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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO - COMPLEX

LEEA STEVIE PALMA, as a proxy for the State of California, Plaintiffs, vs. HAT WORLD, INC., a Corporation; and DOES 1 through 100, inclusive, Defendants.	Case No. CIVSB2317027 Assigned to Hon. David E. Driscoll in Dept S22 **JOINT STIPULATION OF CLASS AND REPRESENTATIVE ACTION SETTLEMENT** Complaint Filed: July 21, 2023

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JOINT STIPULATION OF CLASS AND REPRESENTATIVE ACTION SETTLEMENT

This Joint Stipulation of Class and Representative Action Settlement ("Agreement" or "Settlement Agreement") is made and entered into by and between Plaintiffs Leea Stevie Palma ("Palma") and Takori Juliana Coleman ("Coleman") (collectively, "Plaintiffs"), and Defendant Hat World, Inc. ("Defendant" or "Hat World"). Plaintiffs and Defendant collectively are referred to in the Agreement as "the Parties."

A. DEFINITIONS

The following definitions are applicable to this Agreement. Definitions contained elsewhere in this Agreement shall also be effective:

1. "Action" means this lawsuit entitled *Palma v. Hat World Inc.,* filed on July 21, 2023, in the Superior Court of the State of California, San Bernardino County Superior Court Case No. CIVSB2317027, as amended in accordance with Section C.1 below to incorporate the allegations and parties in the matter entitled *Palma v. Hat World Inc., et al.*, Case No. 35:23−cv−01013−MRA−SP, currently pending in the U.S. District Court for the Central District of California (the "Federal Class Action"), and *Coleman v. Hat World, Inc.*, Case Nos. 23CV034805 and 23CV040391, currently pending in the Alameda County Superior Court (collectively "Coleman's Actions").

2. "Agreement" or "Settlement Agreement" means this Joint Stipulation of Class and Representative Action Settlement.

3. "Aggrieved Employees" means all individuals employed by Defendant as non-exempt employees in the State of California at any time during the PAGA Period.

4. "Class" or "Class Member(s)" means all individuals employed by Defendant as non-exempt employees in the State of California at any time during the Class Period.

5. "Class Counsel" means Edward W. Choi of Law Offices of Choi & Associates, PLC, Dennis S. Hyun of Hyun Legal, APC, William L. Marder of Polaris Law Group, and Joseph M. Lavi, Alan Wilcox and Alexander J. Aroeste of Lavi & Ebrahimian, LLP.

6. "Class Counsel Award" means such award of fees and costs and expenses as the Court may authorize to be paid to Class Counsel for the services they have rendered and will

render to Plaintiff and the Class in the Action. Defendant agrees not to oppose Class Counsel Award of up to thirty-five percent of the Maximum Settlement Amount ($2,700,000.00), *i.e.* the current estimated sum of Nine Hundred and Forty-Five Thousand Dollars ($945,000.00), and costs in the amount of up to Fifty Thousand Dollars ($50,000.00), subject to the Court finally approving this Settlement.

7. "Class List and Data" means a true and complete list of all Class Members that Hat World will compile, based on its business records, and provide to the Settlement Administrator within thirty (30) calendar days after the Court grants preliminary approval of the Settlement. The Class List and Data shall be formatted in Microsoft Office Excel and shall include each employee's full name, his or her last known home address, telephone number, social security number, beginning and ending dates of employment.

8. "Class Period" means at any time from December 1, 2018, through June 30, 2024, or the date that the Court grants preliminary approval, whichever is earlier.

9. "Class Representatives" or "Plaintiffs" means Plaintiffs Leea Stevie Palma ("Plaintiff Palma" or "Palma") and Takori Juliana Coleman ("Plaintiff Coleman" or "Coleman").

10. "Complaint" means the First Amended Class Action Complaint contemplated to be filed in this Action pursuant to Paragraph C(1) herein, which will be amended to add the class claims and allegations as set forth in Palma's Federal Class Action, add Coleman's class and PAGA claims and allegations as set forth in Coleman's Actions, and add additional causes of action for unpaid minimum and overtime wages and failure to reimburse business expenses.

11. "Counsel for Defendant" or "Defense Counsel" means Cheryl A. Sabnis of Vedder Price (CA) LLP.

12. "Court" means the Superior Court for the State of California, County of San Bernardino, or any other court taking jurisdiction of the Action.

13. "Defendant" or "Hat World" means Hat World Inc.

14. "Effective Date" shall mean the date by when the Court's Judgment has become final and no longer subject to timely post-judgment motion or appeal. The Court's Judgment "becomes final" upon the latter of: (i) if no appeal is filed, the date on which the time to appeal

or seek permission to appeal, or to seek other judicial review of the Judgment has expired (this time period shall be not less than 60 calendar days after the Court's Judgment is entered); (ii) the date affirmance of an appeal of the Judgment becomes final under the California Code of Civil Procedure and California Rules of Court; (iii) the date of final dismissal of any appeal from the Judgment or the final dismissal of any proceeding on review of any court of appeal decision relating to the Judgment; or (iv) if remanded to this Court or to a lower appellate court following an appeal or other review, the date on which the time to appeal or seek permission to appeal, or to seek other judicial review of the Judgment has expired (this time period shall be not less than 60 calendar days after the Court's Judgment is entered). If further appeal is sought after remand, the time periods in this subsection A.14 shall apply.

15. "Enhancement Payment" or "Service Payment" means the amount that the Court authorizes to be paid to Plaintiffs, in addition to their respective Individual Settlement Payments, in recognition of their efforts and risks in assisting with the prosecution of the Action. Subject to the Court granting final approval, the Parties agree that Plaintiffs will request that the two Plaintiffs shall each be paid up to Fifteen Thousand Dollars ($15,000.00), for a total of Thirty Thousand Dollars ($30,000.00) from the Maximum Settlement Amount in exchange for a general release of all claims by the Plaintiffs.

16. "Final Approval" means the date on which the Court enters an order granting final approval of the Settlement Agreement.

17. "Individual PAGA Payment" means each Aggrieved Employee's pro rata share of the Net PAGA Settlement Amount.

18. "Individual Settlement Payment" means each Settlement Class Member's pro rata share of the Net Class Settlement Amount calculated according to the number of Workweeks worked during the Class Period.

19. "Maximum Settlement Amount" means the maximum settlement amount of Two Million Seven Hundred Thousand Dollars ($2,700,000.00) agreed to be paid by Defendant as a result of this Agreement. The Maximum Settlement Amount includes all Individual Settlement Payments, the Service Payments to Plaintiffs, Settlement Administration Costs to the Settlement

Administrator, the PAGA Payment, and the Class Counsel Award. In addition to and separate from the Maximum Settlement Amount, Defendant shall pay its share of employer-side payroll taxes.

20. "Net Class Settlement Amount" means the balance of the Maximum Settlement Amount remaining after deduction of the approved Service Payment to Plaintiffs, Settlement Administration Costs, the PAGA Payment, and the Class Counsel Award. The entire Net Class Settlement Amount is the maximum amount that will be available for distribution to Settlement Class Members. None of the Net Class Settlement Amount shall revert back to Defendant.

21. "Net PAGA Settlement Amount" shall mean the 25% of the PAGA Payment which shall be allocated to Aggrieved Employees pursuant to section D(7) below.

22. "Notice of Objection" means a Class Member's valid and timely written objection to the Settlement. For the Notice of Objection to be valid, it must include: (a) the objector's full name, signature, address, and telephone number; (b) a written statement of basis for the objection; (c) any copies of any papers, briefs, or documents upon which the objection is based; and (d) a statement whether the objector intends to appear at the final fairness hearing. The Notice of Objection must be returned by mail to the Settlement Administrator at the specified address indicated in the Notice Packet and must be postmarked by the Response Deadline. Any Notice of Objection received shall apply solely to the Released Class Claims. There is no right to opt-out of the Released PAGA Claims. Any Class Member who does not submit a timely, valid written objection to the Settlement will be foreclosed from objecting to the Settlement and seeking any adjudication or review of the Settlement, by appeal or otherwise.

23. "Notice Packet" means the Notice of Proposed Class and Representative Action Settlement, substantially in the form attached as Exhibit B.

24. "PAGA Payment" means the portion of the Maximum Settlement Amount that the Parties have agreed will be allocated to resolve all claims, penalties, and remedies under the Private Attorneys General Act of 2004 (Cal. Lab. Code § 2698, *et seq.*, "PAGA"). Subject to Court approval pursuant to California Labor Code section 2699(l), the Parties agree that the PAGA Payment shall be One Hundred Thousand Dollars ($100,000.00). Per Labor Code section

2699(i), 75% of such penalties, or $75,000.00, will be payable to the Labor Workforce Development Agency (the "LWDA") for its share of PAGA penalties, and the remaining 25%, or $25,000.00, will be payable to Aggrieved Employees as the "Net PAGA Settlement Amount." Aggrieved Employees shall receive their pro rata share of the Net PAGA Settlement Amount (Individual PAGA Payment) even if they opt-out of the class settlement. Even if the Court reduces or increases the PAGA Payment, Plaintiffs and the Settlement Class Members shall not have the right to revoke this Settlement for that reason, and it will remain binding.

25. "PAGA Period" means the period of November 18, 2021, through June 30, 2024, or the date that the Court grants preliminary approval, whichever is earlier.

26. "Parties" means Plaintiffs, on behalf of themselves and Settlement Class Members, and Defendant collectively.

27. "Preliminary Approval" means the date on which the Court enters an order granting preliminary approval of the Settlement.

28. "Released Class Claims" means any and all causes of action, claims, rights, demands, actions, suits, damages (including punitive, statutory or liquidated damages), penalties, liabilities, restitution, attorneys' fees, costs, expenses, interest, and losses that were alleged or reasonably could have been alleged against the Released Parties in the operative complaints in the Action under federal, state, local or common law or at equity, and that reasonably arise out of the same set of operative facts or are reasonably related to the allegations in those complaints, including (a) all claims for meal and rest break violations; (b) all claims for regular rate of pay violations; (c) all claims for unpaid minimum wages; (d) all claims for unpaid overtime; (e) all claims for failure to reimburse for necessary business expenses; (f) all claims for failure to timely pay wages during employment or upon termination; (g) all claims for wage statement violations; and (h) all derivative claims asserted through the California Labor Code and Cal. Bus. & Prof. Code section 17200, *et seq*., including without limitation California Labor Code §§ 201-204, 218.5, 218.6, 226, 226.3, 226.7, 510, 512, 551, 552, 558, 1174(d), 1194, 1194.2, 1197, 1197.1, 1198, 2800 and 2802, and IWC Wage Orders 4-2001, 7-2001 and 17-2001.

29. "Released PAGA Claims" means any and all claims for civil penalties under the

California Labor Code Private Attorneys General Act of 2004, Labor Code section 2698 *et seq*., which were alleged or reasonably could have been alleged against the Released Parties, and that reasonably arise out of the same set of operative facts or are reasonably related to the allegations in the Complaint and Plaintiffs' written notices and amended notices submitted to the LWDA that Defendant violated §§ 201-204, 218.5, 226, 226.3, 226.7, 510, 512, 551, 552, 558, 1174(d), 1194, 1194.2, 1197, 1197.1, 1198, 2800 and 2802, IWC Wage Orders 4-2001, 7-2001 and 17-2001 at any time during the PAGA Period.

30. "Released Parties" means Defendant and all of its past, present, and future parents, subsidiaries, affiliated corporations, related entities, divisions, general and limited partners, joint venturers, predecessors, successors, and affiliates, and each of their respective past, present, and future directors, officers, managers, employees, principals, members, agents, insurers, reinsurers, shareholders, owners, attorneys, advisors, representatives, general partners, limited partners, and fiduciaries, and each of their respective executors, predecessors, successors, assigns and legal representatives.

31. "Request for Exclusion" means a timely letter submitted by a Class Member indicating a request to be excluded from the Class. The Request for Exclusion must: (1) clearly state that the Class Member does not wish to be included in the Class; (2) set forth the name, address, telephone number, and last four digits of the Social Security Number of the Class Member requesting exclusion; (3) be signed by the Class Member; (4) be returned by mail to the Settlement Administrator at the specified address indicated in the Notice Packet; and (5) be postmarked on or before the Response Deadline. There is no right to request exclusion from the Released PAGA Claims.

32. "Response Deadline" means the deadline by which Class Members must postmark to the Settlement Administrator Requests for Exclusion, postmark disputes concerning the calculation of the Individual Settlement Payment, or postmark Notices of Objection to the Settlement Administrator. The Response Deadline will be 45 calendar days from the date the Settlement Administrator initially mails the Notice Packet to Class Members, unless the 45th calendar day falls on a Sunday or State of California holiday, in which case the Response

Deadline will be extended to the next day on which the U.S. Postal Service is open.

33. "Settlement" means the agreement among the Parties to resolve the Action, as set forth in this Agreement.

34. "Settlement Administration Costs" means the fees and expenses reasonably incurred by the Settlement Administrator as a result of the procedures and processes expressly required by this Agreement, which are estimated at $32,000.00. Settlement Administration Costs include, without limitation, printing, distributing, and tracking documents for this Settlement, establishing a Qualified Settlement Fund, tax reporting, issuance of IRS forms W-2 and 1099, administering and distributing payments from the Gross Settlement Amount, and providing necessary reports and declarations, as requested by the Court or the Parties. The Settlement Administration Costs will be paid from the Maximum Settlement Amount, including, if necessary, any such costs in excess of the amount represented by the Settlement Administrator as being the maximum costs necessary to administer the Settlement. Any portion of the Settlement Administration Costs not used or approved by the Court shall be added to the Net Class Settlement Amount.

35. "Settlement Administrator" means Phoenix Settlement Administrators or any other third-party class action settlement administrator agreed to by the Parties and approved by the Court for the purposes of administering this Settlement. The Parties each represent that 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.

36. "Settlement Class" or "Settlement Class Members" means all Class Members who do not submit valid and timely Requests for Exclusion.

B. FACTUAL BACKGROUND

1. On December 1, 2022, Palma filed her class action lawsuit in the San Bernardino County Superior Court asserting claims for failure to provide meal and rest periods (including based on Defendant's failure to pay the premium wages based on the regular rate of pay), and provide accurate wage statements. On June 1, 2023, Defendant filed its Notice of Removal of Plaintiff Palma's Action to Federal Court. On November 2, 2023, Defendant filed its Motion to

Compel Arbitration. After full briefing, on January 10, 2024, the Court denied Defendant's Motion to Compel Arbitration on the grounds that Plaintiff Palma was under 18 years of age when she signed the arbitration agreement and had revoked the arbitration agreement. As a result, Palma was permitted to proceed to maintain a putative class action.

2. On November 18, 2022, Plaintiff Palma submitted a written notice to the LWDA and to Defendant regarding alleged violations of the California Labor Code. On July 21, 2023, Plaintiff Palma filed her PAGA action in the San Bernardino County Superior Court. Plaintiff Palma's PAGA claims seek PAGA penalties arising out of Defendant's failure to provide meal and rest periods, provide wage statements, and timely pay wages to separated employees.

3. Coleman's putative wage and hour class action Complaint was filed on June 1, 2023, in Alameda County Superior Court. After being served, Defendant removed the matter to the Northern District of California on July 11, 2023, pursuant to 28 U.S.C. sections 1332, 1441 and 1446. On or around August 9, 2023, Coleman filed a motion to remand the matter back to state court on the ground that the Court lacked subjected matter jurisdiction. On September 1, 2023, Defendant filed a motion to compel Coleman's claims to arbitration. On February 5, 2024, the District Court granted Plaintiff's motion to remand and remanded this case to the Alameda Superior Court without ruling on Defendant's motion to compel arbitration.

4. Coleman's PAGA Complaint was filed on August 9, 2023, in Alameda County Superior Court.

5. On June 18, 2024 and September 20, 2024, the Parties engaged in mediation with Brandon McKelvey, an experienced wage and hour class action and PAGA mediator. The settlement discussions were conducted at arm's-length. Notwithstanding two days of mediation, the Parties did not settle. However, through months of continued arm's-length negotiations, the Parties reached this Settlement on November 26, 2024. The Parties have agreed to seek approval of the Settlement through this Action, as described herein.

6. The Parties recognize the risk, expense, and delay in continuing the Action, and therefore believe the Settlement to be fair, reasonable, and adequate. Accordingly, the Parties desire to settle, compromise, and discharge all disputes and claims arising from or relating to the

Action.

C. FILING OF FIRST AMENDED COMPLAINT

1. Amended Complaint. Prior to the filing of the motion for preliminary approval of the Agreement, the Parties will stipulate to the filing of a first amended complaint to add the class claims and allegations as set forth in Palma's Federal Class Action, add Coleman's class and PAGA claims and allegations, and add additional causes of action included in the Parties' settlement. A true and correct copy of the proposed First Amended Complaint that the parties will stipulate to filing is attached hereto as Exhibit A. The Court's approval of the Parties' stipulation to file the attached amended complaint is a material term of this Settlement Agreement. If, despite the Parties' best efforts, the Court does not grant leave to file the amended complaint, then either party may vacate this settlement agreement and the cases return to their status quo. Upon filing of the First Amended Complaint, Plaintiffs shall cause Palma's Federal Class Action to be dismissed without prejudice and Coleman's Actions to be dismissed without prejudice as all claims and the Parties will be joined and consolidated in the above-captioned matter.

D. PROCEDURE FOR APPROVAL AND IMPLEMENTATION OF SETTLEMENT

1. Settlement Consideration. Defendant agrees to pay the sum of the Maximum Settlement Amount as specified in this Agreement, which shall be used after the Effective Date to pay: (1) Individual Settlement Payments; (2) Class Counsel Award; (3) Enhancement Payments; (4) Settlement Administration Costs; and (5) the PAGA Payment. The Parties agree that this is a non-reversionary Settlement and that no portion of the Maximum Settlement Amount shall revert to Defendant. Defendant also understands and agrees that it shall pay its share of employer-side payroll taxes in addition to the Maximum Settlement Amount.

2. Funding of the Maximum Settlement Amount. No later than ten (10) calendar days after the Effective Date, Defendant shall transmit the Maximum Settlement Amount to the Settlement Administrator which shall be held in the Qualified Settlement Fund. No later than 30 calendar days after the Effective Date, Defendant shall transmit to the Settlement Administrator an amount sufficient to cover employer-side payroll taxes to be held in the Qualified Settlement

Fund.

3. Class Counsel Award. Defendant agrees not to oppose or impede any application or motion by Class Counsel for attorneys' fees of up to thirty-five percent (35%) of the Maximum Settlement Amount ($2,700,000.00), *i.e.* the sum of Nine Hundred and Forty-Five Thousand Dollars ($945,000.00), and costs in the amount of up to Fifty Thousand Dollars ($50,000.00), which shall be paid from the Maximum Settlement Amount. It is understood by Class Counsel that the Court has final discretion in any fee award. The Settlement Administrator shall issue an IRS Form 1099 to Class Counsel reflecting the awarded attorneys' fees, costs, and expenses. Any portion of the Class Counsel Award not awarded to Class Counsel shall be added to the Net Class Settlement Amount and shall be distributed to Settlement Class Members as provided in this Agreement. Notwithstanding any other provision of this Agreement, if the Court should fail to award attorneys' fees to Class Counsel in the full amount provided for in this Agreement, no order of the Court or modification of any order of the Court concerning the amount of any attorneys' fees to be paid by Defendant to Class Counsel pursuant to this settlement shall constitute grounds for cancellation or termination of the Agreement or grounds for limiting any other provision of the Judgment. It is agreed that no order of the Court, including any order concerning attorneys' fees, may alter or otherwise increase the Maximum Settlement Amount. Released Parties shall have no liability to Class Counsel rising from any claim to any portion of the Class Counsel Award.

4. Class Representative Enhancement Payments. Defendant agrees not to oppose or impede any application or motion by Plaintiffs for an Enhancement Payment of up to Fifteen Thousand Dollars ($15,000.00) to each Plaintiff, for a total of Thirty Thousand Dollars ($30,000.00). The Enhancement Payments shall be paid from the Maximum Settlement Amount and shall be paid in addition to Plaintiffs' Individual Settlement Payment as Settlement Class Members. It is understood by Class Counsel and Plaintiffs that the Court has final discretion in any Enhancement Payment. This Settlement is not contingent on the approval of the Class Representative Enhancement Payment. The Settlement Administrator shall issue an IRS Form 1099 to Plaintiffs reflecting the Enhancement Payment. Plaintiffs shall be solely and legally

responsible to pay any and all applicable taxes on his Enhancement Payment and shall hold harmless Released Parties from any claim or liability for taxes, penalties, or interest arising as a result of the Enhancement Payment. Any portion of the Enhancement Payment not awarded to Plaintiffs shall be added to the Net Class Settlement Amount and shall be distributed to Settlement Class Members as provided in this Agreement.

5. Settlement Administration Costs. The Settlement Administrator shall be paid for the reasonable costs of administration of the Settlement from the Maximum Settlement Amount, currently estimated at Thirty-Two Thousand Dollars ($32,000.00), as set forth in Section A(34). The Parties agree that the actual Settlement Administration Costs shall not exceed that Court-approved figure unless the Court approves a request for additional Settlement Administration Costs. Any portion of the Settlement Administration Costs not approved by the Court shall be added to the Net Class Settlement Amount and shall be distributed to Class Members as provided in this Agreement.

6. PAGA Payment. Subject to Court approval, the Parties agree that One Hundred Thousand Dollars ($100,000.00) of the Maximum Settlement Amount shall be designated for satisfaction of claims for civil penalties under the PAGA. The Settlement Administration shall pay seventy-five percent (75%) of the PAGA Payment, *i.e.* the sum of Seventy-Five Thousand Dollars ($75,000.00), to the LWDA. The remaining twenty-five percent (25%), *i.e.* the sum of Twenty-Five Thousand Dollars ($25,000.00), shall be distributed to Aggrieved Employees (the "Net PAGA Settlement Amount").

7. Individual PAGA Payment Calculation. The Administrator shall allocate the Net PAGA Settlement Amount proportionally to Aggrieved Employees on a pro rata basis according to the number of workweeks worked during the PAGA Period. Aggrieved Employees are entitled to 100% of the Net PAGA Settlement Amount. Defendant maintains no reversionary right to any portion of the Net PAGA Settlement Amount.

8. Net Class Settlement Amount. The Net Class Settlement Amount shall be used to satisfy Individual Settlement Payments to Settlement Class Members in accordance with the terms of this Agreement. The Net Class Settlement Amount shall be allocated to the Settlement

Class Members by adding up their workweeks worked during the Class Period and dividing that number by the workweeks worked by all Settlement Class Members and multiplying that figure against the Net Class Settlement Amount. Settlement Class Members are entitled to 100% of the Net Class Settlement Amount. Defendant maintains no reversionary right to any portion of the Net Class Settlement Amount. If there are any timely submitted Requests for Exclusion, the Settlement Administrator shall proportionately increase the Individual Settlement Payments for each Settlement Class Member so that the amount actually distributed to Settlement Class Members equals 100% of the Net Class Settlement Amount.

9. <u>Calculation of Maximum Settlement Amount</u>. The Maximum Settlement Amount was calculated with, and is premised on, Defendant's representation that there are approximately 247,000 workweeks worked by Settlement Class Members for the time period of December 1, 2018, through September 20, 2024. If the workweeks worked for this time period is greater than 10%, Defendant agrees to proportionately increase the Maximum Settlement Amount by an equal percentage above 10%. For example, if the number of Class Member workweeks is 274,710 (11% more than 247,000 workweeks), Defendant shall increase the Maximum Settlement Amount by 1%, or Twenty-Seven Thousand Dollars ($27,000.00).

10. <u>No Credit Toward Benefit Plans</u>. The Individual Settlement Payments made to Settlement Class Members, the Individual PAGA Payments made to Class Members, the Enhancement Payment made to Plaintiffs, as well as any other payments made pursuant to this Agreement, shall not be utilized to calculate any additional benefits under any benefit plans to which any Class Members may be eligible, including, but not limited to: profit-sharing plans, bonus plans, 401(k) plans, stock purchase plans, vacation plans, sick leave plans, PTO plans, and any other benefit plans. Rather, it is the Parties' intention that this Settlement will not affect any rights, contributions, or amounts to which any Class Members may be entitled under any benefit plans.

11. <u>Settlement Administration Process</u>. The Parties agree to cooperate in the administration of the Settlement and to make all reasonable efforts to control and minimize the costs and expenses incurred in the administration of the Settlement. The Settlement

Administrator shall provide the following services:

a. Establish and maintain a Qualified Settlement Fund account;

b. Calculate the amount of the Settlement each Class Member is eligible to receive;

c. Verify the last known address for each Class Member through a generally utilized, national address update database prior to mailing the Notice Packet;

d. Print and mail the Notice Packet;

e. Establish and maintain a toll-free informational telephone support line to assist Class Members who have questions regarding the Notice Packet;

f. Conduct additional address searches for mailed Notice Packets that are returned as undeliverable and, to the extent new and more current addresses are found, also reprint and re-mail Notice Packets accordingly;

g. Calculate Settlement Class Members' settlement share, field inquiries from Class Members, and administer any Requests for Exclusion. This service will include settlement proceed calculations, printing and issuance of checks, and preparation of appropriate tax forms W-2 and 1099;

h. Distribute the Maximum Settlement Fund in accordance with this Agreement and the Court's Orders; and

i. Provide declarations and/or other information to the Court as requested.

12. Delivery of the Class List and Data. Within thirty (30) business days of Preliminary Approval, Defendant shall provide the Class List and Data to the Settlement Administrator.

13. Notice by First-Class U.S. Mail. Within five (5) business days after receiving the Class List and Data from Defendant, the Settlement Administrator shall mail a Notice Packet to all Class Members via regular First-Class U.S. Mail, using the most current, known mailing addresses identified in the Class List.

14. Confirmation of Contact Information in the Class List. Prior to mailing, the Settlement Administrator shall perform a search based on the National Change of Address

Database for information to update and correct for any known or identifiable address changes.

15. Notice Packets. All Class Members will be mailed a Notice Packet. Each Notice Packet will provide: (1) information regarding the nature of the Action; (2) a summary of the Settlement's principal terms; (3) the Class definitions and which class(es) each person belongs to; (4) each Settlement Class Member's estimated Individual Settlement Payment and the formula for calculating Individual Settlement Payments, if they do not request to be excluded; (5) each Settlement Class Member's estimated Individual PAGA Payment, if any, and the formula for calculating Individual PAGA Payments; (6) instructions on how to submit valid Requests for Exclusion, or objections; (7) the deadlines by which the Class Member must submit a Request for Exclusion or Notice of Objection to the Settlement; (8) the date for the final approval hearing; and (9) the claims to be released. The Notice Packet will also inform Class Members that, in order to receive the Individual Settlement Payment and Individual PAGA Payment, they do not need to do anything except keep the Settlement Administrator apprised of their current mailing addresses.

16. Re-Mailing of Returned Notices. Any Notice Packets returned to the Settlement Administrator as non-deliverable on or before the Response Deadline shall be re-sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto and the Settlement Administrator shall indicate the date of such re-mailing on the Notice Packet. If no forwarding address is provided, the Settlement Administrator shall promptly attempt to determine the correct address using a skip-trace, or other search using the name, address and/or Social Security Number of the Class Member involved and shall then perform a re-mailing. Those Class Members who receive a re-mailed Notice Packet shall have their Response Deadline extended fifteen (15) days from the original Response Deadline.

17. Request for Exclusion Procedures. Any Class Member may opt-out from the Settlement by submitting a written Request for Exclusion to the Settlement Administrator postmarked by the Response Deadline. A Request for Exclusion must: (1) clearly state that the Class Member does not wish to be included in the Settlement; (2) set forth the name, address, telephone number, and last four digits of the Social Security Number of the Class Member

requesting exclusion; (3) be signed by the Class Member; (4) be returned by mail to the Settlement Administrator at the specified address indicated in the Notice Packet; and (5) be postmarked on or before the Response Deadline. The date of the postmark shall be the exclusive means to determine whether a Request for Exclusion is timely. By submitting such a Request for Exclusion, a Class Member shall be deemed to have exercised his or her option to opt out of the Settlement and not be bound by this Agreement. Provided, however, that no Class Member may opt out of or be excluded from participating in the settlement of the Released PAGA Claims. At no time shall any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to submit a Request for Exclusion. Class Counsel shall not represent any Class Members with respect to any such request.

18. No PAGA Opt-Out. No Class Member may opt out of or be excluded from participating in the settlement of the Released PAGA Claims. All Class Members shall be bound by the judgment entered herein and will have released the Released PAGA Claims upon the final approval of this Settlement and the payment of the Maximum Settlement Amount.

19. Settlement Terms Bind All Class Members Who Do Not Opt-Out. Any Class Member who does not affirmatively opt-out of the Settlement by submitting a valid and timely Request for Exclusion shall be bound by all terms of the Settlement to the fullest possible extent, including those pertaining to the Released Class Claims and Released PAGA Claims, as well as any Judgment that may be entered by the Court.

20. Objection Procedures. Any Class Member who does not opt-out of this Settlement shall be entitled to object to the Settlement. To object to the Settlement, a Class Member must return by mail a written statement of objection to the Settlement Administrator at the specified address by the Response Deadline. The Notice of Objection must include: (1) the objector's full name, signature, address, and telephone number; (2) a written statement of the basis for the objection; and (3) any copies of papers, briefs, or documents upon which the objection is based. At no time shall any of the Parties or their counsel seek to solicit or otherwise encourage Class Members to submit written objections to the Settlement or appeal from the Order and Judgment. Class Counsel shall not represent any Class Members with respect to any such objections to this

Settlement. Any Class Member who submits a valid Request for Exclusion shall not be allowed to object to this Settlement. No later than five (5) days after the Response Deadline, the Settlement Administrator shall provide Defense Counsel with a complete list of all Class Members who have timely and properly requested exclusion from the Class together with their Request for Exclusion and any other documentation submitted by them.

21. Settlement Administrator's Reports of Information. The Settlement Administrator shall provide Defense Counsel and Class Counsel a weekly report which certifies the number of Class Members who have submitted valid Requests for Exclusion. Additionally, the Settlement Administrator will provide to counsel for both Parties any updated reports regarding the administration of the Settlement as needed or requested. The Settlement Administrator shall also forward to Parties' counsel any Notices of Objection received immediately upon receipt. Further, the Settlement Administrator shall immediately forward any Request for Exclusion to the Parties' counsel so that they can determine whether the Request for Exclusion is valid and timely.

22. Distribution of Payments. Within fifteen (15) calendar days of Defendant's funding the Maximum Settlement Amount, the Settlement Administrator shall pay: (1) the Individual Settlement Payments to Settlement Class Members; (2) the Individual PAGA Payments to Class Members; (3) the Labor and Workforce Development Agency seventy-five percent (75%) of the PAGA Payment; (4) the Enhancement Payment to Plaintiffs; and (5) Class Counsel Award to Class Counsel. The Settlement Administrator shall also issue a payment to itself for services performed in connection with the Settlement.

23. Non-Negotiated Settlement Checks. Any checks issued by the Settlement Administrator to Settlement Class Members and Class Members shall be negotiable for one hundred and eighty (180) calendar days. Those funds represented by settlement checks returned as undeliverable and the funds which correspond with the settlement checks that are not negotiated within one hundred and eighty (180) calendar days after issuance shall be transmitted by the Administrator to the California Controller's Unclaimed Property Fund in the name of the Class Member thereby leaving no "unpaid residue" subject to the requirements of California

Code of Civil Procedure § 384(b).

24. Certification of Completion. Upon completion of administration of the Settlement, the Settlement Administrator shall provide a written declaration under oath to certify such completion to the Court and counsel for all Parties.

25. Administration Costs if Settlement Fails or is Delayed. If an objection to the Settlement is filed with the Court, regardless of the ultimate outcome of any appeals taken, or if the Settlement is voided or rescinded, any costs incurred by the Settlement Administrator shall be borne equally by Defendant and Plaintiffs, unless otherwise specified in this Agreement.

26. Defendant's Right to Rescind. Defendant has in its sole discretion the right to void and withdraw from the Settlement if at any time prior to Final Approval, five percent (5%) or more of Class Members timely submit Requests for Exclusion from the Settlement and/or otherwise opt out of the Settlement. Defendants must exercise this right of rescission in writing to Class Counsel within 30 calendar days after the Response Deadline. If the option to rescind is exercised, then this Agreement will be null and void and deemed a negotiation for settlement purposes only and Defendant will be solely responsible for all Settlement Administration Costs incurred to the date of rescission.

27. Tax Allocation of Individual Settlement Shares and Individual PAGA Payments. Individual Settlement Payments shall be classified as 10% wages and 90% penalties and interest and Individual PAGA Payments shall be allocated as 100% as penalties. The amount of payments shall be reported on the appropriate tax forms by the Settlement Administrator.

28. Administration of Taxes by the Settlement Administrator. The Settlement Administrator shall be responsible for issuing to Plaintiffs, Settlement Class Members, Class Members and Class Counsel, 1099 forms or other tax forms as may be required by law for all amounts paid pursuant to this Agreement.

29. Tax Liability. Defendant, Defense Counsel, the Settlement Administrator, and Plaintiffs' counsel make no representation as to the tax treatment or legal effect of the payments called for hereunder, and Plaintiffs, Settlement Class Members and Class Members are not relying on any statement, representation, or calculation by Defendant, Defense Counsel,

Plaintiffs' counsel, or by the Settlement Administrator in this regard. Plaintiffs, Settlement Class Members and Class Members understand and agree that they will be solely responsible for the payment of any and all taxes and penalties assessed on their respective payments described herein and will defend, indemnify, and hold Released Parties, Defense Counsel, Plaintiffs' counsel and the Settlement Administrator free and harmless from and against any claims resulting from treatment of such payments as non-taxable penalties/damages.

30. 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, AND "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 ADVISERS, 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 UNITED STATES TREASURY DEPARTMENT CIRCULAR 230 (31 CFR PART 10, AS AMENDED); (2) THE ACKNOWLEDGING PARTY (A) HAS RELIED EXCLUSIVELY UPON HIS 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 ADVISER TO ANY OTHER PARTY TO AVOID ANY TAX PENALTY THAT MAY BE IMPOSED ON THE ACKNOWLEDGING PARTY; AND (3) NO ATTORNEY OR ADVISER TO ANY OTHER PARTY HAS IMPOSED ANY LIMITATION THAT PROTECTS THE CONFIDENTIALITY OF ANY SUCH ATTORNEY'S OR ADVISER'S TAX STRATEGIES (REGARDLESS OF WHETHER SUCH LIMITATION IS LEGALLY BINDING) UPON DISCLOSURE BY THE ACKNOWLEDGING PARTY OF THE TAX TREATMENT OR TAX STRUCTURE OF ANY

TRANSACTION, INCLUDING ANY TRANSACTION CONTEMPLATED BY THIS AGREEMENT.

31. No Prior Assignments. The Parties and their counsel represent, covenant, and warrant that 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 right herein released and discharged.

32. General Release of Claims by Plaintiffs. Plaintiffs on behalf of themselves and their respective past, present and future spouses, representatives, agents, attorneys, heirs, administrators, successors, and assigns generally, release and discharge Released Parties from any and all causes of action, claims, rights, demands, actions, causes of action, suits, damages (including punitive, statutory or liquidated damages), penalties, liabilities, restitution, losses, attorneys' fees, costs, interest, and expenses, of any and every nature whatsoever, known or unknown, as a result of any actions or omissions by any of the Released Parties, including, without limitation the Released Class Claims, claims for unpaid wages, unlawful discrimination, harassment, retaliation, or failure to accommodate and any other claims related to their employment, hiring, or their separation from employment, including without limitation under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Fair Labor Standards Act, the National Labor Relations Act, the California Fair Employment and Housing Act, the California Labor Code, the California Wage and Hour Laws and the California Private Attorneys' General Act and any amendments to the foregoing, or any other federal, state or local statute, rule, ordinance, or regulation, as well as any claims in equity or under common law for tort, contract or wrongful discharge. Plaintiffs may hereafter discover claims or facts in addition to, or different from, those which they now know or believe to exist, but Plaintiffs expressly agree to fully, finally and forever settle and release any and all claims against the Released Parties, known or unknown, suspected or unsuspected, which exist or may exist on behalf of or against the other at the time of execution of this Agreement, including, but not limited to, any and all claims relating to or arising from Plaintiffs' employment with Defendant provided, however, that nothing in this Release is intended to be a waiver by Plaintiffs of claims Plaintiffs

may have against the Released Parties (a) for unemployment or workers' compensation benefits, (b) for vested rights under ERISA-covered employee benefit plans as applicable on the date Plaintiffs sign this Agreement, or (c) claims that cannot be released by private agreement.

Plaintiffs further expressly waive and relinquish, to the fullest extent permitted by law, the provisions, rights and benefits of Section 1542 of the California Civil Code, 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**."

33. Release of Claims by Settlement Class Members. All Settlement Class Members, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, fully, finally and forever release, settle, compromise, relinquish and discharge, to the fullest extent possible, any and all of the Released Parties of and from any and all Released Class Claims.

34. Release of PAGA Claims by Class Members. Plaintiffs and all Aggrieved Employees, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, as well as the LWDA, hereby do and shall be deemed to have fully, finally and forever released, settled, compromised, relinquished and discharged, to the fullest extent possible, any and all of the Released Parties of and from any and all Released PAGA Claims.

35. Nullification of Settlement. In the event that the Settlement does not become final for any reason, then this Agreement, and any documents generated to bring it into effect, shall be null and void. Any order or judgment entered by the Court in furtherance of this Agreement shall likewise be treated as void from the beginning.

36. Disputes Regarding Individual Settlement Payments. In the event that Class Members have a dispute as to the data provided by Defendant, Class Members will have the opportunity to provide documentation and/or an explanation. Absent evidence rebutting Defendant's records, Defendant's records will be presumed determinative. If there is a dispute,

the Settlement Administrator will consult with the Parties to determine whether an adjustment is warranted. The Settlement Administrator shall determine the eligibility for, and the amounts of, any Individual Settlement Payments or Individual PAGA Payments under the terms of this Agreement, and that determination shall be binding.

37. Disputes Regarding Administration of Settlement. Any disputes not resolved by the Settlement Administrator concerning the administration of the Settlement will be resolved by the Court under the laws of the State of California. Prior to any such involvement of the Court, counsel for the Parties will confer in good faith to resolve the disputes without the necessity of involving the Court.

38. Preliminary Approval Hearing. Plaintiffs shall obtain a hearing before the Court to request the Preliminary Approval of the Settlement, conditional certification of the Class, and the entry of a Preliminary Approval Order: (i) approving of the proposed Settlement, and (ii) setting a date for a Final Approval/Settlement Fairness Hearing. The Preliminary Approval Order shall provide for the Notice Packet to be sent to all Class Members as specified herein. In conjunction with the Preliminary Approval hearing, Plaintiffs shall submit this Agreement, which sets forth the terms of this Settlement, and will include the proposed Notice Packet, attached to this Agreement as Exhibit B.

39. Final Settlement Approval Hearing. Upon expiration of the deadlines to submit Requests for Exclusion or Notices of Objections to the Settlement, and with the Court's permission, a Final Approval/Settlement Fairness Hearing shall be conducted to determine the Final Approval of the Settlement along with the amounts properly payable for (i) Individual Settlement Payments; (ii) the PAGA Payment; (ii) the Class Counsel Award; (iii) the Enhancement Payment; and (iv) Settlement Administration Costs. Class Counsel will be responsible for drafting all documents necessary to obtain final approval. Class Counsel will also be responsible for drafting the attorneys' fees and costs application to be heard at the Final Approval Hearing.

40. Entry of Judgment and Continued Jurisdiction of the Court. Concurrent with the Motion for Final Approval, the Parties shall also jointly seek the entry of Judgment consistent

with the terms of this Agreement. After entry of the Judgment, the Court shall have continuing jurisdiction solely for purposes of addressing: (i) the interpretation and enforcement of the terms of the Settlement, (ii) Settlement administration matters, and (iii) such post-Judgment matters as may be appropriate under court rules or as set forth in this Agreement.

41. Exhibits Incorporated by Reference. The terms of this Agreement include the terms set forth in any 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.

42. Entire Agreement. This Agreement and any attached Exhibits constitute the entirety of the Parties' Settlement terms. No other prior or contemporaneous written or oral negotiations or agreements may be deemed binding on the Parties.

43. Disputes Regarding Language of Final Settlement Agreement. If the Parties have a dispute with regard to the language of the Agreement, the Parties agree to attempt to informally resolve the dispute by engaging Brandon McKelvey, or other similarly experienced mediator to mediate such dispute.

44. Amendment or Modification. This Agreement may be amended or modified only by a written instrument signed by the Parties' counsel or their successors-in-interest.

45. Authorization to Enter into Agreement. Counsel for all Parties warrant and represent they are expressly authorized by the Parties whom they represent to negotiate this Agreement and to take all appropriate actions required or permitted to be taken by the Parties pursuant to this Agreement to effectuate its terms and to execute any other documents required to effectuate the terms of this Agreement. The Parties and their counsel will cooperate with each other and use their best and good-faith efforts to effect the implementation of the Settlement. If the Parties are unable to reach agreement on the form or content of any document needed to implement the Settlement, or on any supplemental provisions that may become necessary to effectuate the terms of this Settlement, the Parties may seek the assistance of the Court to resolve such disagreement.

46. Binding on Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, the successors, heirs, or assigns of the Parties hereto, as previously

defined.

47. California Law Governs. All terms of this Agreement and Exhibits hereto shall be governed by and interpreted according to the laws of the State of California.

48. Execution and Counterparts. This Agreement is subject only to the execution of all Parties. However, the Agreement may be executed in one or more counterparts. All executed counterparts and each of them, including, DocuSign, facsimile and scanned copies of the signature page, shall be deemed to be one and the same instrument provided that counsel for the Parties shall exchange among themselves original signed counterparts.

49. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe this Agreement is a fair, adequate, and reasonable settlement of the Action and have arrived at this Settlement after arm's-length negotiations, mediation, and in the context of adversarial litigation, taking into account all relevant factors, present and potential. The Parties further acknowledge that they are each represented by competent counsel and that they have had an opportunity to consult with their counsel regarding the fairness and reasonableness of this Agreement.

50. Invalidity of Any Provision. Before declaring any provision of this Agreement invalid, the Court shall first attempt to construe the provision as valid to the fullest extent possible consistent with applicable precedents so as to define all provisions of this Agreement valid and enforceable. Any invalid, illegal, or unenforceable provision determined by the Court shall in no way affect any other provision if Defendant and Class Counsel, on behalf of the Parties and the Settlement Class, mutually elect in writing to proceed as if such invalid, illegal, or unenforceable provision had never been included in this Agreement.

51. Waiver of Certain Appeals. Provided the Judgment is consistent with the terms and conditions of this Agreement, the Parties, their respective counsel, and all Class Members who did not object to the Settlement as provided in this Agreement, waive all rights to appeal from the Judgment, including all rights to post-judgment and appellate proceedings, the right to file motions to vacate judgment, motions for new trial, extraordinary writs, and appeals. The waiver of appeal does not include any waiver of the right to oppose such motions, writs or

appeals, nor does it include Plaintiffs or Class Counsel's right to appeal any reduction in the Class Counsel Award below the amount Class Counsel requests. If an objector appeals the Judgment, the Parties' obligations to perform under this Agreement will be suspended until such time as the appeal is finally resolved and the Judgment becomes final, except as to matters that do not affect the amount of the Net Settlement Amount.

52. Class Action Certification. The Parties are agreeing to class certification for settlement purposes only. This Agreement shall not constitute, in this or any other proceeding, an admission of any kind by Defendant or Released Parties, including without limitation, that certification of a class for trial or any other purpose is appropriate or proper or that Plaintiffs or any Class Member can establish any of the requisite elements for class treatment of any of the claims in this Action. If, for any reason, the Settlement is not finally approved, this Agreement will be void and the Parties will be restored to their respective positions in the lawsuit as if they had not entered into this Agreement. The Parties further agree that this Agreement or any documents or orders issued related to this Settlement will not be admissible, other than according to the Settlement's terms, in this or any other proceeding as evidence that either: (i) a class action should be certified, or (ii) Released Parties are liable to Plaintiffs or any Class Member.

53. Non-Admission of Liability. The Parties enter into this Agreement to resolve the dispute that has arisen between them and to avoid the burden, expense and risk of continued litigation. In entering into this Agreement, Defendant and the Released Parties do not admit, and specifically deny, that they have violated any state, or local law; violated any regulations or guidelines promulgated pursuant to any statute or any other applicable laws, regulations or legal requirements; breached any contract; violated or breached any duty; engaged in any misrepresentation or deception; or engaged in any other unlawful conduct with respect to its employees. Neither this Agreement, nor any of its terms or provisions, nor any of the negotiations connected with it, shall be construed as an admission or concession by Defendant or any other Released Party of any such violations or failures to comply with any applicable law, regulation, or legal requirement. Except as necessary in a proceeding to enforce the terms of this Agreement, this Agreement and its terms and provisions shall not be offered or received as

evidence in any action or proceeding to establish any liability or admission of any nature on the part of Defendant or any Released Party, or to establish the existence of any condition constituting a violation of, or a non-compliance with, federal, state, local or other applicable law.

54. Captions. The captions and section numbers in this Agreement are inserted for the reader's convenience, and in no way define, limit, construe or describe the scope or intent of the provisions of this Agreement.

55. Waiver. No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by any of the Parties hereto shall be considered to imply or constitute a further waiver by such party of the same or any other condition, covenant, right or remedy.

56. Enforcement Actions. In the event that one or more of the Parties institutes any legal action or other proceeding against any other Party or Parties to enforce the provisions of this Settlement, or to declare rights and/or obligations under this Settlement, the prevailing Party or Parties shall be entitled to recover from the non-prevailing Party or Parties reasonable attorneys' fees and costs incurred in connection with any enforcement actions.

57. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms and conditions of this Agreement. Accordingly, this Agreement shall not be construed more strictly against one Party than another merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being recognized that, because of the arm's-length negotiations between the Parties, all Parties have contributed to the preparation of this Agreement.

58. Representation by Counsel. The Parties acknowledge that they have been represented by counsel throughout all negotiations that preceded the execution of this Agreement, and that this Agreement has been executed with the consent and advice of counsel.

59. Cooperation and Execution of Necessary Documents. All Parties shall cooperate in good faith and execute all documents to the extent reasonably necessary to effectuate the terms of this Agreement.

60. Binding Agreement. The Parties warrant that they understand and have full

authority to enter into this Agreement, and further intend that this Agreement shall be fully enforceable and binding on all Parties, and the Parties agree that this Agreement shall be admissible and subject to disclosure in any proceeding to enforce its terms.

IN WITNESS WHEREOF, the Parties hereto knowingly and voluntarily executed this Joint Stipulation of Class and Representative Action Settlement Between Plaintiffs and Defendants as of the date(s) set forth below:

SIGNATURES

READ CAREFULLY BEFORE SIGNING

DATED: May 18, 2025

DEFENDANTS HAT WORLD INC.

Signed by:
Coleman Ruiz
21EBDB86F3E74B1...
[NAME]
[TITLE] Operating Partner

DATED: 4/11/2025

PLAINTIFF LEEA STEVIE PALMA

DocuSigned by:
Leea Palma
91DEBA1E0E46CF...
Plaintiff Leea Stevie Palma

DATED: 04/23/2025

PLAINTIFF TAKORI JULIANA COLEMAN

Plaintiff Takori Juliana Coleman

TC

APPROVED AS TO FORM

Dated: April 9, 2025

LAW OFFICES OF CHOI & ASSOCIATES, P.C.
HYUN LEGAL, APC
POLARIS LAW GROUP

By: ______________________

Dennis S. Hyun
Edward W. Choi
William L. Marder
Attorneys for Plaintiff Leea Stevie Palma

Dated: April 9, 2025

LAVI & EBRAHIMIAN, LLP

By: Joseph Lavi

Joseph Lavi
Attorneys for Plaintiff Takori Juliana Coleman

Dated: April 9, 2025

VEDDER PRICE (CA), LLP

Signed by:
By: Cheryl Sabnis
89A1846E2A884B8...

Cheryl A. Sabnis
Attorneys for Defendant

EXHIBIT A

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FILED
SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN BERNARDINO
SAN BERNARDINO DISTRICT

MAY 01 2025

BY Veronica Cruz, Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO - COMPLEX

LEEA STEVIE PALMA, as a proxy for the State of California, Plaintiffs, vs. HAT WORLD, INC., a Corporation; and DOES 1 through 100, inclusive, Defendants.	Case No. CIVSB2317027 Assigned to Hon. David E. Driscoll in Dept S22 **JOINT STIPULATION FOR LEAVE TO FILE FIRST AMENDED COMPLAINT; ~~[PROPOSED]~~ ORDER** Complaint Filed: July 21, 2023

ADDITIONAL COUNSEL

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Attorneys for Plaintiff TAKORI JULIANA COLEMAN,
on behalf of herself and others similarly situated

Plaintiff LEEA STEVIE PALMA ("Palma"), Plaintiff Takoria Juliana Coleman ("Coleman") and Defendant HAT WORLD, INC., a Corporation ("Defendant") (collectively, the "Parties"), by and through their counsel of record, hereby stipulate as follows with reference to the following facts:

WHEREAS, on December 1, 2022, Plaintiff Palma filed her class action lawsuit in the San Bernardino County Superior Court, Case Number CIVSB2226674 ("*Palma Class Action*");

WHEREAS, on June 1, 2023, Defendant filed its Notice of Removal of Plaintiff Palma's Action to Federal Court;

WHEREAS, on July 21, 2023, Plaintiff Palma filed her PAGA action in the San Bernardino County Superior Court, Case Number CIVSB2317027 ("*Palma PAGA Action*");

WHEREAS, on June 1, 2023, Plaintiff Coleman filed a class action lawsuit against Defendant in the Alameda Superior Court, Case Number 23CV034805 ("*Coleman Class Action*");

WHEREAS, on August 9, 2023 Plaintiff Coleman filed a representative PAGA Action in the Alameda Superior Court, Case Number 23CV040391 ("*Coleman PAGA Action*");

WHEREAS, as the Parties engaged in private mediation on two separate occasions before mediator Brandon McKelvey, Esq., on September 20, 2024;

WHEREAS, at the mediation, the Parties did not reach a settlement but agreed to continue negotiations with the aid of the mediator;

WHEREAS, after months of continued negotiations, the Parties reached a class and representative PAGA action settlement that resolve all claims in the Palma Class and PAGA Actions and Coleman Class and PAGA Actions;

WHEREAS, as part of the settlement agreement and to facilitate the efficient administration of the Parties' settlement, the Parties have agreed to permit Plaintiffs to file a First Amended Class Action Complaint ("FAC"), which joins Palma's and Coleman's and consolidates the claims across each action in a singular complaint, a true and correct copy of which is attached hereto as Exhibit A;

NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and between the Parties, through their respective attorneys of record that:

1. The Parties respectfully request, that the Court issue an order granting Plaintiffs leave to file the proposed FAC; and

2. That the FAC shall be deemed served on Defendant through its attorneys of record on the date that the Court signs this Order and Defendant's Answer on file shall serve as the response to the FAC unless Defendant elects to file an Answer to the FAC. Consistent with the terms of the parties' settlement, Defendant agrees that it will not file a demurrer or motion to strike to the FAC.

IT IS SO STIPULATED.

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Dated: April 9, 2025

LAW OFFICES OF CHOI & ASSOCIATES, P.C.
HYUN LEGAL, APC
POLARIS LAW GROUP

By: /s/ Edward W. Choi

Dennis S. Hyun
Edward W. Choi
William L. Marder
Attorneys for Plaintiff Leea Stevie Palma

Dated: April 9, 2025

LAVI & EBRAHIMIAN, LLP

By: /s/ Alexander J. Aroeste

Alexander J. Aroeste
Attorneys for Plaintiff Takori Juliana Coleman

Dated: April 9, 2025

VEDDER PRICE (CA), LLP

By: /s/ Cheryl A. Sabnis

Cheryl A. Sabnis
Attorneys for Defendant

~~[PROPOSED]~~ ORDER

GOOD CAUSE APPEARING THEREFOR, the above Stipulation IS HEREBY APPROVED. ACCORDINGLY, THIS COURT ORDERS AS FOLLOWS:

1. Plaintiffs shall file the proposed FAC; and

2. That the FAC shall be deemed served on Defendant through its attorneys of record on the date that the Court signs this Order and Defendant's Answer on file shall serve as the response to the FAC.

IT IS SO ORDERED.

Dated: 5/1/25

Hon. David E. Driscoll
JUDGE OF THE SUPERIOR COURT

EXHIBIT A

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Attorneys for Plaintiffs and the Class

(Additional Counsel listed on next page)

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO - COMPLEX

LEEA STEVIE PALMA, as an individual and on behalf of all others similarly situated,

Plaintiffs,

vs.

HAT WORLD, INC., a Corporation; and DOES 1 through 100, inclusive,

Defendants.

Case No. CIV SB 2317027

FIRST AMENDED CLASS ACTION COMPLAINT FOR DAMAGES:

(1) VIOLATION OF LABOR CODE §§ 226.7 and 512;

(2) VIOLATION OF LABOR CODE § 226.7;

(3) FAILURE TO PAY WAGES FOR ALL HOURS WORKED AT MINIMUM WAGE IN VIOLATION OF LABOR CODE SECTIONS 1194 AND 1197;

(4) FAILURE TO PAY OVERTIME WAGES FOR DAILY OVERTIME WORKED IN VIOLATION OF LABOR CODE SECTIONS 510 AND 1194;

(5) VIOLATION OF LABOR CODE §226;

(6) VIOLATION OF LABOR CODE §§ 2800 AND 2802;

(7) FAILURE TO TIMELY PAY ALL EARNED WAGES AND FINAL PAYCHECKS DUE AT TIME OF SEPARATION OF EMPLOYMENT IN VIOLATION OF LABOR CODE SECTIONS 201, 202, AND 203

(8) **VIOLATION OF BUSINESS & PROFESSIONS CODE § 17200, *ET SEQ.***

(9) **VIOLATION OF LABOR CODE §§2698, *ET SEQ.***

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Plaintiffs LEEA STEVIE PALMA and TAKORI JULIANA COLEMAN ("Plaintiffs"), hereby submits this First Amended Class Action Complaint ("Complaint") against Defendants HAT WORLD, INC., a Corporation ("Defendant," or the "Company"), and DOES 1-100 (hereinafter collectively referred to as "Defendants"), as individuals and on behalf of a Class of all other similarly situated current and former employees of Defendants for penalties and/or damages for violations of the California Labor Code, including without limitation, failure to provide meal and rest periods and pay the requisite premium wages at the regular rate of pay, failure to provide meal and rest periods; failure to pay wages for all hours worked at minimum wage, failure to pay overtime wages for daily overtime worked, failure to reimburse business expenses, provide employees with accurate itemized wage statements and timely pay wages to terminated employees as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over the violations of the California Labor Code §§ 201-204, 218.5, 226, 226.7, 510, 512, 1194, 1197, 1198, and 2802, and California Business & Professions Code § 17200, *et seq.*

2. Venue is proper in this Court because Plaintiff Leea Stevie Palma worked for Defendant in San Bernardino, California.

PARTIES

3. On or about March 19, 2021, Defendant hired Plaintiff Leea Stevie Palma to work as a non-exempt sales associate in San Bernardino, California. On or about September 19, 2022, Plaintiff Leea Stevie Palma's employment ended.

4. Defendants employed Plaintiff Takori Juliana Coleman as an hourly non-exempt employee from in or around March 19, 2021, until on or about May 5, 2023.

5. Defendants are engaged in the retail industry and operate in the State of California, including in San Bernardino County.

DOE DEFENDANTS

6. Plaintiffs do not know the true names or capacities, whether individual, partner or corporate, of the Defendants sued herein as Does 1 through 50, inclusive, and for that reason,

said Defendants are sued under such fictitious names, and Plaintiffs pray for leave to amend this complaint when the true names and capacities are known. Plaintiffs are informed and believe and, based thereon allege, that each of said fictitious Defendants was responsible in some way for the matters alleged herein and proximately caused Plaintiffs to be subject to the illegal employment practices, wrongs and injuries complained of herein.

AGENCY STATUS OF EACH DEFENDANT

7. At all times herein mentioned, each of said Defendants participated in the doing of the acts hereinafter alleged to have been done by the named Defendants; and furthermore, the Defendants, and each of them, were the agents, servants and employees of each of the other Defendants, as well as the agents of all Defendants, and at all times herein mentioned, were acting within the course and scope of said agency and employment.

8. Plaintiffs are informed and believe and, based thereon allege, that at all times material hereto, each of the Defendants named herein was the agent, employee, alter ego and/or joint venturer of, or working in concert with each of the other co-Defendants and was acting within the course and scope of such agency, employment, joint venture, or concerted activity. To the extent said acts, conduct, and omissions were perpetrated by certain Defendants, each of the remaining Defendants confirmed and ratified said acts, conduct, and omissions of the acting Defendants.

9. At all times herein mentioned, Defendants, and each of them, were members of, and engaged in, a joint venture, partnership and common enterprise, and acting within the course and scope of, and in pursuance of, said joint venture, partnership and common enterprise.

10. At all times herein mentioned, the acts and omissions of various Defendants, and each of them, concurred and contributed to the various acts and omissions of each and all of the other Defendants in proximately causing the injuries and damages as herein alleged. At all times herein mentioned, Defendants, and each of them, ratified each and every act or omission complained of herein. At all times herein mentioned, the Defendants, and each of them, aided and abetted the acts and omissions of each and all of the other Defendants in proximately causing the damages as herein alleged.

CLASS ALLEGATIONS

11. **Class Definition**: The named individual Plaintiffs bring this action individually and on behalf of the following Classes pursuant to Code of Civil Procedure § 382. Plaintiffs propose the following class definition: "all current and former California non-exempt employees of Defendants who, at any time from December 1, 2018, through the present (the "Class").

12. **Numerosity**: The members of the Class are so numerous that joinder of all members would be impractical, if not impossible. The identity of the members of the Class is readily ascertainable by review of Defendant's records, including payroll records.

13. **Adequacy of Representation:** The named Plaintiffs are fully prepared to take all necessary steps to represent fairly and adequately the interests of the Class defined above. Plaintiffs' attorneys are ready, willing and able to fully and adequately represent the Class and individual Plaintiffs. Plaintiffs' attorneys have prosecuted and settled wage-and-hour class actions in the past and currently have a number of wage-and-hour class actions pending in California courts.

14. **Common Question of Law and Fact**: There are predominant common questions of law and fact and a community of interest amongst Plaintiffs and the claims of the Class concerning Defendants': failure to provide meal and rest periods and pay the requisite premium wages at the regular rate of pay; failure to reimburse business expenses; failure to pay wages for all hours worked at minimum wage; failure to pay overtime wages for daily overtime worked; provide employees with accurate itemized wage statements; and timely pay wages to terminated employees.

15. **Typicality**: The claims of Plaintiffs are typical of the claims of all members of the Class. Plaintiffs are a member of the Class and has suffered the alleged violations of California Labor Code §§ 201-204, 218.5, 226, 226.7, 510, 512, 1194, 1197, 1198, and California Business & Professions Code § 17200, *et seq.*.

(a) **Failure to provide meal and rest periods and/or pay premium pay at the regular rate of pay:** Plaintiffs were denied their off-duty meal and rest periods in accordance with the Labor Code and applicable Wage Orders. Additionally, Plaintiffs earned non-discretionary incentive pay, including without limitation, Bonus wages, which was not factored into the regular rate of pay for purposes of paying meal and rest period premium pay. Instead, during pay periods in which Plaintiffs earned non-discretionary remuneration covering time periods in which Plaintiffs were paid meal and rest period premium pay, Defendants improperly paid the meal and/or rest period premium pay at the base rate of pay in violation of Labor Codes 512 and 226.7.

(b) **Failure to pay wages for all hours worked at the legal minimum wage:** Defendants employed many of their employees, including Plaintiffs, as hourly non-exempt employees. In California, an employer is required to pay hourly employees for all "hours worked," which includes all time that an employee is under the control of the employer and all time the employee is suffered and permitted to work. This includes the time an employee spends, either directly or indirectly, performing services which inure to the benefit of the employer. Plaintiffs and similarly situated hourly non-exempt employees worked more minutes per shift than Defendants credited them with having worked. Defendants failed to pay Plaintiff and similarly situated employees all wages at the applicable minimum wage for all hours worked due to Defendants' policies, practices, and/or procedures including, but not limited to:

(1) Requiring Plaintiffs and similarly situated employees who worked closing shifts to secure and lock Defendant's stores and perform deposit drops after clocking-out for the end of their shifts;

(2) Requiring Plaintiffs and similarly situated employees who worked single-employee shifts to remain on-duty during their off-the-clock meal breaks.

(3) Plaintiffs and similarly situated employees were not paid for this time resulting in Defendants' failure to pay minimum wage for all the hours Plaintiff and similarly situated employees worked.

(4) Therefore, Defendants suffered, permitted, and required their hourly non-exempt employees to be subject to Defendants' control without paying wages for that time. This resulted in Plaintiff and similarly situated employees working time for which they were not compensated any wages, in violation of Labor Code sections 1194, 1197, and Wage Order 7.

(c) **Failure to pay wages for overtime hours worked at the overtime rate of pay:** Defendants employed many of their employees, including Plaintiff, as hourly non-exempt employees. In California, an employer is required to pay hourly employees for all "hours worked," which includes all time that an employee is under the control of the employer and all time the employee is suffered or permitted to work. This includes the time an employee spends, either directly or indirectly, performing services which inure to the benefit of the employer. Labor Code sections 1194 and 1197 require an employer to compensate employees for all "hours worked" at least at the minimum wage rate of pay as established by the IWC and the Wage Orders. Plaintiff and similarly situated hourly non-exempt employees worked more minutes per shift than Defendants credited them with having worked. Defendants failed to pay Plaintiff and similarly situated employees all wages at the applicable minimum wage for all hours worked due to Defendants' policies, practices, and/or procedures including, but not limited to:

(1) Requiring Plaintiffs and similarly situated employees who worked closing shifts to secure and lock Defendant's stores and perform deposit drops after clocking-out for the end of their shifts;

(2) Requiring Plaintiffs and similarly situated employees who worked single-employee shifts to remain on-duty during their off-the-clock meal breaks.

(3) Plaintiffs and similarly situated employees were not paid for this time resulting in Defendants' failure to pay minimum wage for all the hours Plaintiff and similarly situated employees worked.

Therefore, Defendants suffered, permitted, and required their hourly non-exempt employees to be subject to Defendants' control without paying wages for that time. This resulted in Plaintiff and similarly situated employees working time for which they were not compensated any wages, in violation of Labor Code sections 1194, 1197, and Wage Order 7.

(d) **Failure to Reimburse Business Expenses:** Defendants failed to reimburse Plaintiffs for business expenses in violation of Labor Code §§ 2800 and 2802.

(e) **Failure to Timely Pay All Earned Wages and Final Paychecks Due at Time of Separation:** Further, as a result of the violations set forth above, the Company violated Labor

Code §§ 201-204 by not paying employees all of their wages upon separation of employment due to the unpaid or underpaid meal and rest break premiums and unpaid minimum and overtime wages. Further, Defendants violated Labor Code § 226 by failing to accurately identifying the accurate rate of pay, and gross and net wages earned. Additionally, Defendant violated Labor Code § 226(a) as to Plaintiff and Class Members whenever Defendant paid "Bonus" wages because Defendant failed to specify the hourly rate at which said wages were paid.

Therefore, Plaintiffs are members of the Class and has suffered the alleged violations of California Labor Code §§ 201-204, 218.5, 226, 226.7, 510, 512, 1194, 1197, 1198, and 2802 and California Business & Professions Code § 17200, *et seq.*

16. The Labor Code and regulations upon which Plaintiffs base these claims are broadly remedial in nature. These laws and labor standards serve an important public interest in establishing minimum working conditions and standards in California. These laws and labor standards protect the average working employee from exploitation by employers who may seek to take advantage of superior economic and bargaining power in setting onerous terms and conditions of employment.

17. The nature of this action and the format of laws available to Plaintiffs and members of the Class identified herein make the class action format a particularly efficient and appropriate procedure to redress the wrongs alleged herein. If each employee were required to file an individual lawsuit, the corporate Defendant would necessarily gain an unconscionable advantage since it would be able to exploit and overwhelm the limited resources of each individual plaintiff with their vastly superior financial and legal resources. Requiring each Class member to pursue and individual remedy would also discourage the assertion of lawful claims by employees who would be disinclined to file an action against their former and/or current employer for real and justifiable fear of retaliation and permanent damage to their careers at subsequent employment.

18. The prosecution of separate actions by the individual Class members, even if possible, would create a substantial risk of (a) inconsistent or varying adjudications with respect to individual Class members against the Defendant and which would establish potentially

incompatible standards of conduct for the Defendant, and/or (b) adjudications with respect to individual Class members which would, as a practical matter, be dispositive of the interest of the other Class members not parties to the adjudications or which would substantially impair or impede the ability of the Class members to protect their interests. Further, the claims of the individual members of the Class are not sufficiently large to warrant vigorous individual prosecution considering all of the concomitant costs and expenses.

19. Such a pattern, practice and uniform administration of corporate policy regarding illegal employee compensation described herein is unlawful and creates an entitlement to recovery by the Plaintiffs and the Class identified herein, in a civil action for all damages and or penalties pursuant to Labor Code § 226 including interest thereon, applicable penalties, reasonable attorney's fees, and costs of suit according to the mandate of California Labor Code §§ 218.5, 226 and 1194 and Code of Civil Procedure § 1021.5.

20. Proof of a common business practice or factual pattern, which the named Plaintiffs experienced and is a representative of, will establish the right of each of the members of the Class to recovery on the causes of action alleged herein. This action is brought for the benefit of the entire Class and will result in the creation of a common fund.

FIRST CAUSE OF ACTION

VIOLATION OF LABOR CODE §§ 226.7 AND 512

(BY PLAINTIFFS AND THE CLASS AGAINST ALL DEFENDANTS)

21. Plaintiffs re-allege and incorporate by reference the preceding paragraphs as though fully set forth herein.

22. At all relevant times, Defendants failed in their affirmative obligation to ensure that Plaintiff, and other class members, had the opportunity to take and were provided with off-duty meal periods in accordance with the mandates of the California Labor Code and the applicable IWC Wage Order. Plaintiffs and Class Members were suffered and permitted to work through legally required meal breaks and were denied the opportunity to take their full 30-minute off-duty meal breaks. As such, Defendants are responsible for paying premium compensation for missed meal periods pursuant to Labor Code §§ 226.7 and 512 and the applicable IWC Wage

Order. Specifically, Labor Code § 226.7(c) provides that "the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday the meal or rest or recovery period is not provided."

23. Further, Defendants, as a matter of corporate policy and procedure, regularly failed to pay the meal period premium at the correct rate of pay. Plaintiffs and Class Members earned non-discretionary incentive pay, including without limitation, Bonus wages, which was not factored into the regular rate of pay for purposes of paying meal period premium pay. Instead, during pay periods in which Plaintiff and Class Members earned non-discretionary remuneration, Defendants improperly paid the meal premium pay at the base rate of pay.

24. Plaintiffs are informed and believe and based thereon alleges that Defendants willfully failed to include all remuneration, including non-discretionary remuneration, in the regular rate of pay for purposes of calculating meal period premium pay, as required by Labor Code §§ 226.7 and 512, and the applicable IWC Wage Order. Plaintiffs further allege that Plaintiffs and similarly situated employees are owed wages for the meal period violations set forth above.

25. Plaintiffs are informed and believes, and based thereon allege, that Defendants' willful failure to provide all meal period premium pay and/or wages due and owing them upon separation from employment results in a continued payment of wages up to thirty (30) days from the time the wages were due. Therefore, Plaintiffs and other members of the Class who have separated from employment are entitled to compensation pursuant to Labor Code § 203. Such a pattern, practice and uniform administration of corporate policy as described herein is unlawful and creates an entitlement to recovery by the Plaintiffs and Class Members identified herein, in a civil action, for the unpaid balance of the unpaid premium compensation pursuant to Labor Code §§ 201-204, 226.7 and 512, and the applicable IWC Wage Order, including interest thereon, penalties, and costs of suit.

SECOND CAUSE OF ACTION

VIOLATION OF LABOR CODE § 226.7

(BY PLAINTIFFS AND THE CLASS AGAINST ALL DEFENDANTS)

26. Plaintiffs re-allege and incorporate by reference the preceding paragraphs as though fully set forth herein.

27. At all relevant times, Defendants failed in their affirmative obligation to ensure that Plaintiffs, and other class members, were authorized and permitted to take rest periods in accordance with the mandates of the California Labor Code and the applicable IWC Wage Order. Plaintiffs and Class Members were suffered and permitted to work through legally required rest breaks and were denied the opportunity to take their full 10-minute off-duty rest breaks for every 3.5 hours worked. As such, Defendants are responsible for paying premium compensation for missed rest periods pursuant to Labor Code §§ 226.7 and 512 and the applicable IWC Wage Order. Specifically, Labor Code § 226.7(c) provides that "the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday the meal or rest or recovery period is not provided." Defendants, as a matter of corporate policy and procedure, regularly failed to pay the rest period premium at the correct rate of pay.

28. Further, Plaintiffs and Class Members earned non-discretionary incentive pay, including without limitation, Bonus wages, which was not factored into the regular rate of pay for purposes of paying rest period premium pay. Instead, during pay periods in which Plaintiffs and Class Members earned non-discretionary remuneration, Defendants improperly paid the rest premium pay at the base rate of pay.

29. Plaintiffs are informed and believe and based thereon alleges that Defendants willfully failed to include all remuneration, including non-discretionary remuneration, in the regular rate of pay for purposes of calculating rest period premium pay, as required by Labor Code § 226.7, and the applicable IWC Wage Order. Plaintiffs further alleges that Plaintiffs and similarly situated employees are owed wages for the rest period violations set forth above.

30. Plaintiffs are informed and believes, and based thereon allege, that Defendants' willful failure to provide all rest period premium pay and/or wages due and owing them upon separation from employment results in a continued payment of wages up to thirty (30) days from the time the wages were due. Therefore, Plaintiffs and other members of the Class who have

separated from employment are entitled to compensation pursuant to Labor Code § 203. Such a pattern, practice and uniform administration of corporate policy as described herein is unlawful and creates an entitlement to recovery by the Plaintiffs and Class Members identified herein, in a civil action, for the unpaid balance of the unpaid premium compensation pursuant to Labor Code §§ 201-204, 226.7 and 512, and the applicable IWC Wage Order, including interest thereon, penalties, and costs of suit.

THIRD CAUSE OF ACTION

FAILURE TO PAY WAGES FOR ALL HOURS OF WORK AT THE LEGAL MINIMUM WAGE RATE IN VIOLATION OF LABOR CODE SECTIONS 1194 AND 1197

(BY PLAINTIFFS AND THE CLASS AGAINST ALL DEFENDANTS)

31. Plaintiffs re-allege and incorporate by reference the preceding paragraphs as though fully set forth herein.

32. At all times relevant to this Complaint, Plaintiffs and the Class were hourly non-exempt employees of Defendants.

33. Pursuant to Labor Code sections 1194, 1197, and the Wage Order, Plaintiffs and the Class are entitled to receive wages for all hours worked, i.e., all time they were subject to Defendants' control, and those wages must be paid at least at the minimum wage rate in effect during the time the employees earned the wages.

34. Defendants' policies, practices, and/or procedures required Plaintiff and the Minimum Wage Class to be engaged, suffered, or permitted to work without being paid wages for all of the time in which they were subject to Defendants' control.

35. Defendants employed policies, practices, and/or procedures including, but not limited to:

(a) Requiring Plaintiffs and the Class who worked closing shifts to secure and lock Defendant's stores and perform deposit drops after clocking-out for the end of their shifts; and

(b) Requiring Plaintiffs and the Class who worked single-employee shifts to remain on-duty during their off-the-clock meal breaks.

36. Plaintiffs and the Class were not paid for this time resulting in Defendants' failure to pay minimum wage for all the hours Plaintiff and the Minimum Wage Class worked.

37. As a result of Defendants' unlawful conduct, Plaintiffs and the Class have suffered damages in an amount subject to proof, to the extent that they were not paid wages at a minimum wage rate for all hours worked.

38. Pursuant to Labor Code sections 1194 and 1194.2, Plaintiffs and the Class are entitled to recover unpaid minimum wage, interest thereon, liquidated damages in the amount of their unpaid minimum wage, and attorneys' fees and costs.

FOURTH CAUSE OF ACTION

FAILURE TO PAY OVERTIME WAGES IN VIOLATION OF LABOR CODE SECTIONS 510 and 1194

(BY PLAINTIFFS AND THE CLASS AGAINST ALL DEFENDANTS)

39. Plaintiffs re-allege and incorporate by reference the preceding paragraphs as though fully set forth herein.

40. At times relevant to this Complaint, Plaintiffs and the Class were hourly non-exempt employees of Defendants, covered by Labor Code sections 510 and 1194 and the Wage Order 7.

41. Pursuant to Labor Code sections 510 and 1194 and the Wage Order 7, hourly non-exempt employees are entitled to receive a higher rate of pay for all hours worked in excess of eight (8) hours in a workday, forty (40) hours in a workweek, and on the seventh day of work in a workweek.

42. Labor Code section 510, subdivision (a), states in relevant part:

> Eight hours of labor constitutes a day's work. Any work in excess of eight hours in one workday and any work in excess of 40 hours in any one workweek and the first eight hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee. Any work in excess of 12 hours in one day shall be

compensated at the rate of no less than twice the regular rate of pay for an employee. In addition, any work in excess of eight hours on any seventh day of a workweek shall be compensated at the rate of no less than twice the regular rate of pay of an employee. Nothing in this section requires an employer to combine more than one rate of overtime compensation in order to calculate the amount to be paid to an employee for any hour of overtime work.

43. Further, Labor Code section 1198 provides:

The maximum hours of work and the standard conditions of labor fixed by the commission shall be the maximum hours of work and the standard conditions of labor for employees. The employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the order is unlawful.

44. Despite California law requiring employers to pay employees a higher rate of pay for all hours worked more than eight (8) hours in a workday, more than forty (40) hours in a workweek, and on the seventh day of work in a workweek, Defendants failed to pay all overtime wages to Plaintiffs and the Class for their daily overtime hours worked.

45. Specifically, Defendants' employed policies, practices, and/or procedures including, but not limited to:

(a) Requiring Plaintiffs and the Class who worked closing shifts to secure and lock Defendant's stores and perform deposit drops after clocking-out for the end of their shifts; and

(b) Requiring Plaintiffs and the Class who worked single-employee shifts to remain on-duty during their off-the-clock meal breaks.

46. Plaintiffs and the Class were not paid for this time.

47. To the extent that the foregoing unpaid time resulted from Plaintiffs and the Class being subject to the control of Defendants when they worked more than eight (8) hours in a workday, more than forty (40) hours in a workweek, and/or seven days in a workweek, Defendants failed to pay them at their overtime rate of pay for all the overtime hours they worked.

48. Overtime is based upon an employee's regular rate of pay. "The regular rate at which an employee is employed shall be deemed to include all remuneration for employment

paid to, or on behalf, of the employee." *See* Division of Labor Standards Enforcement – Enforcement Policies and Interpretations Manual, Section 49.1.2.

49. In this case, when Plaintiffs and Class Members earned overtime wages, Defendants failed to pay them overtime wages at the proper overtime rate of pay due to Defendants' failure to include all remuneration when calculating the overtime rate of pay. Specifically, Defendants maintained a policy, practice, and/or procedure of failing to include all remuneration such as "bonus pay," for example, when calculating Plaintiffs' and Regular Rate Class Members' regular rate of pay for the purpose of paying overtime.

50. As a result of Defendants' unlawful conduct, Plaintiffs and the Class have suffered damages in an amount subject to proof, to the extent that they were not paid at their proper overtime rate of pay for all hours worked which constitute overtime.

51. Pursuant to Labor Code section 1194, Plaintiff and the Class are entitled to recover the full amount of their unpaid overtime wages, prejudgment interest, and attorneys' fees and costs.

FIFTH CAUSE OF ACTION

VIOLATION OF LABOR CODE § 226

(BY PLAINTIFFS AND THE CLASS AGAINST ALL DEFENDANTS)

52. Plaintiffs re-allege and incorporate by reference the preceding paragraphs as though fully set forth herein.

53. Defendants failed in their affirmative obligation to provide accurate itemized wage statements. Specifically, Defendant did not include the correct rate of premium pay for missed meal and/or rest periods on wage statements issued to Plaintiffs and the Class. Additionally, whenever meal and/or rest premium and "Bonus" wages were paid, Defendant failed to list the applicable hourly rate, gross wages and net wages earned, on wage statements furnished to Plaintiffs and Class Members. Therefore, Defendants violated Labor Code § 226 by not providing the requisite itemized wage statements to Plaintiffs and Class Members.

54. Such a pattern, practice and uniform administration of corporate policy as

described herein is unlawful and creates an entitlement to recovery by the Plaintiffs and the Class identified herein, in a civil action, for all damages or penalties pursuant to Labor Code § 226, including interest thereon, attorneys' fees, and costs of suit according to the mandate of California Labor Code § 226.

SIXTH CAUSE OF ACTION

VIOLATION OF LABOR CODE §§ 2800 AND 2802

(BY PLAINTIFFS AND THE CLASS AGAINST ALL DEFENDANTS)

55. Plaintiffs re-allege and incorporate by reference the preceding paragraphs as though fully set forth herein.

56. This cause of action is brought pursuant to Labor Code §§ 2800 and 2802, which provide that employees are entitled to be indemnified for expenses and losses in discharging the duties of their employers.

57. At all relevant times, Defendants regularly failed to reimburse and indemnify Plaintiffs and the Class members for business expenses incurred in the discharge of their duties.

58. Defendant had a uniform corporate pattern and practice and procedure regarding the above practices in violation of Labor Code §§ 2800 and 2802.

59. Such a pattern, practice and uniform administration of corporate policy regarding Defendant's failure to reimburse employees for their business expenses as described herein is unlawful and creates an entitlement to recovery by Plaintiffs in a civil action, for the unpaid balance of the full amount of damages owed, including interest thereon, penalties, attorneys' fees, and costs of suit according to the mandate of California Labor Code §§ 2800 and 2802.

SEVENTH CAUSE OF ACTION

FAILURE TO TIMELY PAY ALL EARNED WAGES AND FINAL PAYCHECKS DUE AT TIME OF SEPARATION OF EMPLOYMENT IN VIOLATION OF LABOR CODE SECTIONS 201, 202, AND 203

(BY PLAINTIFFS AND THE CLASS AGAINST ALL DEFENDANTS)

60. Plaintiffs incorporate all paragraphs above as though fully set forth herein.

61. At all times relevant to this Complaint, Plaintiff and the Class members were

employees of Defendants, covered by Labor Code sections 201 and 202.

62. An employer is required to pay all unpaid wages timely after an employee's employment ends. The wages are due immediately upon termination or within seventy-two (72) hours of resignation. Labor Code sections 201, 202. If an employee gave seventy-two (72) hours previous notice, they were entitled to payment of all wages earned and unpaid at the time of resignation. *Id.*

63. Defendants failed to pay Plaintiffs and on information and belief, the Class members, with all wages earned and unpaid prior to separation of employment, in accordance with either Labor Code section 201 or 202. Plaintiffs are informed and believes and thereon alleges that at all relevant times within the limitations period applicable to this cause of action, Defendants maintained a policy or practice of not paying hourly employees all earned wages timely upon separation of employment.

64. Defendants' failure to pay Plaintiffs and the Class members with all wages earned prior to separation of employment timely in accordance with Labor Code sections 201 and 202 was willful. Defendants had the ability to pay all wages earned by hourly workers prior to separation of employment in accordance with Labor Code sections 201 and 202, but intentionally adopted policies or practices incompatible with the requirements of Labor Code sections 201 and 202. Defendants' practices include failing to pay at least minimum wage for all time worked, overtime wages for all overtime hours worked, meal period premium wages, and/or rest period premium wages. When Defendants failed to pay Plaintiffs and the Class members all earned wages timely upon separation of employment, they knew what they were doing and intended to do what they did.

65. Pursuant to either Labor Code section 201 or 202, Plaintiffs and the Class members are entitled to all wages earned prior to separation of employment that Defendants have yet to pay them.

66. Pursuant to Labor Code section 203, Plaintiffs and the Class members are entitled to continuation of their wages, from the day their earned and unpaid wages were due until paid, up

to a maximum of thirty (30) days.

67. As a result of Defendants' conduct, Plaintiffs and the Class members have suffered damages in an amount, subject to proof, to the extent they were not paid for all wages earned prior to separation of employment.

68. As a result of Defendants' conduct, Plaintiffs and the Class members have suffered damages in an amount, subject to proof, to the extent they were not paid all continuation wages owed under Labor Code section 203.

69. Plaintiffs and the Class members are entitled to recover the full amount of their unpaid wages, continuation wages under Labor Code section 203, and interest thereon.

EIGHTH CAUSE OF ACTION

VIOLATION OF BUSINESS & PROFESSIONS CODE § 17200, *ET SEQ.*

(BY PLAINTIFFS AND THE CLASS AGAINST ALL DEFENDANTS)

70. Plaintiffs re-allege and incorporate by reference the preceding paragraphs as though fully set forth herein.

71. Defendants, and each of them, have engaged and continue to engage in unfair and unlawful business practices in California by practicing, employing and utilizing the employment practices outlined above, include, to wit, by failing to pay all minimum and overtime wages, provide off-duty meal and rest periods, and reimburse business expenses in violation of Labor Code §§ 226.7, 510, 512, 1194, and 2802.

72. Defendants' utilization of such unfair and unlawful business practices constitutes unfair, unlawful competition and provides an unfair advantage over Defendants' competitors.

73. Plaintiffs seek individually and on behalf of all other members of the Class similarly situated, full restitution of monies, as necessary and according to proof, to restore any and all monies withheld, acquired and/or converted by the Defendants by means of the unfair practices complained of herein.

74. Plaintiffs are informed and believes, and based thereon alleges, that at all times herein mentioned Defendants have engaged in unlawful, deceptive and unfair business practices,

as proscribed by California Business and Professions Code § 17200, *et seq.*, including those set forth herein above thereby depriving Plaintiffs and other members of the class the minimum working condition standards and conditions due to them under the California laws as specifically described therein.

NINTH CAUSE OF ACTION

VIOLATION OF LABOR CODE § 2698, *ET SEQ.*

(BY PLAINTIFFS AS PROXIES FOR STATE OF CALIFORNIA AGAINST ALL DEFENDANTS)

75. Plaintiffs re-allege and incorporate by reference the preceding paragraphs as though fully set forth herein.

76. Plaintiffs bring this cause of action as proxies for the State of California and in this capacity, seek penalties on behalf of all Aggrieved Employees for Defendants' violation of Labor Code §§ 201-204, 218.5, 226, 226.7, 510, 512, 1194, 1197, 1198, 2800 and 2802 from November 18, 2021 through the present. Plaintiffs and other similarly situated non-exempt Aggrieved Employees earned non-discretionary incentive pay, including without limitation, Bonus wages, which was not factored into the regular rate of pay for purposes of paying meal and rest period premium pay. Instead, during pay periods in which Plaintiff and other similarly situated non-exempt Aggrieved Employees earned non-discretionary remuneration covering time periods in which Plaintiff and other similarly situated non-exempt Aggrieved Employees were paid meal and rest period premium pay, Defendants improperly paid the meal and/or rest period premium pay at the base rate of pay. Further, Plaintiffs and other similarly situated non-exempt Aggrieved Employees were not provided compliant with meal and rest periods. In addition, Plaintiffs and other similarly situated non-exempt Aggrieved Employees were not paid proper minimum and overtime wages for all hours worked. Plaintiffs and Aggrieved Employees were also not reimbursed business expenses. As a result of such violations, the Company violated Labor Code §§ 201-204 by not paying employees all of their wages upon separation of employment due to the underpaid meal and rest break premiums and Labor Code § 226 by failing to accurately identifying the accurate rate of pay, and gross and net wages earned.

Additionally, Defendant violated Labor Code § 226(a) as to Plaintiffs and other similarly situated non-exempt Aggrieved Employees whenever Defendant paid "Bonus" wages because Defendant failed to specify the hourly rate at which said wages were paid. Therefore, Plaintiffs seek penalties on behalf of the State of California and all similarly situated non-exempt Aggrieved Employees for the alleged violations of California Labor Code §§ 201-204, 218.5, 226, 226.7, 510, 512, 1194, 1197, 1198, 2800 and 2802.

77. On or about November 18, 2022, Plaintiff Leea Stevie Palma submitted her written notice to the California Labor & Workforce Development Agency ("LWDA") and to Defendants via certified mail regarding Defendants' violations of Labor Code §§ 201-203, 226, 226.3, 226.7, and 512, pursuant to Labor Code § 2698, *et seq*. Further, on or about ________, 2024, Plaintiff Leea Stevie Palma submitted her amendment to her written notice to the LWDA regarding Defendants' violations of Labor Code §§204, 551, 552, 558, 1174(d), 2800 and 2802 and IWC Wage Orders 4-2001 and 7-2001.

78. On or about June 1, 2023, Plaintiff Takori Juliana Coleman submitted her written notice to the LWDA and to Defendants via certified mail regarding Defendants' violations of Labor Code §§ 201-204, 218.5, 226, 226.7, 510, 512, 1194, 1197, and 1198, pursuant to Labor Code § 2698, *et seq.*

79. As of the date of the filing of this Complaint, the LWDA has not provided written notice as to whether it intends to investigate the Labor Code violations set forth in Plaintiff's written notice and, thus, allowing Plaintiff to proceed under PAGA against Defendants for said violations. Therefore, Plaintiff may seek all applicable penalties under the PAGA.

80. Pursuant to Labor Code § 2699(a), Plaintiff seeks recovery of any and all applicable remedies under the PAGA for Defendants' violation of Labor Code §§ 201-204, 218.5, 226, 226.7, 510, 512, 551, 552, 558, 1174(d), 1194, 1197, 1198, 2800 and 2802, IWC Wage Order 4-2001 and 7-2001, for the time periods described above on behalf of all other Aggrieved Employees, including without limitation, civil penalties under Labor Code § 2699, any remedies under Labor Code § 226.3, and for costs and attorneys' fees.

///

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment to be entered in Plaintiffs' favor and against Defendants, and each of them, as follows:

1. For an order certifying the proposed Class;

2. For an order appointing Plaintiffs as the representative of the Class;

3. For an order appointing Counsel for Plaintiffs as Class counsel;

5. Upon the First Cause of Action, for damages and/or penalties pursuant to Labor Code §§ 201-204, 226, 226.7, and 512, and for costs;

6. Upon the Second Cause of Action, for damages and/or penalties pursuant to Labor Code §§ 201-204, 226, and 226.7, and for costs;

7. Upon the Third Cause of Action for damages, according to proof, including but not limited to unpaid wages, all applicable penalties, liquidated damages pursuant to Labor Code §1194.2; pre-judgment interest, including but not limited to that recoverable under Labor Code section 1194, and post-judgment interest; and attorneys' fees and costs of suit, including but not limited to that recoverable under Labor Code section 1194;

8. Upon the Fourth Cause of Action for damages, according to proof, including but not limited to unpaid overtime wages, all applicable penalties; pre-judgment interest, including but not limited to that recoverable under Labor Code section 1194, and post-judgment interest; and attorneys' fees and costs of suit, including but not limited to that recoverable under Labor Code section 1194;

9. Upon the Fifth Cause of Action, for penalties and/or damages pursuant to Labor Code § 226, *et seq.*, for interest, costs, and for attorney's fees;

10. Upon the Sixth Cause of Action, for damages and attorneys' fees and costs pursuant to Labor Code § 2802;

11. Upon the Seventh Cause of Action, for damages and penalties due to not paying all wages owed upon separation pursuant to Labor Code Sections 201, 202, and 203;

12. Upon the Eighth Cause of Action, for restitution to Plaintiffs and other similarly effected members of the general public of all funds unlawfully acquired by Defendant by means

of any acts or practices declared by this Court to be in violation of Business and Professions Code § 17200 *et seq.*;

13. Upon the Ninth Cause of Action, for penalties pursuant to Labor Code §§ 226.3 and 2699, and for costs and attorneys' fees;

14. On all causes of action, for prejudgment interest at the prevailing legal rate;

15. On all causes of action, for attorney's fees and costs as provided by California Labor Code §218.5, 226, 1194, 2699, 2802, and Code of Civil Procedure § 1021.5 and for such other and further relief the Court may deem just and proper.

16. Costs of suit; and

17. Such other and further relief as the Court may deem proper.

Dated: April 9, 2025 LAW OFFICES OF CHOI & ASSOCIATES, P.C.

By: ______________________
Edward W. Choi
Attorneys for Plaintiffs and the Class

PROOF OF SERVICE

I am employed in the County of Los Angeles; I am over the age of 18 years and not a party to the within action; my business address is 515 S. Figueroa St. Suite 1250, Los Angeles, California 90071.

On April 11, 2025, I served the foregoing document(s) described as: **JOINT STIPULATION FOR LEAVE TO FILE FIRST AMENDED COMPLAINT; [PROPOSED] ORDER,** on the interested parties in this action by placing a true copy thereof, in a sealed envelope(s) addressed as follows:

VEDDER PRICE (CA), LLP
Cheryl A. Sabnis
csabnis@vedderprice.com
Michael A. Wahlander
mwahlander@vedderprice.com
1 Post Street, Suite 2400
San Francisco, CA 94104
spaspulati@vedderprice.com

Joseph Lavi, Esq.
Email: jlavi@lelawfirm.com
N. Nick Ebrahimian, Esq.
Email: nebrahimian@lelawfirm.com
Vincent C. Granberry, Esq.
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Hollister, CA 95023
bill@polarislawgroup.com

Dennis S. Hyun
HYUN LEGAL, APC
515 S. Figueroa St., Suite 1250
Los Angeles, California 90071
dhyun@hyunlegal.com

__X__ **BY ELECTRONIC SERVICE**
I caused such document to be served on the offices of the addressees via electronic mail.

__X__ **(State)** I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 11, 2025, at Los Angeles, California.

Jacqueline Park

EXHIBIT B

COURT APPROVED NOTICE OF PROPOSED CLASS AND REPRESENTATIVE ACTION SETTLEMENT

***Palma, et al. v. Hat World, Inc.,* San Bernardino County Court Case No. CIVSB2317027**

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

(1) *Why should you read this notice?*

The San Bernardino County Superior Court has granted preliminary approval of a proposed class and representative action settlement (the "Settlement") in *Palma v. Hat World, Inc.,* a lawsuit presently pending in San Bernardino County Superior Court Case No. CIVSB2317027 (the "Action") against Hat World, Inc. ("Defendant") alleging certain wage and hour violations. The Settlement has two main parts: (1) a Class Settlement requiring Defendant to fund Individual Class Payments, and (2) a PAGA Settlement requiring Defendant to fund Individual PAGA Payments and pay penalties to the California Labor and Workforce Development Agency ("LWDA"). Because your rights may be affected by the Settlement, it is important that you read this notice carefully. Unless otherwise specified, the defined terms in this Notice have the same meaning as the defined terms in the Joint Stipulation of Class and Representative Action Settlement ("Settlement Agreement") approved by the Court.

The Court ordered that this Notice be sent to you because you may be entitled to money under the Settlement and because the Settlement affects your legal rights. You have the following options:

Do Nothing:	If you do nothing and the Court grants final approval of the Settlement, you will become part of the Action and may receive a payment from the Settlement. You will be bound to the release of the Released Claims as defined in the Settlement Agreement and the Judgment. You will also give up your right to pursue the Released Claims as defined below. ***See* Section 6.**
Opt Out:	If you do not want to participate as a Settlement Class Member, you may submit a timely Request for Exclusion (i.e., "opt out") which will remove you from the Class Settlement and means that you will not receive an Individual Settlement Payment. However, you cannot opt-out of the PAGA portion of the Settlement. This means that, if the Court grants final approval of the Settlement, you will not receive an Individual Settlement Payment from the Net Class Settlement Amount, and you will not give up the right to sue Defendant and the Released Parties for the Released Class Claims as defined below. You will, however, receive your payment from the PAGA Amount and will be considered to have released the Released PAGA Claims. ***See* Section 7. The deadline to opt out is [date].**

Object:	You may submit a legal objection to the proposed Settlement. If you would like to object, you may **not** submit a Request for Exclusion from or "opt out" of the Settlement. ***See* Section 7. The deadline to submit written objections is [date].**
Final Approval Hearing:	The Court will hold a Final Approval Hearing on the adequacy, reasonableness, and fairness of the Settlement on <<FINAL APPROVAL HEARING DATE/TIME>>, in Department S22 of the San Bernardino County Superior Court, located at 247 West Third Street, San Bernardino, California 92415.

According to Defendant's records, you have been identified as a member of the Settlement Class that has been conditionally certified for purposes of the Settlement, and therefore are receiving this Notice. Based on Defendant's records and the terms of the Settlement preliminarily approved by the Court, and the Parties' current assumptions, your Individual Settlement Payment is estimated to be $______ and your Individual PAGA Payment is estimated to be $______. The actual amount you may receive likely will be different and will depend upon a number of factors. (If no amount is stated for your Individual PAGA Payment, then according to Defendant's records you are not eligible for an Individual PAGA Payment under the Settlement because you did not work during the PAGA Period.)

Your Individual Settlement Payment amount is based on the workweeks you worked during the Class Period. Specifically, the Net Class Settlement Amount has been allocated to each Settlement Class Member on a pro rata basis by adding up each of their workweeks worked during the Class Period and dividing that number by the workweeks worked by all Settlement Class Members and then multiplying that figure against the Net Class Settlement Amount to determine each Settlement Class Member's Individual Settlement Payment. Your Individual PAGA Payment, if any, is based on how many workweeks you worked during the PAGA Period divided by the total number of workweeks worked during the PAGA Period by Aggrieved Employees multiplied against the Net PAGA Settlement Amount of $25,000.

The above estimates are based on Defendant's records showing that you worked ____ workweeks during the Class Period and you worked _____ workweeks during the PAGA Period. If you believe that you worked more workweeks, you can submit a challenge by the deadline date. See Section 7.

Your options are further explained in this Notice. To exclude yourself from, or object to, the settlement you must take action by certain deadlines. If you want to participate in the settlement as proposed, you don't need to do anything to obtain your share of the settlement.

(2) *Definitions for Purposes of the Settlement.*

For purposes of this Notice, rights of the following individuals may be impacted:

"Class Members" include: all individuals employed by Defendant as non-exempt employees in the State of California at any time during the Class Period (December 1, 2018, through June 30, 2024).

"Aggrieved Employees" means all individuals employed by Defendant as non-exempt employees in the

State of California at any time during the PAGA Period (November 18, 2021, through June 30, 2024).

"Settlement Class Members" means all Class Members who do not submit a valid and timely Request for Exclusion.

(3) *What is this case about?*

In their operative First Amended Complaint, Plaintiffs Leea Stevie Palma ("Palma") and Takori Juliana Coleman ("Coleman") (collectively, "Plaintiffs" or "Class Representatives") allege that Defendant violated certain California labor laws by allegedly failing to pay overtime wages, minimum wages, wages due upon termination and reimbursable business expenses, and failing to provide compliant meal breaks, rest breaks and accurate itemized wage statements. Based on these claims, Plaintiffs have also asserted a claim for civil penalties under the California Private Attorneys' General Act (Labor Code §§ 2698, et seq.)("PAGA").

Defendant denies Plaintiffs' allegations and contends that it at all times properly paid its employees all wages due, reimbursed all reasonable and necessary business expenses, properly provided meal and rest breaks, and accurate wage statements and contends that it did not violate California labor laws or PAGA because it complied with all applicable laws. Defendant further denies that it owes the Plaintiffs, any Settlement Class Member, and the LWDA any wages, restitution, penalties, or other damages. Further, Defendant contends that this Action cannot be maintained as a class or PAGA representative action.

After the exchange of relevant information and evidence, participation in more than one mediation and an extended period of arm's length negotiations, the parties agreed to enter into a settlement agreement resolving all of Plaintiffs' claims to avoid the expense, inconvenience, and uncertainty associated with litigation of the claims in the Action.

No rulings have been made by the court on the merits of Plaintiffs' alleged claims and there has been no trial on the merits relating to any of the claims referenced above. By agreeing to settle, Defendant is not admitting liability on any of the factual allegations or claims in the case or that the case can or should proceed as a class action. Defendant has agreed to settle the case as part of a compromise with Plaintiffs. Because this Settlement constitutes a compromise of disputed claims, it does **not** represent and should **not** be construed as an admission of liability on the part of Defendant or any other person.

The Class Representatives and their counsel–Law Offices of Choi & Associates, PLC, Hyun Legal, APC, and Lavi & Ebrahimian LLP (collectively, "Class Counsel") support the Settlement. While the Class Representatives and Class Counsel believe that the claims alleged in this Action have merit, they also recognize that the risk and expense of continued litigation justify settlement. Based on the foregoing, Plaintiffs and Class Counsel believe the proposed settlement is fair, adequate, reasonable, and in the best interests of Settlement Class Members. The Court preliminarily approved the proposed Settlement as fair, reasonable and adequate, authorized this Notice, and scheduled a hearing to determine Final Approval.

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

(4) *Who are the Attorneys?*

Attorneys for the Plaintiffs / Settlement Class Members: Edward W. Choi, Esq. SBN 211334 LAW OFFICES OF CHOI & ASSOCIATES 515 S. Figueroa St., Suite 1250 Los Angeles, CA 90071 Telephone: (213) 381-1515 Facsimile: (213) 465-4885 edward.choi@choiandassociates.com Dennis S. Hyun Email: dhyun@hyunlegal.com HYUN LEGAL, APC 515 S. Figueroa St., Suite 1250 Los Angeles, CA 90071 (213) 488-6555 (213) 488-6554 facsimile	Joseph Lavi, Esq. Email: jlavi@lelawfirm.com N. Nick Ebrahimian, Esq. Email: nebrahimian@lelawfirm.com Vincent C. Granberry, Esq. vgranberry@lelawfirm.com Alan A. Wilcox, Esq. awilcox@lelawfirm.com Melanie S. Rodriguez, Esq. mrodriguez@lelawfirm.com LAVI & EBRAHIMIAN, LLP 8889 W. Olympic Boulevard, Suite 200 Beverly Hills, California 90211 Telephone: (310) 432-0000 Facsimile: (310) 432-0001

Settlement Administrator
Phoenix Settlement Administrators P.O. Box ------- Email Fax Number

(5) *What are the terms of the Settlement?*

On [**INSERT DATE OF PRELIMINARY APPROVAL**], the Court preliminarily certified the Settlement Class comprised of the Settlement Class Members, for settlement purposes only. The precise definition of the class approved for settlement can be found above and in the Settlement Agreement. Settlement Class Members who do not opt out of the Settlement pursuant to the procedures set forth in this Notice will be bound by the Settlement and will release their claims against Defendant as described below. Aggrieved Employees will be bound by the Settlement with respect to the PAGA claims regardless of whether or not they opt out of the Settlement.

Defendant has agreed to pay $2,700,000.00 (the "Maximum Settlement Amount") to fully resolve all claims in the Action, including payments to Settlement Class Members, settlement administration costs, attorneys' fees and expenses, Class Representatives' Enhancement Payments, and a payment to the Labor Workforce Development Agency ("LWDA").

The following deductions from the Maximum Settlement Amount will be requested by the parties and are subject to comment or objection by the Settlement Class Members. The Court will set these amounts at the Final Approval Hearing:

Settlement Administration Costs. The Court has approved Phoenix Settlement Administrators to act as the "Settlement Administrator," who is sending this Notice to you and will perform many other duties relating to the Settlement. The Court has approved setting aside up to $32,000.00 from the Maximum Settlement Amount to pay the Settlement Administrator's administration costs.

Attorneys' Fees and Expenses. Class Counsel have been prosecuting the Action on behalf of the Settlement Class Members on a contingency fee basis (that is, without being paid any money to date) and have been paying all litigation costs and expenses. The Court will determine the actual amount awarded to Class Counsel as attorneys' fees, which will be paid from the Maximum Settlement Amount. Settlement Class Members are not personally responsible for any of Class Counsel's attorneys' fees or expenses. Class Counsel will ask for fees of up to thirty-five percent (35%) of the Maximum Settlement Amount, which is estimated to be $945,000, as reasonable compensation for the work Class Counsel performed and will continue to perform in the Action through Settlement finalization. Class Counsel also will ask for reimbursement of up to $50,000 for verified costs Class Counsel incurred in connection with the Action. Class Counsel will file their motion for final approval of class action settlement, which will include their request for attorneys' fees and litigation costs no later than [date].

Service Award to Class Representative. Class Counsel will ask the Court to award each of the two Class Representatives a service award in the amount of $10,000 for a total of $20,000 to compensate them for their services and extra work provided on behalf of the Settlement Class Members. Class Counsel's request for the Class Representatives' Enhancement Payments will be included in their motion for final approval, which will be filed by no later than [date].

LWDA Payment. Class Counsel will ask the Court to approve a payment in the total amount of $100,000 as and for alleged civil penalties, payable pursuant to the California Labor Code Private Attorney General Act ("PAGA"). Per Labor Code § 2699(i), seventy-five percent (75%) of such penalties, or Seventy-Five Thousand Dollars and Zero Cents ($75,000.00) will be payable to the LWDA, and the remaining twenty-five percent (25%), or Twenty-Five Thousand Dollars and Zero Cents ($25,000.00), will be payable to Aggrieved Employees as the "Individual PAGA Payment," as described in Section 1, above.

Calculation of Individual Settlement Class Members' Settlement Award. After deducting the Court-approved amounts above, the balance of the Maximum Settlement Amount will form the Net Class Settlement Amount, which will be distributed to all Settlement Class Members who do not submit a valid and timely Request for Exclusion (described below).

If the Court approves all of the above amounts as requested, the Net Class Settlement Amount is estimated at approximately $ $********.00, to be shared among an estimated ****** Settlement Class Members. The Net Class Settlement Amount will be distributed to each Settlement Class Member who does not submit a valid and timely Request for Exclusion, as defined in the Settlement Agreement ("Settlement Class Members") and as described in detail in Section 1, above.

In addition, the PAGA Payment will be allocated based on pay periods worked by Aggrieved Employees as described in detail in Section 1, above.

Payments to Settlement Class Members and Aggrieved Employees. If the Court grants final approval of the Settlement, Individual Settlement Payments will be mailed to all Settlement Class Members who did not opt-out, and Individual PAGA Payments will be mailed to all Aggrieved Employees regardless of whether they submit a Request for Exclusion.

Payment by Defendant of Maximum Settlement Amount. The Maximum Settlement Amount shall be paid by Defendant as follows: The Maximum Settlement Amount shall be deposited with the Settlement Administrator within ten (10) calendar days of the Effective Date. The Effective Date is the date by when the Court's Judgment has become final and no longer subject to timely post-judgment motion or appeal. The Court's Judgment "becomes final" upon the latter of: (i) if no appeal is filed, the date on which the time to appeal or seek permission to appeal, or to seek other judicial review of the Judgment has expired (this time period shall be not less than 60 calendar days after the Court's Judgment is entered); (ii) the date affirmance of an appeal of the Judgment becomes final under the California Code of Civil Procedure and California Rules of Court; (iii) the date of final dismissal of any appeal from the Judgment or the final dismissal of any proceeding on review of any court of appeal decision relating to the Judgment; or (iv) if remanded to this Court or to a lower appellate court following an appeal or other review, the date on which the time to appeal or seek permission to appeal, or to seek other judicial review of the Judgment has expired (this time period shall be not less than 60 calendar days after the Court's Judgment is entered).

Within fifteen (15) calendar days following Defendant's deposit of the Maximum Settlement Amount with the Settlement Administrator, the Settlement Administrator will distribute the Individual Settlement Payments and Individual PAGA Payments.

Allocation and Taxes. For tax purposes, Individual Settlement Payments shall be classified as 10% wages and 90% penalties and interest and Individual PAGA Payments shall be allocated as 100% as penalties. The Settlement Administrator will be responsible for issuing IRS Forms W-2 for amounts deemed "wages" and IRS Forms 1099 for the amounts allocated as penalties, interest, and non-wage damages to Settlement Class Members and Aggrieved Employees, as applicable. Notwithstanding the treatment of the payments to each Settlement Class Member above, none of the payments called for by this Settlement Agreement, including the wage portion of the Individual Settlement Payment, are to be treated as earnings, wages, pay or compensation for any purpose of any applicable benefit or retirement plan, unless required by such plans.

Releases. If the Court approves the Settlement, the following releases will be in effect:

"Released Class Claims" means any and all causes of action, claims, rights, demands, actions, suits, damages (including punitive, statutory or liquidated damages), penalties, liabilities, restitution, attorneys' fees, costs, expenses, interest, and losses that were alleged or reasonably could have been alleged against the Released Parties in the operative complaints in the Action under federal, state, local or common law or at equity, and that reasonably arise out of the same set of operative facts or are reasonably related to the allegations in those complaints, including (a) all claims for meal and rest break violations; (b) all claims for regular rate of pay violations; (c) all claims for unpaid minimum wages; (d) all claims for unpaid overtime; (e) all claims for failure to reimburse for necessary business expenses; (f) all claims for failure to timely pay wages during employment or upon termination; (g) all claims for wage statement violations; and (h) all derivative claims asserted through the California Labor Code and Cal. Bus. & Prof.

Code section 17200, *et seq*., including without limitation California Labor Code §§ 201-204, 218.5, 218.6, 226, 226.3, 226.7, 510, 512, 551, 552, 558, 1174(d), 1194, 1194.2, 1197, 1197.1, 1198, 2800 and 2802, and IWC Wage Orders 4-2001, 7-2001 and 17-2001.

"Released PAGA Claims" means any and all claims for civil penalties under the California Labor Code Private Attorneys General Act of 2004, Labor Code section 2698 *et seq*., which were alleged or reasonably could have been alleged against the Released Parties, and that reasonably arise out of the same set of operative facts or are reasonably related to the allegations in the Complaint and Plaintiffs' written notices and amended notices submitted to the LWDA that Defendant violated §§ 201-204, 218.5, 226, 226.3, 226.7, 510, 512, 551, 552, 558, 1174(d), 1194, 1194.2, 1197, 1197.1, 1198, 2800 and 2802, IWC Wage Orders 4-2001, 7-2001 and 17-2001 at any time during the PAGA Period.

"Released Parties" means Defendant and all of its past, present, and future parents, subsidiaries, affiliated corporations, related entities, divisions, general and limited partners, joint venturers, predecessors, successors, and affiliates, and each of their respective past, present, and future directors, officers, managers, employees, principals, members, agents, insurers, reinsurers, shareholders, owners, attorneys, advisors, representatives, general partners, limited partners, and fiduciaries, and each of their respective executors, predecessors, successors, assigns and legal representatives.

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

Please be advised that you are responsible for all taxes, penalties and interest owed with respect to the Individual Settlement Payment and any Individual PAGA Payment you receive, regardless of the foregoing allocations. You should consult with an accountant or other tax professional with any questions. Neither the Parties, their lawyers nor the Court is providing you with financial or tax advice.

You must cash your Settlement check by the void date stated on the check (180 days of issuance). If you do not cash your check by the void date, your check will be automatically cancelled and your funds will be sent to the California State Controller's Office to be held in your name.

(6) *How can I claim money from the Settlement?*

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

(7) *What other options do I have?*

<u>Dispute Information in Notice of Settlement Award</u>. As discussed in Section 1, above, your award is based on the number of workweeks worked during the Class Period and the number of workweeks worked during the PAGA Period. The information contained in Defendant's records regarding all of these factors, along with your estimated payment from the Settlement, is listed above. If you disagree with this information, you may submit a dispute, along with any supporting documentation, in accordance with the procedures stated herein. Any disputes, along with supporting documentation, must be postmarked no later than

<<RESPONSE DEADLINE>>. **DO NOT SEND ORIGINALS. ANY DOCUMENTATION SENT TO THE SETTLEMENT ADMINISTRATOR WILL NOT BE RETURNED TO YOU OR PRESERVED.**

The Parties and the Settlement Administrator will evaluate the evidence submitted and discuss in good faith how to resolve any disputes submitted by Settlement Class Members. The Settlement Administrator's decision regarding any dispute will be final.

Exclude Yourself from the Settlement. If you do **not** wish to take part in the Class Settlement, you may exclude yourself by sending to the Settlement Administrator a written Request for Exclusion, at <<INSERT ADMINISTRATOR CONTACT INFO>> within forty-five (45) calendar days of the date of the initial mailing of the Class Notice (the "Response Deadline"). Your Request for Exclusion must (1) clearly state that you do not wish to be included in the Settlement; (2) set forth the name, address, telephone number, and last four digits of your Social Security Number; (3) be signed by you; (4) be returned by mail to the Settlement Administrator at the specified address indicated in the Notice Packet; and (5) be postmarked on or before the <<RESPONSE DEADLINE>>. The Request for Exclusion will be deemed valid if the Settlement Administrator can ascertain the identity of the Settlement Class Member submitting the Request for Exclusion and ascertain that the Settlement Class Member wants to opt out of the Class Settlement. The date of the postmark on the Request for Exclusion shall be the exclusive means used to determine whether a Request for Exclusion has been timely submitted. Any Settlement Class Member who requests to be excluded from the Class Settlement will not be entitled to any Individual Settlement Payment and will not be bound by the terms of the Class Settlement or have any right to object, appeal or comment thereon. However, a Request for Exclusion has no effect on the PAGA portion of the Settlement. You will still receive an Individual PAGA Payment and be deemed to have released the Released PAGA Claims even if you timely submit a Request for Exclusion.

Objecting to the Settlement. Settlement Class Members who do not submit a valid and timely Request for Exclusion (i.e., Participating Settlement Class Members) may object to the Class Settlement by submitting a completed and timely written objection ("Notice of Objection") to the Settlement Administrator or by presenting an objection orally at the Final Approval Hearing. For the Notice of Objection to be valid, it must include: (a) your full name, signature, address, and telephone number; (b) a written statement of basis for the objection; (c) any copies of papers, briefs, or documents upon which the objection is based; and (d) be submitted by mail to the Settlement Administrator at the specified address, postmarked on or before the Response Deadline. Participating Settlement Class Members who fail to object by submitting a Notice of Objection by the Response Deadline or by presenting their objection at the Final Approval Hearing will be deemed to have waived all objections to the Class Settlement and will be foreclosed from making any objections, whether by appeal or otherwise, to the Settlement Agreement. Defendant's counsel and Class Counsel may file written responses to objections and may respond orally to objections at the Final Approval Hearing.

[Insert Administrator's Contact Information]

If you choose to object to the Settlement, you may also appear at the Final Approval Hearing scheduled for <<FINAL APPROVAL HEARING DATE/TIME>> in Department S22 of the San Bernardino County Superior Court, located at 247 West Third Street, San Bernardino, California 92415. You have the right to appear either in person or through your own attorney at this hearing. Any attorney who intends to represent an individual objecting to the Settlement must file a notice of appearance with the Court and serve counsel for all parties on or before <<RESPONSE DEADLINE>>. All objections or other correspondence must state the name and number of the case, which is: *Palma et al. v. Hat World, Inc.,* San Bernardino County Superior Court Case No. CIVSB2317027.

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

(8) *What is the next step?*

The Court will hold a Final Approval Hearing on the adequacy, reasonableness, and fairness of the Settlement on <<FINAL APPROVAL HEARING DATE/TIME>>, in Department S22 of the San Bernardino County Superior Court, located at 247 West Third Street, San Bernardino, California 92415. The Court also will be asked to rule on Class Counsel's request for attorneys' fees and reimbursement of documented costs and expenses and the Service Award to each Class Representative. The date, time and location of the Final Approval Hearing may be changed without further notice to you. If you are interested in attending or participating the Final Approval Hearing, you should confirm the date, time and location by contacting the Settlement Administrator. You are not required to attend the hearing, but if you wish to attend, you may attend the hearing.

(9) *How can I get additional information?*

This Notice, which has been approved by the Court, is only a summary. If you wish to obtain more detailed information, you should review the Settlement Agreement, which contains the complete terms of the Settlement. The Settlement Agreement, along with the records and other papers regarding the Settlement, are on file with the Court. . You may also contact Settlement Administrator or Class Counsel using the contact information listed above for more information.

PLEASE DO NOT CALL OR WRITE THE COURT, DEFENDANTS, OR THEIR ATTORNEYS FOR INFORMATION ABOUT THIS SETTLEMENT OR THE SETTLEMENT PROCESS

(10) *REMINDER AS TO TIME LIMITS*

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

ADDRESS CHANGES

If you move, you must send the Settlement Administrator your new address; otherwise, you may never receive your settlement payment. It is your responsibility to keep a current address on file with the Settlement Administrator. To update your mailing address, please contact the Settlement Administrator at [phone number].

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