGA Counsel Fees Payment and/or a PAGA Counsel Litigation Expenses Payment less than the amounts requested, the Administrator will allocate the remainder to the Net Settlement Amount; and PAGA Counsel shall not have the right to revoke this Settlement, and it will remain binding. Released Parties shall have no liability to PAGA Counsel or any other Plaintiff's Counsel arising from any claim to any portion any PAGA Counsel Fee Payment and/or PAGA Counsel Litigation Expenses Payment. The Administrator will pay the PAGA Counsel Fees Payment and PAGA Counsel Expenses Payment using one or more IRS 1099 Forms. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment and holds Defendants harmless, and indemnifies Defendants, from any dispute or controversy regarding any division or sharing of any of these Payments.
 - 3.2.2 To the Plaintiff: A Plaintiff's Service Payment not to exceed \$5,000.00 as approved by the Court. If the Court approves a Plaintiff's Service Payment less

than the amount requested, the Administrator will allocate the remainder to the Net Settlement Amount; and Plaintiff shall not have the right to revoke this Settlement, and it will remain binding. The Administrator will pay the Plaintiff's Service Payment using an IRS 1099 Form. Plaintiff assumes full responsibility and liability for taxes owed on the Plaintiff's Service Payment and holds Defendants harmless, and indemnifies Defendants, from any dispute or controversy regarding the Plaintiff's Service Payment.

3.2.3 To the Administrator: An Administrator Expenses Payment not to exceed \$4,000 except for a showing of good cause and as approved by the Court. To the extent the Administration Expenses are less or the Court approves payment less than \$4,000.00, the Administrator will retain the remainder in the Net Settlement Amount.

3.2.4 To the LWDA and Aggrieved Employees: Net Settlement Amount to be paid from the Gross Settlement Amount, with 75% of the Net Settlement Amount allocated to the LWDA PAGA Payment and 25% of the Net Settlement Amount allocated to the Individual PAGA Payments.

3.2.4.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of the Net Settlement Amount by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms, if required by applicable law.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1 Aggrieved Employee Pay Periods. Based on a review of its records to date, Defendants estimate there are 113 Aggrieved Employees who will have worked approximately 4,300 PAGA Pay Periods during the PAGA Period.

4.2 Aggrieved Employee Data. Within 15 calendar days after the Effective Date, Defendants will simultaneously deliver the Aggrieved Employee Data to the Administrator in the form of a spreadsheet. To protect Aggrieved Employee' privacy rights, the Administrator must maintain the Aggrieved Employee Data in confidence, use the Aggrieved Employee Data only for purposes of this Settlement and for no other purpose, and restrict access to the Aggrieved Employee Data to Administrator employees who need access to the Aggrieved Employee Data to effect and perform under this Agreement. Defendants have a continuing duty to immediately notify PAGA Counsel if they discover that the Aggrieved Employee Data omitted employee identifying information and to provide corrected or updated Aggrieved Employee Data as soon as reasonably feasible. Without any extension of the deadline by which Defendants must send the Aggrieved Employee Data to the Administrator, the Parties and their counsel will expeditiously use best efforts,

in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Aggrieved Employee Data.

- 4.3 Funding of Gross Settlement Amount. Defendants shall fully fund the Gross Settlement Amount by transmitting the funds to the Administrator no later than 14 calendar days after the Effective Date.
- 4.4 Payments from the Gross Settlement Amount. Within 14 calendar days after Defendants fund the Gross Settlement Amount, the Administrator will mail checks for all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the PAGA Counsel Expenses Payment, and the Plaintiff's Service Payment in the amounts approved by the Court. Disbursement of the PAGA Counsel Litigation Expenses Payment shall not precede disbursement of Individual PAGA Payments.
 - 4.4.1 The Administrator will issue checks for the Individual PAGA Payments and send them to the Aggrieved Employees via First Class U.S. Mail, postage prepaid. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.
 - 4.4.2 The Administrator must conduct an Aggrieved Employee Address Search for all Aggrieved Employees whose checks are returned undelivered without USPS forwarding address. Within 7 days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Aggrieved Employee Address Search. The Administrator need not take further steps to deliver checks to Aggrieved Employees whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, requested by the Aggrieved Employee prior to the void date.
 - 4.4.3 For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Aggrieved Employee.
 - 4.4.4 The payment of Individual PAGA Payments shall not obligate Defendant Fred Leeds Property Management, Inc. to confer any additional benefits or make any additional payments to the Aggrieved Employees (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.
- 4.5 The Administrator shall send a "PAGA Payment Letter" to each Aggrieved Employee with that Aggrieved Employee's Individual PAGA Payment substantially in the form attached hereto as Exhibit 2, in both English and Spanish, including any revisions required by the Court.

5. RELEASES OF CLAIMS. Upon the Effective Date, and provided Defendant Fred Leeds Property Management, Inc. funds the entire Gross Settlement Amount, Plaintiff, Aggrieved Employees, PAGA Counsel, the LWDA, and the State of California will release claims against all Released Parties, as follows:

- 5.1 Plaintiff's Release. Plaintiff and her respective former and present spouses, representatives, agents, attorneys (including PAGA Counsel), heirs, administrators, successors, and assigns, and the LWDA and the State of California, generally, release and discharge Released Parties from all claims, transactions, or occurrences under the PAGA that occurred during the PAGA Period, including, but not limited to: (a) all claims under the PAGA that were, or reasonably could have been, alleged, based on the facts contained in the Operative Complaint in the Action and the PAGA Notice, including but not limited to alleged violations of Labor Code §§ 201, 202, 203, 204, 226, 226.3, 432, 510, 558, 1174(d), 1182.12, 1194, 1174.5, 1197, 1197.1, 1198, 1198.5, and 2802, as set forth in the PAGA Notice and including attorneys' fees and costs related thereto. Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the PAGA Period. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.
- 5.2 Aggrieved Employees' Release. All Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and the PAGA Notice, including alleged violations of Labor Code §§ 201, 202, 203, 204, 226, 226.3, 432, 510, 558, 1174(d), 1182.12, 1194, 1174.5, 1197, 1197.1, 1198, 1198.5, and 2802, as set forth in the PAGA Notice, and including attorneys' fees and costs related thereto.
- 5.3 Release by PAGA Counsel: PAGA Counsel releases on behalf of its present and former attorneys, employees, agents, successors and assigns the Released Parties from all claims for PAGA Fees incurred in connection with the Operative Complaint and the PAGA Period facts stated in the Operative Complaint and the PAGA Notice.
- 5.4 It is the intent of the Parties that the release of the Released PAGA Claims shall be given full res judicata and collateral estoppel effect as of the date that Defendants fully fund the entire Gross Settlement Amount, so as to bar the LWDA and any other individual or entity from filing or pursuing the Released PAGA Claims against the Released Parties in any forum.

6. MOTION OR APPLICATION FOR APPROVAL OF SETTLEMENT. PAGA Counsel shall prepare and file a motion for approval of this Settlement.

- 6.1 Plaintiff's Responsibilities. Plaintiff will prepare and deliver to Defense Counsel, for Defense Counsel's review and comments, all documents necessary for obtaining approval of this Settlement under Labor Code Section 2699, subd. (f)(2)) including (i) a draft proposed Order Granting Approval of PAGA Settlement; (ii) a signed declaration from the Administrator attaching its "not to exceed" bid for administering the Settlement and attesting to its willingness to serve; competency; operative procedures for protecting the security of Aggrieved Employee Data; all facts relevant to any actual or potential conflicts of interest with Aggrieved Employees or the LWDA; and the nature and extent of any financial relationship with Plaintiff, PAGA Counsel or Defense Counsel; (iii) a signed declaration from PAGA Counsel firm attesting to its timely transmission to the LWDA of all necessary PAGA documents (initial notice of violations (Labor Code section 2699.3, subd. (a)), Operative Complaint (Labor Code section 2699, subd. (l)(1)), this Agreement (Labor Code section 2699, subd. (l)(2)); and (iv) all facts relevant to any actual or potential conflict of interest with Aggrieved Employees and/or the Administrator. In their Declarations, Plaintiff and PAGA Counsel shall aver that they are not aware of any other pending matter or action asserting claims that will be extinguished or adversely affected by the Settlement.
- 6.2 Responsibilities of PAGA Counsel. PAGA Counsel is responsible for expeditiously finalizing and filing the motion for approval of this Settlement no later than 60 days after the full execution of this Agreement, and shall obtain a prompt hearing date for the motion and appear in Court to advocate in favor of the motion. PAGA Counsel is also responsible for delivering the Court's Approval Order to the Administrator.
- 6.3 Duty to Cooperate. PAGA Counsel shall provide a draft motion for approval to Defense counsel for Defense Counsel's review and comments no later than the date that is two weeks before the filing deadline for the motion. Defense Counsel agrees to provide Defendants' comments and proposed revisions to the draft motion for approval, if any, in redline format to PAGA Counsel no later than 5:00 p.m. on the date that is two court days before the filing deadline for the motion. If the Parties disagree on any aspect of the proposed motion for approval of this Settlement and/or the supporting declarations and documents, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant the motion for approval of this Settlement or conditions its approval on any material change to this Agreement, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to modify the Agreement and otherwise satisfy the Court's concerns. However, in no event, should this paragraph be construed to require the Parties to agree to any term that materially alters this Agreement.

7. SETTLEMENT ADMINISTRATION.

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

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

- 7.2 Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of providing reports to state and federal tax authorities.
- 7.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund (“QSF”) under US Treasury Regulation section 468B-1.
- 7.4 Administrator Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

8. CONTINUING JURISDICTION OF THE COURT. The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.

- 8.1 Waiver of Right to Appeal. The Parties agree, with the exception of PAGA Counsel Fees and Expenses Payment, provided the Fees sought do not exceed the amount provided herein, to waive any and all rights to appeal, this waiver being contingent upon the Court entering the Final Judgment as provided herein. This waiver includes waiver of all rights to any post-judgment proceeding and appellate proceeding, including, but not limited to, motions for relief from judgment and motions to amend or alter the judgment.

9. ADDITIONAL PROVISIONS.

- 9.1 No Admission of Liability or Representative Manageability for Other Purposes. This Agreement represents a compromise and settlement of highly disputed claims. Nothing in this Agreement is intended or should be construed as an admission by Defendants that any of the allegations in the Operative Complaint have merit or that Defendants have any liability for any claims asserted; nor should it be intended or construed as an admission by Plaintiff that Defendants’ defenses in the Action have merit. The Parties agree that representative treatment is for purposes of this Settlement only. If, for any reason the Court does not approve this Settlement, Defendants reserve all available defenses to the claims in the Action, and Plaintiff reserves the right to contest Defendants’ defenses. The Settlement, this Agreement and Parties’ willingness to settle the Action will have no bearing on, and will not be admissible in connection with, any litigation (except for proceedings to enforce or effectuate the Settlement and this Agreement).
- 9.2 Integrated Agreement. Upon execution by all Parties and their counsel, this Agreement together with its attached exhibits shall constitute the entire agreement between the Parties relating to the Settlement, superseding any and all oral representations, warranties, covenants, or inducements made to or by any Party.
- 9.3 Attorney Authorization. PAGA Counsel and Defense Counsel separately warrant and represent that they are authorized by Plaintiff and Defendants, respectively, to take all

appropriate action required or permitted to be taken by such Parties pursuant to this Agreement to effectuate its terms, and to execute any other documents reasonably required to effectuate the terms of this Agreement including any amendments to this Agreement.

- 9.4 Cooperation. The Parties and their counsel will cooperate with each other and use their best efforts, in good faith, to implement the Settlement by, among other things, modifying the Settlement Agreement, submitting supplemental evidence and supplementing points and authorities as requested by the Court. In the event the Parties are unable to agree upon the form or content of any document necessary to implement the Settlement, or on any modification of the Agreement that may become necessary to implement the Settlement, the Parties will seek the assistance of a mediator and/or the Court for resolution.
- 9.5 No Prior Assignments. The Parties separately represent and warrant that they have not directly or indirectly assigned, transferred, encumbered, or purported to assign, transfer, or encumber to any person or entity and portion of any liability, claim, demand, action, cause of action, or right released and discharged by the Party in this Settlement.
- 9.6 No Tax Advice. Neither Plaintiff, PAGA Counsel, Defendants nor Defense Counsel are providing any advice regarding taxes or taxability, nor shall anything in this Settlement be relied upon as such within the meaning of United States Treasury Department Circular 230 (31 CFR Part 10, as amended) or otherwise.
- 9.7 Modification of Agreement. This Agreement, and all parts of it, may be amended, modified, changed, or waived only by an express written instrument signed by all Parties or their representatives, and approved by the Court.
- 9.8 Agreement Binding on Successors. This Agreement will be binding upon, and inure to the benefit of, the successors of each of the Parties.
- 9.9 Applicable Law. All terms and conditions of this Agreement and its exhibits will be governed by and interpreted according to the internal laws of the state of California, without regard to conflict of law principles.
- 9.10 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.
- 9.11 Confidentiality. To the extent permitted by law, all agreements made, and orders entered during Action and in this Agreement relating to the confidentiality of information shall survive the execution of this Agreement.
- 9.12 Use and Return of Aggrieved Employee Data. Information provided to PAGA Counsel pursuant to Cal. Evid. Code §1152, and all copies and summaries of the PAGA Data provided to PAGA Counsel by Defendants in connection with the mediation, other settlement negotiations, or in connection with the Settlement, may be used only with respect to this Settlement, and no other purpose, and may not be used in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90

days after the Administrator discharges its obligation to pay out of all Settlement funds, Plaintiff shall destroy all paper and electronic versions of Aggrieved Employee Data received from Defendants unless, prior to the Administrator's payment of all Settlement Funds, Defendants make a written request to PAGA Counsel for the return, rather than the destructions, of Aggrieved Employee Data.

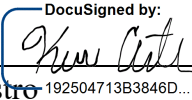
- 9.13 Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.
- 9.14 Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.
- 9.15 Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff: Keith Custis
kcustis@custislawpc.com
Custis Law, P.C.
2121 Avenue of the Stars, Suite 800
Los Angeles, California 90067

To Defendants: Kurt Bockes
KBockes@littler.com
Emily Mertes
EMertes@littler.com
Littler Mendelson P.C.
101 Second Street, Suite 1000
San Francisco, California 94105

- 9.16 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically (i.e., DocuSign), or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.
- 9.17 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.

Dated: 10/1/2024

DocuSigned by:


Kenia Castro
Plaintiff

Dated: _____

Maximilian Leeds
Fred Leeds Property Management, Inc.

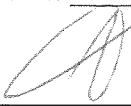
Dated: _____

Maximilian Leeds

Dated: _____

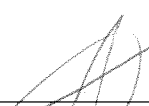
Kenia Castro
Plaintiff

Dated: 10-8-24



Maximilian Leeds
Fred Leeds Property Management, Inc.

Dated: 10-8-24



Maximilian Leeds

Exhibit 1



June 7, 2023

Keith A. Custis
kcustis@custislawpc.com

SUBMITTED VIA ONLINE CLAIM NOTICE

California Labor and Workforce Development Agency
Attn. PAGA Administrator
1515 Clay Street, Ste 801
Oakland, CA 94612
(<https://dir.tfaforms.net/198>)

SENT VIA CERTIFIED MAIL RETURN RECEIPT REQUESTED

Maximilian Leeds
Vice President of Legal Affairs
Fred Leeds Property Management, Inc.
3860 Crenshaw Blvd., Suite 201
Los Angeles, CA 90008
Attn: Human Resources

Re: *Kenia Castro v. Fred Leeds Property Management Inc. and Maximilian Leeds*: Written
Notice of Intent to File Civil Action Pursuant to California Labor Code § 2699.3

Dear PAGA Administrator and Employer,

This office represents Kenia Castro (“Ms. Castro”) with respect to claims arising under California’s Labor Code during her employment at and termination from Fred Leeds Property Management, Inc. (“Fred Leeds”). Fred Leeds is a California corporation that operates a property management company. According to its LinkedIn profile, Fred Leeds employs between 200 and 500 employees. Fred Leeds employed Ms. Castro from approximately May 2021 until June 10, 2022 as a non-exempt, hourly-paid property manager. Ms. Castro is referred to in this correspondence as the “Lead Aggrieved Employee.”

The Lead Aggrieved Employee intends to file a civil action against Fred Leeds and its owner and officer Maximilian Leeds in his individual capacity, (collectively, “Fred Leeds” or “Employer”), seeking, *inter alia*, civil penalties, attorneys’ fees, costs and other available relief that is recoverable under the Private Attorneys General Act of 2004 (“PAGA”), Labor Code Section 2698, *et al.*, for violations of the California Labor Code. The Lead Aggrieved Employee shall seek relief on behalf of the State of California, and all aggrieved employees, who are defined as “all non-exempt, hourly-paid current and former employees of Fred Leeds Property

Management, Inc. who worked in the State of California at any time between June 7, 2022 and the present” (hereafter, “Aggrieved Employees”).

Mr. Leeds is an officer and, on information and belief, owner of Fred Leeds and is, thus, liable in his individual capacity for the civil penalties, attorneys’ fees and litigation costs available to the Lead Aggrieved Employee and other Aggrieved Employees pursuant to California Labor Code Sections 558, 1197.1 and 2699(g)(1). *See, e.g., Atempa v. Pedrazzani* (2018) 27 Cal. App. 5th 809 (holding that “the language in both section 558(a) and section 1197.1(a) is broad enough to *unambiguously* include [the owner and CEO of the defendant employer] as a person *other than the corporate employer* subject to the civil penalties awarded by the trial court under those two statutes.”) (emphasis in original). Importantly, the *Atempa* court held that the alter ego doctrine did not apply in PAGA actions to immunize owners and officers from liability because the Labor Code imposed liability directly on owners and officers for the corporate employer’s violations of the Labor Code.

Additionally, as an owner and officer of Fred Leeds, Mr. Leeds is also liable in his individual capacity as an employer pursuant to California Labor Code Section 558.1 for Fred Leeds’s (a) failure to pay minimum wages; (b) failure to pay overtime wages; (c) failure to provide accurate wage statements; (d) failure to reimburse for necessary business expenses incurred; and (e) failure to pay wages timely during employment and at the time of termination or resignation. Labor Code § 558.1.

Pursuant to California Labor Code Section 2699.3, this letter serves as the Lead Aggrieved Employee’s written notice to the Labor and Workforce Development Agency (“LWDA”) and Fred Leeds regarding the following alleged violations of the California Labor Code, and the facts and legal theories that support those violations.¹ This letter is being submitted to the LWDA online pursuant to the process described on the California Department of Industrial Relations’ website.² The \$75.00 filing fee required by Labor Code Section 2699.3 was paid during the online submission of this letter.

As detailed below, Fred Leeds has violated the California Labor Code within the last year and beyond as to the Lead Aggrieved Employee and other Aggrieved Employees in the following respects:

¹ The Labor Code violations, facts and legal theories detailed herein are based on the Lead Aggrieved Employee’s experience and his counsel’s review of the records currently available relating to the Lead Aggrieved Employee’s employment. Discovery conducted in litigation of wage and hour claims such as these often reveals additional Labor Code violations as well as additional facts and legal theories supporting the alleged Labor Code violations. Thus, the Lead Aggrieved Employee reserves the right to supplement this letter with additional Labor Code violations, facts, and legal theories if she becomes aware of them subsequent to the submission of this letter.

² *See* <http://www.dir.ca.gov/Private-Attorneys-General-Act/Private-Attorneys-General-Act.html>.

A. Failure to Pay Minimum Wages in Violation of Labor Code Sections 1182.12, 1194, 1197, 1197.1 and 1198

California Labor Code Sections 1182.12, 1194, 1197, 1197.1 and 1198 require an employer to pay employees no less than the established minimum wage. These Labor Code Sections provide that payment of a wage less than the established minimum wage is unlawful. The applicable Industrial Welfare Commission (“IWC”) Wage Order defines compensable work time, or “hours worked,” as “the time during which an employee is subject to the control of an employer, and includes all the time the employee is suffered or permitted to work, whether or not required to do so.” Cal. Code. Regs. tit. 8, § 11100(2)(K) (defining “Hours Worked”). An employee is entitled to be paid no less than the established minimum wage for all hours worked.

Within the previous twelve months and beyond, Fred Leeds maintained a policy and practice of failing to pay the Lead Aggrieved Employee and other Aggrieved Employees the correct minimum wage for all hours worked because Fred Leeds required the Lead Aggrieved Employee and other Aggrieved Employees to work off-the-clock without compensation. Fred Leeds required the Lead Aggrieved Employee and other Aggrieved Employees to work, inter alia, as “on site” property managers and supervisors. As a property management company, Fred Leeds was well aware that tenants of the buildings managed by the Lead Aggrieved Employee and other Aggrieved Employees would request assistance from the “on site” property managers including the Lead Aggrieved Employee and other Aggrieved Employees after hours on a routine basis. By requiring the Lead Aggrieved Employee and other Aggrieved Employees to work, inter alia, as on-site property managers, Fred Leeds required the Lead Aggrieved Employee and other Aggrieved Employees to work off the clock to respond to the numerous inquiries for assistance and/or emergencies that were made and/or occurred after hours. In addition, the Lead Aggrieved Employee and other Aggrieved Employees also had to travel from the building where they resided to another property after hours, when they were off the clock, to respond to alarm that had been triggered at another property. Fred Leeds certainly expected and required on-site property managers to respond to alarms whether or not they were on the clock. In addition, Fred Leeds required the Lead Aggrieved Employee and other Aggrieved Employees to respond to business-related calls, emails and text messages when they were off-the-clock, and the Lead Aggrieved Employee and other Aggrieved Employees worked off-the-clock to respond to such business-related communications.

Because Fred Leeds required the Lead Aggrieved Employee and other Aggrieved Employees to work off-the-clock, Fred Leeds failed to compensate the Lead Aggrieved Employee and other Aggrieved Employees for all hours worked, including minimum wage and overtime hours.

Fred Leeds has thus violated Labor Code Sections 1182.12, 1194, 1197, 1197.1 and 1198. As a result, the Lead Aggrieved Employee and other Aggrieved Employees are entitled to recover

civil penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code Sections 1197.1 and/or 2699(a), (f) and (g).

B. Failure to Pay Overtime in Violation of Labor Code Sections 510 & 1198

California Labor Code Sections 510 and 1198 and the applicable IWC Wage Order require employers to pay employees working more than eight (8) hours in a day or more than forty (40) hours in a workweek at the rate of time-and-one-half (1.5) times the regular rate of pay for all hours worked in excess of eight (8) hours in a day or more than forty (40) hours in a workweek. The applicable IWC Wage Order further provides that employers are required to pay employees working more than twelve (12) hours in a day overtime compensation at a rate of two (2) times their regular rate of pay.

Within the previous twelve months and beyond, Fred Leeds failed to pay the requisite overtime wages to the Lead Aggrieved Employee and other Aggrieved Employees. When the Lead Aggrieved Employee and other Aggrieved Employees worked eight or more hours on-the-clock, the off-the-clock work detailed above constituted work in excess of eight hours in workday and should have been paid at the applicable overtime rate. When the Lead Aggrieved Employee's and other Aggrieved Employees' time records indicate that they worked close to eight hours in a workday on the clock—e.g., when their time cards reflect that they worked 7.7 or more total hours—the off-the-clock work detailed above also caused the Lead Aggrieved Employee's and other Aggrieved Employees' total hours worked to exceed eight (8) hours on such a workday and, likewise, should have been paid at the applicable overtime rate. Thus, because Fred Leeds required the Lead Aggrieved Employee and other Aggrieved Employees to work off-the-clock, Fred Leeds failed to pay all required overtime wages in violation of Labor Code Sections 510 and 1198 and the applicable IWC Wage Order.

Fred Leeds has thus violated Labor Code Sections 510 and 1198. As a result, the Lead Aggrieved Employee and other Aggrieved Employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code Sections 558, 1194, and/or 2699(a), (f)-(g).

C. Failure to Reimburse Necessary Business Expenses in Violation of Labor Code Section 2802

Labor Code Section 2802 requires employers to pay for all necessary expenditures and losses incurred by the employee in the performance of his or her job. The purpose of Labor Code Section 2802 is to prevent employers from passing off their cost of doing business and operating expenses on to their employees. *Cochran v. Schwan's Home Service, Inc.*, 228 Cal. App. 4th 1137, 1144 (2014).

Within the previous twelve months and beyond, Fred Leeds, on a company-wide basis, systematically failed to reimburse the Lead Aggrieved Employee and other Aggrieved Employees for necessary business expenses incurred at the direction of Fred Leeds. Specifically, during the

relevant time period, Fred Leeds had a consistent policy and/or practice that required the Lead Aggrieved Employee and other Aggrieved Employees to use their personal vehicle, gas and auto insurance to carry out her job duties, but Fred Leeds failed to reimburse the Lead Aggrieved Employee and other Aggrieved Employees for the reasonable costs of the use of their respective personal vehicle, fuel, auto insurance, vehicle maintenance costs and other vehicle-related expenses.

Fred Leeds could have provided the Lead Aggrieved Employee and other Aggrieved Employees with the actual tools required for use on the job, including a company car. Likewise, Fred Leeds could have reimbursed the Lead Aggrieved Employee and other Aggrieved Employees for the reasonable costs of the use of their personal vehicle, fuel, auto insurance, vehicle maintenance costs and other vehicle-related expenses they incurred for the business, but Fred Leeds failed to do so. Thus, Fred Leeds violated Section 2802 by uniformly failing to reimburse the reasonable costs of the Lead Aggrieved Employee's and other Aggrieved Employees' personal vehicle expenses. *See, e.g., Cochran*, 228 Cal. App. 4th at 1144 ("We hold that when employees must use their personal cell phones for work-related calls, Labor Code section 2802 requires the employer to reimburse them. Whether the employees have cell phone plans with unlimited minutes or limited minutes, the reimbursement owed is a reasonable percentage of their cell phone bills."); *Ritchie v. Blue Shield of California*, 2014 WL 6982943, at *21 (N.D. Cal. Dec. 9, 2014) (certifying class of cell phone reimbursement claim and adopting the logic of *Cochran*).

Fred Leeds's policy and/or practice of passing its operating costs on to the Lead Aggrieved Employee and other Aggrieved Employees violates Labor Code Section 2802. As a result, the Lead Aggrieved Employee and other Aggrieved Employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code Section 2699(f)-(g).

D. Failure to Provide Accurate Wage Statements in Violation of Labor Code Sections 226(a), 1174(d) and 1198

Labor Code Section 226(a) requires an employer to provide its employees with "an accurate itemized statement in writing showing: (1) gross wages earned, (2) total hours worked by the employee . . . , (4) all deductions . . . , (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and only the last four digits of his or her social security number . . . , (8) the name and address of the legal entity that is the employer; and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee." The itemized wage statement must be provided semimonthly or otherwise when wages are paid.

Fred Leeds has not provided the Lead Aggrieved Employee and other Aggrieved Employees with properly itemized wage statements. Labor Code Section 226(e) provides that if an employer fails to comply with providing an employee with properly itemized wages statements as set forth in Section 226(a), then the employee is entitled to recover the greater of all actual damages or \$50.00 for the initial pay period in which a violation occurs and \$100 per employee

for each violation in a subsequent pay period, not to exceed \$4,000. Further, Labor Code Section 226.3 provides that any employer who violates Section 226(a) shall be subject to a civil penalty in the amount of \$250 per employee per violation in an initial citation and \$1,000 per employee for each violation in a subsequent citation, for which the employer fails to provide the employee a wage statement or fails to keep the required records pursuant to Section 226(a).

Within the last twelve months and beyond, Fred Leeds knowingly and intentionally failed to provide accurate and complete itemized wage statements to the Lead Aggrieved Employee and other Aggrieved Employees in violation of Labor Code Section 226(a) in several ways:

- Fred Leeds violated Labor Code Sections 226(a)(1) and 226(a)(5) by failing to include the accurate amount of “gross wages,” and “net wages” because Fred Leeds failed to record all hours worked by the Lead Aggrieved Employee and other Aggrieved Employees, as detailed above, and failed to compensate them for all hours worked off the clock.
- Fred Leeds violated Labor Code Sections 226(a)(2) and 226(a)(9) by failing to include the accurate number of “total hours worked by the employee” and “the corresponding number of hours worked at each hourly rate by the employee” because the Lead Aggrieved Employee and other Aggrieved Employees were required to work off the clock and all hours worked were not recorded.

Because Fred Leeds violated Labor Code Section 226 in numerous ways, the Lead Aggrieved Employee and other Aggrieved Employees are entitled to recover penalties, attorneys’ fees, costs, and interest thereon pursuant to Labor Code Sections 226(e), 226.3, 1174.5, and/or 2699(a), (f)-(g).

E. Failure to Pay Wages Timely Upon Termination in Violation of Labor Code Sections 201, 202 & 203

California Labor Code Section 201 provides that if an employer discharges an employee, the employee’s earned and unpaid wages at the time of discharge are due and payable immediately. California Labor Code Section 202 provides that, if an employee voluntarily leaves his or her employment, his or her wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting. Failure to pay all wages in compliance with Labor Code Sections 201 and 202 subjects the employer to the penalties outlined in Labor Code Section 203. Section 203, in turn, requires the employer to pay the employee a full day of wages (8 hours) at the employee’s last hourly rate for each day that all earned but unpaid wages remain unpaid up to a total of 30 days.

Within the previous twelve months and beyond, and in violation of California Labor Code Sections 201 and 202, Fred Leeds willfully failed to pay the Lead Aggrieved Employee and other

Aggrieved Employees all their earned and unpaid wages either at the time of discharge, or within seventy-two (72) hours of their separation from employment with Fred Leeds for several reasons:

- Fred Leeds failed to pay Aggrieved Employees for all off-the-clock hours worked, as detailed above.
- Fred Leeds also misrepresented the last date that the Lead Aggrieved Employee worked for Fred Leeds as June 8, 2022, rather than June 10, 2022, and failed to compensate her for the last two days of work that she performed for Fred Leeds.

The Lead Aggrieved Employee and other Aggrieved Employees are thus entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code Sections 203 and/or 2699(f)-(g).

F. Failure to Timely Pay Wages During Employment in Violation of Labor Code Section 204

Labor Code Section 204 provides that all wages earned by any person in any employment between the 1st and the 15th days of any calendar month (other than those wages due upon termination of an employee) are due and payable between the 16th and the 26th day of the month during which the labor was performed. Labor Code Section 204 further provides that all wages earned by any person in any employment between the 16th and the last day of any calendar month (other than those wages due upon termination of an employee) are due and payable between the 1st and the 10th day of the following month. Labor Code Section 204 also requires that all wages earned for labor in excess of the normal work period shall be paid no later than the payday for the next regular payroll period. Alternatively, Labor Code Section 204 provides that the requirements of this section are deemed satisfied by the payment of wages for weekly, biweekly, or semimonthly payroll if the wages are paid not more than seven (7) calendar days following the close of the payroll period.

Within the previous twelve months and beyond, for all the reasons detailed above, Fred Leeds failed to pay the Lead Aggrieved Employee and other Aggrieved Employees all wages due to them, including, but not limited to, overtime wages and minimum wages within the time period specified by Labor Code Section 204.

As a result, the Lead Aggrieved Employee and other Aggrieved Employees are entitled to recover penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code Sections 210 and/or 2699(a), (f)-(g).

G. Failure To Maintain Accurate Records In Violation Of Labor Code § 1174(d)

Labor Code Section 1174(d) requires employers to keep payroll records showing the hours worked daily by and the wages paid to employees. Likewise, the relevant Wage Orders require employers to keep accurate records for each employee with respect to total wages paid each payroll

period, total hours worked in the payroll period and applicable rates of pay, as well as time records showing when employees begin and end each work period, including meal periods, split shift intervals, and total daily hours.

Within the previous twelve months and beyond, for all the reasons detailed above, Fred Leeds violated Labor Code Section 1174(d) by knowingly, intentionally, and willfully failing to keep required accurate payroll records for the Lead Aggrieved Employee and other Aggrieved Employees. Fred Leeds did not accurately record all hours worked by the Lead Aggrieved Employee and other Aggrieved Employees including the off-the-clock work detailed above, which caused the payroll records of Aggrieved Employees to be inaccurate. Fred Leeds also did not accurately record all hours worked by certain Aggrieved Employees who were paid a daily rate and did not maintain any records showing when they began and ended each work period, including meal periods, split shift intervals, and total daily hours.

As a result, the Lead Aggrieved Employee and other Aggrieved Employees are entitled to recover penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code Sections 2699(a), (f)-(g).

H. Failure To Produce Employment Records, Payroll Records and Personnel Files In Violation Of Labor Code Sections 226(b) & (c), 432 and 1198.5

Labor Code Section 226(b) provides in relevant part that "An employer that is required by this code or any regulation adopted pursuant to this code to keep the information required by subdivision (a) shall afford current and former employees the right to inspect or receive a copy of records pertaining to their employment, upon reasonable request to the employer." Labor Code Section 226(c) provides in relevant part that "An employer who receives a written or oral request to inspect or receive a copy of records pursuant to subdivision (b) pertaining to a current or former employee shall comply with the request as soon as practicable, but no later than 21 calendar days from the date of the request. A violation of this subdivision is an infraction."

Labor Code Section 432 provides that "If an employee or applicant signs any instrument relating to the obtaining or holding of employment, he shall be given a copy of the instrument upon request."

Labor Code Section 1198.5(a) provides in relevant part that "Every current and former employee, or his or her representative, has the right to inspect and receive a copy of the personnel records that the employer maintains relating to the employee's performance or to any grievance concerning the employee." Labor Code Section 1198.5(b)(1) provides in relevant part that "The employer shall make the contents of those personnel records available for inspection to the current or former employee, or his or her representative, at reasonable intervals and at reasonable times, but not later than 30 calendar days from the date the employer receives a written request, unless the current or former employee, or his or her representative, and the employer agree in writing to a date beyond 30 calendar days to inspect the records, and the agreed-upon date does not exceed

35 calendar days from the employer's receipt of the written request.”

Within the previous twelve months and beyond, and in violation of California Labor Code Sections 226, 432 and 1198.5, Fred Leeds failed to produce the required employment records in response to a written request by the Lead Aggrieved Employee. On information and belief, Fred Leeds likewise fails to respond to the requests of other Aggrieved Employees for copies of their employment records made pursuant to Labor Code Sections 226, 432 and 1198.5

As a result, the Lead Aggrieved Employee and other Aggrieved Employees are entitled to recover penalties, attorneys’ fees, costs, and interest thereon, pursuant to Labor Code Sections 2699(a), (f)-(g).

I. Penalties Pursuant to California Labor Code Section 558(a)

Labor Code Section 558(a) provides that “[a]ny employer or other person acting on behalf of an employer who violates, or causes to be violated, a section of this chapter or any provision regulating hours and days of work in any order of the Industrial Welfare Commission shall be subject to a civil penalty as follows: (1) For any initial violation, fifty dollars (\$50) for each underpaid employee for each pay period for which the employee was underpaid in addition to an amount sufficient to recover underpaid wages. (2) For each subsequent violation, one hundred dollars (\$100) for each underpaid employee for each pay period for which the employee was underpaid in addition to an amount sufficient to recover underpaid wages.” Labor Code Section 558(c) provides that “[t]he civil penalties provided for in this section are in addition to any other civil or criminal penalty provided by law.”

Within the previous twelve months and beyond, Fred Leeds was an employer who violated the Lead Aggrieved Employee’s and other Aggrieved Employees’ rights by violating the various sections of the Labor Code detailed herein. Accordingly, the Lead Aggrieved Employee shall seek all applicable remedies available under Labor Code Section 558 for herself, the State of California, and all other Aggrieved Employees.

* * *

If the LWDA does not provide notice that it will investigate these violations within 65 days of the date of this notice, The Lead Aggrieved Employee, acting in the public interest as a private attorney general, shall file a civil action—and seek assessment and collection of civil penalties and all other available relief for himself, all other Aggrieved Employees, and the State of California—against Fred Leeds and its owners and officers for violations of California Labor Code Sections 201, 202, 203, 204, 226, 432, 510, 558, 1174(d), 1182.12, 1194, 1197, 1197.1, 1198, 1198.5, and 2802, as detailed herein. The Lead Aggrieved Employee shall seek all applicable and available penalties and remedies related to these violations of the California Labor Code pursuant to PAGA, including an award of reasonable attorneys’ fees and costs pursuant to Labor Code § 2699(g).

California Labor and Workforce Development Agency
Fred Leeds Property Management, Inc.
June 7, 2023
Page 10

If the LWDA has any questions for the Lead Aggrieved Employee or any aspect of this Notice, please feel free to contact Keith Custis as kcustis@custislawpc.com or 213-863-4276.

Sincerely,

CUSTIS LAW, P.C.



Keith A. Custis

cc: Daniel Spencer, Esq. (via email only)

Exhibit 2

NOTICE OF SETTLEMENT OF PAGA REPRESENTATIVE ACTION
Kenia Castro v. Fred Leeds Property Management, Inc., et al.
Superior Court for the State of California, County of Los Angeles, Case No. 23STCV21642

You are receiving this notice in connection with a Court-approved PAGA Settlement in a lawsuit (“the Action”) brought on a representative basis under the Private Attorneys General Act, Labor Code § 2698 *et seq.* (“PAGA”). The plaintiff in the lawsuit is Kenya Castro (“Plaintiff”) and the defendants are Fred Leeds Property Management, Inc. (“Fred Leeds”) and Maximilian Leeds (collectively, “Defendants”). The Action seeks civil penalties for purported violations of the California Labor Code on behalf of all persons who worked in California for Fred Leeds as a non-exempt, hourly-paid onsite property manager during the PAGA Period (June 7, 2022 to August 31, 2024) (“Aggrieved Employees”).

Defendants deny all claims and allegations in the Action, deny that they owe any penalties, and assert that Fred Leeds has fully complied with all applicable Labor Code provisions. Nevertheless, to avoid further costs and time in defending the Action, Defendants have agreed to settle the Action. By settling the Action, Defendants are not admitting that they have done anything wrong.

Subject to Court approval, the Settlement Agreement provides that Defendant Fred Leeds Property Management, Inc. shall pay a maximum amount (“Maximum Settlement Amount”) of \$200,000.00 to settle the Action. Under the Settlement, the following amounts will be deducted before any payments are made to Aggrieved Employees, subject to approval by the Court: (1) the court-approved PAGA Counsel fees payment; (2) the court-approved PAGA Counsel litigation expenses payment; (3) the court-approved settlement administration costs; and (4) the court-approved service payment to Plaintiff. After deducting the above items, the remaining Net Settlement Amount will be divided 75% to the LWDA, pursuant to the California Labor Code, section 2699(i), and 25% to the Aggrieved Employees.

The PAGA Settlement resolves all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and the PAGA Notice, including alleged violations of Labor Code §§ 201, 202, 203, 204, 226, 226.3, 432, 510, 558, 1174(d), 1182.12, 1194, 1174.5, 1197, 1197.1, 1198, 1198.5, and 2802, as set forth in the PAGA Notice, and including attorneys’ fees and costs related thereto (the “Released PAGA Claims”). This Settlement excludes all other legal claims. The Released Parties include Defendants Maximilian Leeds and Fred Leeds Property Management, Inc., and each of its former and present directors, officers, shareholders, owners, employees, agents, members, managers, representatives, attorneys, insurers, partners, investors, principals, administrators, parent companies, predecessors, successors, assigns, subsidiaries, joint ventures, and affiliates.

By Order dated [Approval Date], the Superior Court approved the PAGA Settlement. By approving the PAGA Settlement, the Court did not decide in favor of either Plaintiff or Defendants.

According to Fred Leeds’ records, you are an Aggrieved Employee and therefore entitled to a share of the settlement based upon the Court approved allocation. Enclosed with this Notice is your check for your share. The settlement check shall remain valid for 180 days. Thereafter, all uncashed checks shall be distributed to the Controller of the State of California to be held pursuant to the Unclaimed Property Law in the name of, and for the benefit of, the Aggrieved Employee that did not cash his or her settlement check.

Please Note: One hundred percent (100%) of your individual settlement you receive pursuant to this PAGA Settlement will be considered penalties and may be subject to local, state, or federal tax withholdings and will be reported to the IRS and state tax authorities. You should rely on your own tax advisors as to the tax consequences of your settlement. Neither Plaintiff nor Defendants have made any representations or warranties regarding the taxation of your settlement. Nothing in this Notice or any other communication shall constitute or be construed or relied upon as tax advice.

PLEASE DO NOT CALL OR WRITE THE COURT OR OFFICE OF THE CLERK TO ASK QUESTIONS ABOUT THE SETTLEMENT. IF YOU HAVE ANY QUESTIONS, YOU MAY CALL OR WRITE TO THE SETTLEMENT ADMINISTRATOR AT:

ILYM GROUP, INC.
[TELEPHONE NUMBER]
[ADDRESS]
[ADDRESS]