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Attorneys for Plaintiff,
DAVID HONG

SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SAN BERNARDINO

DAVID HONG,

Plaintiff,

v.

CHINO CENTRAL LIQUOR PLUS INC.;
DALE'S LIQUOR INC.; RANCHO
MARKET LIQUOR INC.; EL RANCHITO
MARKET INC.; ROSIES MINI MART &
LIQUOR; TIGERS LIQUOR; BROOKSIDE
MARKET LIQUOR; A&F LIQUOR;
VALLEY LIQUOR MARKET; VANS
LIQUOR; JACOB DIAB; and DOES 1-50,
inclusive,

Defendants.

Case No.: CIVSB2325525

*[Assigned for all purposes to Hon. David E.
Driscoll in Department S22 – SBJC]*

**DECLARATION OF TED K. LIPPINCOTT
IN SUPPORT OF JOINT MOTION TO
APPROVE PAGA SETTLEMENT**

Date: April 24, 2025

Time: 8:30 a.m.

Department: Department S22 – SBJC

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**DECLARATION OF TED K. LIPPINCOTT IN SUPPORT OF JOINT MOTION TO
APPROVE PAGA SETTLEMENT**

I, Ted K. Lippincott, declare:

1. I am an attorney duly licensed to practice before all courts of the State of California and serve as an associate at the law firm of Levine & Blit LLP, attorneys of record for Plaintiff David Hong (“Plaintiff”) in this action. The facts set forth herein are true of my own personal knowledge, and if called upon to testify thereto, I could and would competently do so under oath.

2. This declaration is filed in support of the Joint Motion to Approve PAGA Settlement (the “Motion”) filed concurrently herewith. I support all arguments made in the Motion.

3. On July 31, 2023, Plaintiff filed a notice of potential violations under the Private Attorneys General Act of 2004 (“PAGA”) (California Labor Code § 2698 *et seq.*) with the Labor and Workforce Development Agency (“LWDA”) (the “PAGA Notice”). A true and correct copy of the PAGA Notice is attached hereto as **Exhibit A**. The LWDA did not notify Plaintiff of its intent to investigate the alleged penalty claims within the 65-day notice period provided by Labor Code § 2699.3(a)(2)(A). Thus, Plaintiff exhausted his administrative remedies pursuant to PAGA.

4. On October 12, 2023, Plaintiff filed an individual wage and hour and PAGA representative action in Superior Court of California, County of San Bernardino, Case No. CIVSB2325525 (the “Complaint”), against Chino Central, as well its purported owner, Jacob Diab (“Diab”), and 10 other affiliated liquor stores that Plaintiff is informed and believes Diab operates as a single integrated enterprise: Dale’s Liquor Inc; Rancho Market Liquor Inc., El Ranchito Market Inc., Rosies Mini Mart & Liquor; Tigers Liquor; Brookside Market Liquor; A&F Liquor; Valley Liquor Market; and Vans Liquor (collectively, “Defendants”). The Complaint includes nine causes of action seeking to recover damages and restitution for Plaintiff’s individual claims: (1) failure to pay minimum wage, (2) failure to pay overtime wages, (3) meal break violations, (4) rest break violations, (5) late payment of wages, (6) failure to timely pay wages at separation, (7) wage statement violations and record keeping violations, (8) failure to reimbursement business expenses; and (9) unfair business practices. The Complaint also includes a claim for civil penalties under PAGA on behalf of all non-exempt employees working for Defendants during the claim period.

5. The parties commenced meaningful settlement talks shortly after the Complaint was

1 filed, so Plaintiff agreed to extend Defendants' deadline to file a responsive pleading while
2 settlement talks are pending. Accordingly, Defendants have not filed a responsive pleading to date.

3 6. On February 6, 2025, Plaintiff and Defendants entered into an Individual & PAGA
4 Settlement Agreement (the "Settlement Agreement"). A true and correct copy of the Settlement
5 Agreement is attached hereto as **Exhibit B**. Per the Settlement Agreement, Defendants have agreed
6 to make a total settlement payment of \$48,750 (the "Settlement Payment") as a non-reversionary
7 settlement to resolve both Plaintiff's individual claims as well as the PAGA claim. Subject to the
8 Court's approval, the Settlement Payment is be allocated as follows:

- 9 • \$5,000 to Plaintiff as compensation for his alleged individual unpaid wages, subject
10 to an IRS Form W-2;
- 11 • \$14,250 to Plaintiff as compensation for alleged statutory penalties, liquidated
12 damages, and interest owed on his individual claims, subject to an IRS Form 1099;
- 13 • \$22,500 to Plaintiff's counsel as attorneys' fees;
- 14 • \$2,000 to Plaintiff's counsel as reimbursement for out-of-pocket ligation expenses;
- 15 • \$2,500 to the agreed-upon settlement administrator, ILYM Group, Inc.; and
- 16 • \$2,500 to resolve the PAGA claim ("PAGA Payment"), apportioned as follows:
 - 17 ○ \$1,875 paid directly to the LWDA (75% of PAGA Payment)
 - 18 ○ \$650 (25% of PAGA Payment) allocated amongst the 13 aggrieved employees
19 in a pro rata share based on their number of pay periods worked during the
20 relevant PAGA claim period.

21 7. The Settlement Agreement defines "aggrieved employees" as "all non-exempt
22 employees employed by Defendants in California and who worked for Defendants during the
23 PAGA Period," which runs from October 12, 2023 until the date the Court grants approval of the
24 Settlement Agreement. Based on their records, Defendants have identified 13 aggrieved employees
25 and a total of 361 pay periods at issue.

26 8. The Settlement Administrator will send a copy of the Notice of PAGA Settlement
27 and Release of Claims (a true and correct copy of which is attached as Exhibit A to the Settlement
28 Agreement) to each aggrieved employee along with their individual PAGA payment. Other than

1 Plaintiff, the aggrieved employees are not releasing their individual claims or unknown claims
2 under the Settlement Agreement. Rather, the proposed release for the aggrieved employees is
3 narrowly tailored to release only claims for civil penalties under PAGA predicated on the Labor
4 Code and IWC Wage Order violations alleged, or that reasonably could have been alleged, based
5 on the facts stated in the PAGA Notice and Complaint.

6 9. As required by PAGA, I submitted the Settlement Agreement to the LWDA for
7 review at the same time the Motion was filed.

8 10. Defendants strongly disclaim any liability for either Plaintiff's individual claims or
9 the alleged PAGA violations, and they further dispute that the Court would award any PAGA
10 penalties as a result of any alleged noncompliance.

11 11. Further, Defendants have only identified 13 potential aggrieved employees, and
12 these individuals were employed across 10 distinct business entities. Plaintiff therefore cannot
13 obtain civil penalties on behalf of all of these potential aggrieved employees without first
14 establishing that the named defendant business entities were all Plaintiff's collective employer for
15 PAGA purposes. If Plaintiff is unable to prove as much, the number of aggrieved employees at
16 issue could be reduced to as few as three non-exempt employees that worked for defendant Chino
17 Central during the PAGA period—which would significantly reduce the potential PAGA exposure.

18 12. Many of the 13 potential aggrieved employees were subject to different payment
19 practices and employment practices, i.e. some worked overtime but not others, which could further
20 decrease the number of PAGA violations at issue.

21 13. The proposed allocation under the Settlement Agreement of \$22,500 in attorneys'
22 fees to Plaintiff's counsel is reasonable under the circumstances. Given that there are only 13
23 potential aggrieved employees—and the serious risk that this number could be reduced to as little
24 as three—the Settlement Payment is predominately allocated to compensate Plaintiff for his
25 significant individual wage and hour claims, and Plaintiff has authorized this attorney fee allocation
26 as part of the resolution of such claims per his contingency fee agreement with my firm.

27 14. Defendants agree that the Settlement Agreement is fair and reasonable and should
28 be approved by the Court. Counsel for Defendants has signed the Motion and jointly request that

1 the Court issue an Order approving the Settlement Agreement.

2 15. I am not aware of any other pending matter or action asserting claims that will be
3 extinguished or affected by the Settlement Agreement.

4 I declare under penalty of perjury under the laws of the State of California that the foregoing
5 is true and correct, and that I executed this declaration on March 12, 2025, in Los Angeles,
6 California.

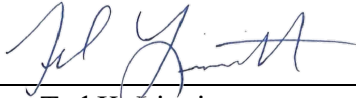
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8 
9 Ted K. Lippincott

EXHIBIT A



TED K. LIPPINCOTT

Attorney at Law
tlippincott@levineblit.com
(310) 281-0100

Los Angeles

July 31, 2023

Filed Online (Along With \$75 Filing Fee)

Department of Industrial Relations
Labor and Workforce Development Agency
PAGA Claims Administrator

Via U.S. Certified Mail

Jacob Diab (Individually and on behalf of Defendants)
11740 Central Avenue
Chino, CA 91710

Re: David Hong v. Chino Central Liquor Plus Inc., Jacob Diab, et al. – PAGA Notice

Dear PAGA Administrator:

This firm represents David Hong and all other aggrieved employees in claims against the following defendants: Chino Central Liquor Plus Inc. ("Chino Central"); Jacob Diab, individually; Dale's Liquor Inc.; Rancho Market Liquor Inc.; El Ranchito Market Inc.; Jacob Diab DBA Rosies Mini Mart and Liquor; Jacob Diab DBA Tigers Liquor; Jacob Diab DBA Brookside Market Liquor; Jacob Diab DBA A&F Liquor; Jacob Diab DBA Valley Liquor Market; Jacob Diab DBA A&F Liquor; Jacob Diab DBA Vans Liquor; Jacob Diab DBA Terry's Liquor Market; Does 1-25; (collectively, "Defendants"); and any other employers or persons acting on behalf of Defendants as such phrase is used under Labor Code §§ 558 and 558.1. In accordance with the required notice under Labor Code § 2699.3 of the Private Attorneys General Act ("PAGA"), this letter shall serve as formal written notice to the Labor and Workforce Development Agency ("LWDA") and Defendants on behalf of Mr. Hong and all of Defendants' other aggrieved employees of Defendants' violations of the following Labor Code sections: 201, 202, 203, 204, 206, 210, 221, 223, 226, 226.7, 226.8, 432, 510, 512, 558, 1174, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, and 1198.5. Please find below the relevant facts and legal theories to support the aforementioned violations.

Single Enterprise

Defendants own and operate 11 liquor stores across Southern California. Mr. Hong worked as a store clerk/manager for over 10 years at one of these stores, Chino Central, until he voluntarily resigned his employment on or about February 21, 2023. Throughout this time each of the Defendants were Mr. Hong's "employer" for purposes of PAGA and California wage and hour laws because they operated as a single integrated enterprise with all 11 businesses operating under Mr. Diab's centralized ownership and control. Mr. Diab personally managed all of the entities and controlled all of their labor relations. Defendants regularly comingled operations, funds, and other assets amongst the various businesses, including by having employees of one entity work for one or more of the other entities and by using cash from one entity to pay for other entities' payroll and operating costs.

Misclassification as Independent Contractor

Throughout the 10.5 years Mr. Hong worked for Defendants, Defendants willfully misclassified Mr. Hong and other aggrieved employees as independent contractors for periods of time, in violation of Labor Code § 228.6, despite the fact that they were always non-exempt employees working under the clear direction and control of Defendants. Specifically, Defendants often paid them exclusively in cash, did not withhold or pay taxes on their behalf, did not report their wages on IRS Form W-2s, and did not provide them with employment benefits. Defendants are therefore liable for civil penalties ranging from \$10,000 - \$25,000 per misclassified employee on account of their pattern or practice of willfully misclassifying employees.

Unpaid Minimum Wages

Beginning in January 2017, the minimum wage was different for California employees working for employers with 25 or fewer employees and employers with more than 26 employees, as the state minimum wage laws incrementally increased each year until 2023, when the minimum wage for all employees became \$15.50 per hour. *See* Labor Code § 1182.12; Industrial Welfare Commission, Minimum Wage Order, MW-2023.

In general, Mr. Hong only received the minimum wage applicable to small businesses of 25 or fewer employees from 2017-2022 and only \$15 per hour in 2023; however, he should have been paid at least the minimum wage applicable to employers with 26 or more employees for each of these years because all of Defendants' 11 liquor stores have a combined total of more than 26 employees and were a "controlled group of corporations," as defined by 26 U.S. Code § 1563(a), and therefore qualified as a "single qualified taxpayer" pursuant to Cal. Revenue and Taxation Code § 23626(h). *See* Labor Code § 1182.12(b)(4) ("Employees who are treated as employed by a single qualified taxpayer under subdivision (h) of Section 23626 of the Revenue and Taxation Code, as it read on [January 1, 2017], shall be considered employees of that taxpayer for purposes of this [tiered minimum wage requirement]."). Defendants also failed to pay Mr. Hong any wages for certain hours worked, such as when he went shopping for the store and worked longer than two hours, which is the flat amount of time he was paid for on such days regardless of the hours actually worked.

Defendants therefore violated Labor Code §§ 1182.12, 1194, 1197, and IWC Order 4-2001, § 4 by failing to pay the minimum wage and Labor Code § 1194.2 by failing to pay liquidated damages as a result of such underpaid minimum wages. Accordingly, Defendants are liable for civil penalties under Labor Code § 1197.1.

Unpaid Overtime and Double Time Compensation

Pursuant to Labor Code § 510 and IWC Order 4-2001, § 3(A), non-exempt employees are entitled to overtime compensation at a rate of one and one-half (1.5) times their regular rate of pay for all hours worked in excess of eight per workday, 40 per workweek, or for the first eight hours worked on the seventh consecutive day in a workweek. Additionally, they are entitled to double time compensation at a rate of two times the regular rate of pay for all hours worked in excess of 12 per workday or after the eighth hour worked on the seventh consecutive day in a workweek. *Id.*

Defendants violated Labor Code §§ 510, 1194 and IWC Order 4-2001, § 3(A) by failing to pay Mr. Hong and other aggrieved employees required overtime or double time compensation. Mr. Hong never received any overtime or double time pay throughout the 10.5 years he worked for Defendants. He was only paid straight time pay for

each hour worked despite regularly working more than 8 or 12 hours per workday and/or working 7 days per workweek.

Meal and Rest Break Violations

As a non-exempt employee, Mr. Hong was entitled to take an unpaid 30-minute meal break after five hours of work, a second unpaid 30-minute meal break after 10 hours of work, and a paid 10-minute rest break every four hours of work or major fraction thereof. Labor Code § 512; IWC Order 4-2001, §§ (11), (12). During each of these breaks, Mr. Hong should have been completely relieved of all duties and free to leave the premises. *Brinker Restaurant Corp. v. Superior Court*, 53 Cal.4th 1004, 1036 (2012).

Mr. Hong never received compliant meal or rest breaks throughout his employment with Defendants because there was never anyone available to cover for him so that he could take a proper break. He either worked alone or was the only person working that could use the register, so he was required to remain available at all times throughout his shift and could never leave the premises or be completely relieved of duties.

Defendants also violated Labor Code § 226.7 by failing to pay Mr. Hong one hour of premium pay for each workday that a compliant meal break was not provided or one hour of premium pay for each workday that a compliant rest break was not provided.

Late Payment of Wages

Defendants violated Labor Code § 204 by failing to pay Mr. Hong and all other aggrieved employees their earned wages, including minimum wages and overtime wages, when they became due on their weekly designated pay dates.. As a result of Defendants willful violations of Labor Code § 204, Defendants were required under Labor Code § 210 to pay penalties amounting to two hundred dollars (\$200) for each failure to pay each employee, plus 25 percent of the amount unlawfully withheld, which they have not paid.

Final Wages and Waiting Time Penalties

Defendants willfully violated Labor Code §§ 201 and 202 by failing to pay Mr. Hong and the other aggrieved employees all of their earned wages either at the time of their termination or within 72 hours of their resignation, as applicable. Mr. Hong quit working for Defendants on February 21, 2023, but they have still not paid him all of his earned wages to date or made any attempt to dispute his alleged wages owed. Defendants were therefore liable for waiting time penalties under Labor Code § 203, which they also have not paid.

Wage Statement and Record Keeping Violations

Labor Code § 226(a) requires every employer to furnish each of its employees an accurate itemized statement in writing semimonthly showing, among other things, (1) gross wages earned, (2) total hours worked by the employee, (3) all deductions, (4) net wages earned, and (5) the inclusive dates of the period for which the employee is paid, (6) all applicable hourly rates in effect during each respective pay period and the corresponding number of hours worked at each hourly rate by each respective individual. Further, Labor Code § 1174 and IWC Order 4-2001, § 7 also require an employer to keep and maintain records showing, among other things, the accurate time each employee begins and ends each work period and the wages paid to the employees for a period of three years.

Defendants knowingly and intentionally violated Labor Code § 226 by failing to provide Mr. Hong and the other aggrieved employees with accurate wage statements. Mr. Hong never received wage statements with proper breakdowns of all wages earned, including all amounts of overtime and double time compensation, or the applicable rates in effect and corresponding number of hours worked. In fact, he usually did not receive any wage statement at all. Defendants also violated Labor Code § 1174 and IWC Order 4-2001, § 7 by failing to maintain accurate time and wage records for Mr. Hong or the other aggrieved, non-exempt employees. Defendants are therefore liable for the civil penalties provided by sections 226.3 and 1174.5.

Failing to Provide Records Upon Written Request

Upon written request, employers are required to provide employees with copies of their wage statements within 21 days (Labor Code § 226(c)), their personnel records within 30 days (Labor Code § 1198.5), and all signed agreements relating to their obtaining or holding of employment (Labor Code § 432). Through the undersigned counsel, Mr. Hong sent an authorized written request for such records to Jacob Diab and Chino Central on May 4, 2023; however, they have not provided any of the requested records to date. Defendants also failed to pay the required \$750 penalties resulting from such violations under sections 226(f) and 1198.5(k).

Unlawful Withheld Wages

Defendants violated Labor Code §§ 221 and 223 by unlawfully withholding portions of Mr. Hong's earned wages from his payments, including for alleged cash shortages, and by at times secretly paying him a lower wage than was agreed upon. They are therefore liable for civil penalties provided by section 225.5.

Sick Leave

Defendants violated Labor Code § 246 by failing to provide Mr. Hong and other aggrieved employees with paid sick leave. Mr. Hong worked for Defendants for more than 30 days and was entitled to accrue paid sick leave at the rate of one hour for every 30 hours worked; however, he did not accrue any paid sick leave at all while working for Defendants, and if he took time off from work that would have qualified as sick leave, he was not paid any wages for such time.

Failure to Provide Required Notice Under Wage Theft Protection Act

Defendants violated Labor Code § 2810.5 by failing to provide Mr. Hong with the required written notice under the Wage Theft Protection Act of 2011 at the time of hire or any time thereafter, including information regarding rates of pay, designated pay dates, and the legal name and address of employer(s).

Unreimbursed Business Expenses

Defendants violated Labor Code § 2802 by failing to reimburse Mr. Hong for all necessary out-of-pocket business expenses he incurred on Defendants' behalf, including vehicle mileage incurred when using his personal vehicle to go shopping for items for the store(s) at Mr. Diab's request.

Personal Liability

Along with all other named Defendants, Mr. Diab is personally liable for the above Labor Code violations under Labor Code § 558.1 because he was an owner, officer, and/or managing agent of the defendant business entities and was personally responsible for the wage and hour violations detailed above.

Private Attorney General Act

Mr. Hong requests that the LWDA investigate the above violations of the California Labor Code, pursuant to Labor Code § 2698 *et seq.* Alternatively, at the close of the review period, Mr. Hillel intends to pursue all applicable civil penalties in a representative PAGA action on behalf of the state for all of the violations affecting him and all other aggrieved employees.

Very truly yours,

LEVINE & BLIT LLP

A handwritten signature in black ink, appearing to read "T. Lippincott", written over a horizontal line.

Ted K. Lippincott, Esq.

EXHIBIT B

INDIVIDUAL & PAGA SETTLEMENT AGREEMENT

This Individual & PAGA Settlement Agreement (“Agreement”) is made by and between plaintiff David Hong (“Plaintiff”) and defendants Chino Central Liquor Plus Inc., Jacob Diab, Dale’s Liquor Inc., Rancho Market Liquor Inc., El Ranchito Market Inc., Rosies Mini Mart & Liquor, Tigers Liquor, Brookside Market Liquor, A&F Liquor, Valley Liquor Market, and Vans Liquor (collectively “Defendants”), on the other. The Agreement refers to Plaintiff and Defendants collectively as “Parties,” or individually as “Party.”

1. DEFINITIONS.

- 1.1. “Action” means the Plaintiff’s PAGA lawsuit alleging individual and PAGA wage and hour violations against Defendants captioned *David Hong v. Chino Central Liquor Plus Inc., Jacob Diab, et al.* initiated on October 12, 2023 and pending in Superior Court of the State of California, County of San Bernardino, Case No. CIVSB2325525.
- 1.2. “Administrator” means ILYM Group, Inc., the neutral entity the Parties have agreed to appoint to administer the Settlement.
- 1.3. “Administration Expenses Payment” means the amount the Administrator will be paid from the Gross Settlement Amount to reimburse its reasonable fees and expenses.
- 1.4. “Aggrieved Employee” means all non-exempt employees employed by Defendants in California and who worked for Defendants during the PAGA Period.
- 1.5. “Aggrieved Employee Data” means Aggrieved Employee identifying information in Defendants’ possession which may include the Aggrieved Employee’s name, last-known mailing address, Social Security number, and number of PAGA Pay Periods.
- 1.6. “Aggrieved Employee Address Search” means the Administrator’s investigation and search for current Aggrieved Employee mailing addresses using all reasonably available sources, methods and means including, but not limited to, the National Change of Address database, skip traces, and direct contact by the Administrator with Aggrieved Employees.
- 1.7. “Court” means the Superior Court of California, County of San Bernardino.
- 1.8. “Defense Counsel” means Melvin Felton of Sanders Roberts LLP.
- 1.9. “Effective Date” means the date by when both of the following have occurred: (a) the Court enters a Judgment on its Order Approving the PAGA Settlement and (b) the Judgment is final.
- 1.10. “Gross Settlement Amount” means \$48,750.00 which is the total amount Defendants agree to pay under the Settlement. The Gross Settlement Amount will be used to pay Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees Payment,

PAGA Counsel Litigation Expenses Payment, the Administrator's Expenses Payment, Individual W-2 Payment, and Individual 1099 Payment.

- 1.11. "Individual PAGA Payment" means the Aggrieved Employee's pro rata share of 25% of the PAGA Penalties calculated according to the number of Pay Periods the Aggrieved Employee worked during the PAGA Period.
- 1.12. "Individual W-2 Payment" means the amount paid to Plaintiff to resolve his individual wage claim(s) alleged in Plaintiff's Complaint.
- 1.13. "Individual 1099 Payment" means the amount paid to Plaintiff to resolve his individual non-wage damages alleged in Plaintiff's Complaint.
- 1.14. "Judgment" means the judgment entered by the Court based upon the Final Approval.
- 1.15. "LWDA" means the California Labor and Workforce Development Agency, the agency entitled, under Labor Code section 2699, subd. (i).
- 1.16. "LWDA PAGA Payment" means the 75% of the PAGA Penalties paid to the LWDA under Labor Code section 2699, subd. (i).
- 1.17. "Net Settlement Amount" means the Gross Settlement Amount, less the following payments in the amounts approved by the Court: Individual PAGA Payments, the LWDA PAGA Payment, PAGA Counsel Fees Payment, PAGA Counsel Litigation Expenses Payment, the Administration Expenses Payment, Individual W-2 Payment, and Individual 1099 Payment. If applicable, the remainder is to be paid to Aggrieved Employees as Individual PAGA Payments.
- 1.18. "PAGA Counsel" means Ted K. Lippincott of Levine & Blit LLP, the attorneys representing the Plaintiff in the Action.
- 1.19. "PAGA Counsel Fees Payment" and "PAGA Counsel Litigation Expenses Payment" mean the amounts allocated to PAGA Counsel for reimbursement of reasonable attorneys' fees and expenses, respectively, incurred to prosecute the Action.
- 1.20. "PAGA Pay Period" means any Pay Period during which an Aggrieved Employee worked for Defendants for at least one day during the PAGA Period.
- 1.21. "PAGA Period" means the period from October 12, 2022 to the date the Court grants Approval of the PAGA Settlement.
- 1.22. "PAGA" means the Private Attorneys General Act (Labor Code §§ 2698. et seq.).
- 1.23. "PAGA Notice" means Plaintiff's July 31, 2023 letter to Defendants and the LWDA providing notice pursuant to Labor Code section 2699.3, subd.(a).
- 1.24. "PAGA Penalties" means the total amount of \$2,500 in PAGA civil penalties to be

paid from the Gross Settlement Amount, allocated 25% to the Aggrieved Employees (\$625) and 75% to LWDA (\$1,875) in settlement of PAGA claims.

- 1.25. "Plaintiff" means David Hong, the named plaintiff in the Action.
- 1.26. "Approval Order" means the proposed Court Order Granting Approval of PAGA Settlement.
- 1.27. "Released PAGA Claims" means the claims being released by the Plaintiff and PAGA Counsel and as described in Paragraph 5 below.
- 1.28. "Released Parties" means: Defendants and each of their former and present directors, officers, shareholders, owners, members, attorneys, insurers, predecessors, successors, assigns, subsidiaries, and affiliates.
- 1.29. "Settlement" means the disposition of the Action effected by this Agreement and the Judgment.
- 1.30. "Defendants" mean named Defendants Jacob Diab; Chino Central Liquor Plus Inc.; Dale's Liquor Inc.; Rancho Market Liquor Inc.; El Ranchito Market Inc.; Rosies Mini Mart & Liquor; Tigers Liquor; Brookside Market Liquor; A&F Liquor; Valley Liquor Market; Vans Liquor.

2. RECITALS.

- 2.1. On October 12, 2023, Plaintiff commenced this Action by filing a Complaint alleging causes of action against Defendants for (1) Failure to Pay Minimum Wages; (2) Failure to Pay Overtime Wages; (3) Meal Break Violations; (4) Rest Break Violations; (5) Late Payment of Wages; (6) Failure to Timely Pay Wages at Separation; (7) Wage Statement and Record Keeping Violations; (8) Failure to Reimburse Business Expenses; (9) Unfair Business Practices; (10) and Violation of the Private Attorneys General Act. The Complaint is the operative complaint in the Action (the "Operative Complaint.")). Defendants deny the allegations in the Operative Complaint, deny any failure to comply with the laws identified in the Operative Complaint and deny any and all liability for the causes of action alleged.
- 2.2. Pursuant to Labor Code section 2699.3, subd.(a), Plaintiff gave timely written notice to Defendants and the LWDA by sending the PAGA Notice.
- 2.3. The Parties, PAGA Counsel and Defense Counsel represent that they are not aware of any other pending matter or action asserting claims that will be extinguished or affected by the Settlement.

3. MONETARY TERMS.

- 3.1. Gross Settlement Amount. Defendants promise to pay Forty-Eight Thousand Seven Hundred and Fifty Dollars (\$48,750.00) and no more as the Gross Settlement Amount. The Administrator will disburse the entire Gross Settlement Amount without asking or requiring Aggrieved Employees to submit any claim as a condition of payment. None of the Gross Settlement Amount will revert to Defendants.
- 3.2. Payments from the Gross Settlement Amount. The Administrator will make and deduct the following payments from the Gross Settlement Amount, in the amounts specified by the Court in the Final Approval:
 - 3.2.1. Individual W-2 Payment. A gross Individual W-2 Payment of Five Thousand Dollars (\$5,000), less applicable taxes and withholdings, paid to Plaintiff as compensation for alleged unpaid wages, which amount shall be reported on an IRS W-2 Form as required.
 - 3.2.2. Individual 1099 Payment. An Individual 1099 Payment of Fourteen Thousand Two Hundred and Fifty Dollars (\$14,250) paid to “Levine & Blit LLP IOLTA Trust Account” as compensation for Plaintiff’s alleged statutory penalties, liquidated damages, and interest owed on his individual claims, which amount shall be reported on an IRS 1099 Form as appropriate. Plaintiff assumes full responsibility and liability for taxes owed on the Individual 1099 Payment and indemnifies and holds Defendants harmless from any dispute or controversy regarding any division or sharing of any of this payment, except for any portion of such payment subsequently determined by any court or taxing authority to be the sole responsibility of Defendants.
 - 3.2.3. To PAGA Counsel: A PAGA Counsel Fees Payment of Twenty-Two Thousand Five Hundred Dollars (\$22,500) and PAGA Counsel Litigation Expenses Payment of Two Thousand Dollars (\$2,000), which both shall be made to “Levine & Blit LLP.” Defendants will not oppose requests for Court approval of these payments provided that they do not exceed these amounts. Released Parties shall have no liability to PAGA Counsel or any other Plaintiff’s Counsel arising from any claim to any portion any PAGA Counsel Fee Payment and/or PAGA Counsel Litigation Expenses Payment. The Administrator will pay the PAGA Counsel Fees Payment and PAGA Counsel Expenses Payment using one or more IRS 1099 Forms. PAGA Counsel assumes full responsibility and liability for taxes owed on the PAGA Counsel Fees Payment and the PAGA Counsel Litigation Expenses Payment and holds Defendants harmless, and indemnifies Defendants, from any dispute or controversy regarding any division or sharing of any of these Payments.
 - 3.2.4. To the Administrator: An Administrator Expenses Payment not to exceed Two Thousand Five Hundred Dollars (\$2,500). To the extent the Administration Expenses are less or the Court approves payment less than \$2,500, the Administrator will retain the remainder in the Net Settlement Amount.

3.2.5. To the LWDA and Aggrieved Employees: PAGA Penalties in the amount of Two Thousand Five Hundred Dollars (\$2,500) to be paid from the Gross Settlement Amount, with 75% (\$1,875) allocated to the LWDA PAGA Payment and 25% (\$625) allocated to the Individual PAGA Payments.

3.2.5.1. The Administrator will calculate each Individual PAGA Payment by (a) dividing the amount of the Aggrieved Employees' 25% share of PAGA Penalties (\$625) by the total number of PAGA Period Pay Periods worked by all Aggrieved Employees during the PAGA Period and (b) multiplying the result by each Aggrieved Employee's PAGA Period Pay Periods. Aggrieved Employees assume full responsibility and liability for any taxes owed on their Individual PAGA Payment. The Administrator will report the Individual PAGA Payments on IRS 1099 Forms as required.

4. SETTLEMENT FUNDING AND PAYMENTS.

4.1. Aggrieved Employee Pay Periods. Based on a review of its records to date, Defendants estimate there are 13 Aggrieved Employees who worked a total 361 PAGA Pay Periods.

4.2. Aggrieved Employee Data. Within 14 days of the Effective Date, Defendants will simultaneously deliver the Aggrieved Employee Data to the Administrator (Yesenia Salvador, ILYM Group, Inc.; yesenia@ilymgroup.com). To protect Aggrieved Employee' privacy rights, the Administrator must maintain the Aggrieved Employee Data in confidence, use the Aggrieved Employee Data only for purposes of this Settlement and for no other purpose, and restrict access to the Aggrieved Employee Data to Administrator employees who need access to the Aggrieved Employee Data to effect and perform under this Agreement. Defendants have a continuing duty to immediately notify PAGA Counsel if Defendants discover that the Aggrieved Employee Data omitted employee identifying information and to provide corrected or updated Aggrieved Employee Data as soon as reasonably feasible. Without any extension of the deadline by which Defendants must send the Aggrieved Employee Data to the Administrator, the Parties and their counsel will expeditiously use best efforts, in good faith, to reconstruct or otherwise resolve any issues related to missing or omitted Aggrieved Employee Data.

4.3. Funding of Gross Settlement Amount. Defendants shall fully fund the Gross Settlement Amount by transmitting the funds to the Administrator no later than 14 days after the Effective Date.

4.4. Payments from the Gross Settlement Amount. Within 14 days after Defendants fund the Gross Settlement Amount, the Administrator will mail checks for all Individual PAGA Payments, the LWDA PAGA Payment, the Administration Expenses Payment, the PAGA Counsel Fees Payment, the PAGA Counsel Expenses Payment, the Individual W-2 Payment, and the Individual 1099 Payment.

The Administrator will issue checks for the Individual PAGA Payments and send them to the Aggrieved Employees via First Class U.S. Mail, postage prepaid, along with the

Notice of PAGA Settlement and Release of Claims attached hereto as Exhibit A. The face of each check shall prominently state the date (not less than 180 days after the date of mailing) when the check will be voided. The Administrator will cancel all checks not cashed by the void date. Before mailing any checks, the Settlement Administrator must update the recipients' mailing addresses using the National Change of Address Database.

- 4.4.1. The Administrator must conduct an Aggrieved Employee Address Search for all Aggrieved Employees whose checks are returned undelivered without USPS forwarding address. Within 7 days of receiving a returned check the Administrator must re-mail checks to the USPS forwarding address provided or to an address ascertained through the Aggrieved Employee Address Search. The Administrator need not take further steps to deliver checks to Aggrieved Employees whose re-mailed checks are returned as undelivered. The Administrator shall promptly send a replacement check to any Aggrieved Employee whose original check was lost or misplaced, requested by the Aggrieved Employee prior to the void date.
- 4.4.2. For any Aggrieved Employee whose Individual PAGA Payment check is uncashed and cancelled after the void date, the Administrator shall transmit the funds represented by such checks to the California Controller's Unclaimed Property Fund in the name of the Aggrieved Employee.
- 4.4.3. The payment of Individual PAGA Payments shall not obligate Defendants to confer any additional benefits or make any additional payments to the Aggrieved Employees (such as 401(k) contributions or bonuses) beyond those specified in this Agreement.

5. RELEASES OF CLAIMS. Effective on the date when Defendants fully fund the entire Gross Settlement Amount Plaintiff and PAGA Counsel will release claims against all Released Parties as follows:

- 5.1 Plaintiff's Release. Plaintiff and his or her respective former and present spouses, representatives, agents, attorneys (including PAGA Counsel), heirs, administrators, successors, and assigns generally, release and discharge Released Parties from all claims, transactions, or occurrences that occurred during or stemmed from Plaintiff's employment and/or working relationship with Defendants, including, but not limited to: (a) all claims that were, or reasonably could have been, alleged, based on the facts contained in the Operative Complaint and the PAGA Notice ("Plaintiff's Release"). Plaintiff's Release does not extend to any claims or actions to enforce this Agreement, or to any claims for vested benefits, unemployment benefits, disability benefits, social security benefits, workers' compensation benefits that arose at any time, or based on occurrences outside the PAGA Period. Plaintiff acknowledges that Plaintiff may discover facts or law different from, or in addition to, the facts or law that Plaintiff now knows or believes to be true but agrees, nonetheless, that Plaintiff's Release shall be and remain effective in all respects, notwithstanding such different or additional facts or Plaintiff's discovery of them.

5.1.1 Plaintiff's Waiver of Rights Under California Civil Code Section 1542. For

purposes of Plaintiff's Release, Plaintiff expressly waives and relinquishes the provisions, rights, and benefits, if any, of section 1542 of the California Civil Code, which reads:

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.

5.2 Release by Aggrieved Employees:

All Aggrieved Employees are deemed to release, on behalf of themselves and their respective former and present representatives, agents, attorneys, heirs, administrators, successors, and assigns, the Released Parties from all claims for PAGA penalties that were alleged, or reasonably could have been alleged, based on the PAGA Period facts stated in the Operative Complaint and the PAGA Notice.

5.3 Release by Defendants:

Defendants, and each of them, fully release and discharge Plaintiff and Plaintiff's attorneys, agents, insurers, heirs, and assigns, and each of them, of and from any and all claims, actions, causes of action, damages, losses, attorney's fees, or costs, which Defendants have now or may hereafter accrue on account of or in any way related to any and all known, unknown, foreseen and unforeseen, damages and consequences arising out of the facts and circumstances related to Defendants' claims that were asserted or could have been asserted against Plaintiff as of the Effective Date of this Agreement.

6. MOTION OR APPLICATION FOR APPROVAL OF SETTLEMENT. The Parties agree to jointly prepare and file an application or motion for approval of this Settlement.

6.1 Plaintiff's Responsibilities. Plaintiff will prepare and deliver to Defense Counsel all documents necessary for obtaining approval of this Settlement under Labor Code Section 2699, subd. (f)(2)) including (i) a draft proposed Order Granting Approval of PAGA Settlement.

- 6.2 Responsibilities of PAGA Counsel. PAGA Counsel and Defense Counsel are jointly responsible for expeditiously finalizing and filing the application or motion for approval of this Settlement no later than 30 days after the full execution of this Agreement and, if necessary, obtaining a prompt hearing date for the motion and appearing in Court to advocate in favor of the motion. PAGA Counsel will submit this proposed Agreement to the LWDA at the same time that it is submitted to the Court for review and approval. PAGA Counsel is responsible for delivering the Court's Preliminary Approval to the Administrator.
- 6.3 Duty to Cooperate. If the Parties disagree on any aspect of the proposed application or motion for approval of this Settlement and/or the supporting declarations and documents, PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to resolve the disagreement. If the Court does not grant the motion for approval of this Settlement or conditions its approval on any material change to this Agreement (including any changes to the amounts set forth in Paragraphs 3.2.1–3.2.5 above), PAGA Counsel and Defense Counsel will expeditiously work together on behalf of the Parties by meeting in person or by telephone, and in good faith, to agree on necessary modifications to the Agreement to satisfy the Court's concerns. If the Parties cannot come to an agreement to satisfy the Court's concerns, then (a) this Agreement shall be considered null and void, (b) neither this Agreement nor any of the related negotiations or proceedings shall be of any force or effect, and (c) all Parties to this Agreement shall stand in the same position, without prejudice, as if the Agreement had been neither entered into or filed with the Court.

7. SETTLEMENT ADMINISTRATION.

- 7.1 Selection of Administrator. The Parties have jointly selected ILYM Group, Inc. to serve as the Administrator and verified that, as a condition of appointment, ILYM Group, Inc. agrees to be bound by this Agreement and to perform, as a fiduciary, all duties specified in this Agreement in exchange for payment of Administration Expenses. The Parties and their Counsel represent that they have no interest or relationship, financial or otherwise, with the Administrator other than a professional relationship arising out of prior experiences administering settlements.
- 7.2 Employer Identification Number. The Administrator shall have and use its own Employer Identification Number for purposes of calculating payroll tax withholdings and providing reports state and federal tax authorities.
- 7.3 Qualified Settlement Fund. The Administrator shall establish a settlement fund that meets the requirements of a Qualified Settlement Fund ("QSF") under US Treasury Regulation section 468B-1.
- 7.4 Administrator Duties. The Administrator has a duty to perform or observe all tasks to be performed or observed by the Administrator contained in this Agreement or otherwise.

8. **CONTINUING JURISDICTION OF THE COURT.** The Parties agree that, after entry of Judgment, the Court will retain jurisdiction over the Parties, Action, and the Settlement solely for purposes of (i) enforcing this Agreement and/or Judgment, (ii) addressing settlement administration matters, and (iii) addressing such post-Judgment matters as are permitted by law.
9. **WAIVER OF RIGHTS TO APPEAL.** Provided the Judgment is consistent with the terms and conditions of this Agreement, specifically including the PAGA Counsel Fees Payment and PAGA Counsel Litigation Expenses Payment, the Parties, their respective counsel 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. If another party 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.
10. **NEUTRAL REFERENCE.** In the event Defendants are contacted by any potential employers of Plaintiff, Defendants shall only provide Plaintiff's dates of employment and positions held, and nothing further.

11. ADDITIONAL PROVISIONS.

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

required to effectuate the terms of this Agreement including any amendments to this Agreement.

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

in any way that violates any existing contractual agreement, statute, or rule of court. Not later than 90 days after the Administrator discharges its obligation to pay out of all Settlement funds, Plaintiff shall destroy all paper and electronic versions of Aggrieved Employee Data received from Defendants unless, prior to the Administrator's payment of all Settlement Funds, Defendants make a written request to PAGA Counsel for the return, rather than the destructions, of Aggrieved Employee Data.

10.13 Headings. The descriptive heading of any section or paragraph of this Agreement is inserted for convenience of reference only and does not constitute a part of this Agreement.

10.14 Calendar Days. Unless otherwise noted, all reference to "days" in this Agreement shall be to calendar days. In the event any date or deadline set forth in this Agreement falls on a weekend or federal legal holiday, such date or deadline shall be on the first business day thereafter.

10.15 Notice. All notices, demands or other communications between the Parties in connection with this Agreement will be in writing and deemed to have been duly given as of the third business day after mailing by United States mail, or the day sent by email or messenger, addressed as follows:

To Plaintiff: David Hong

Ted K. Lippincott
LEVINE & BLIT
6300 Wilshire Boulevard, Suite 1870
Los Angeles, CA 90048
Tel: (310) 281-0100
E-mail: tlippincott@levineblit.com

To Defendants: Chino Central Liquor Plus Inc., Jacob Diab, et al.

Justin Sanders
Melvin Felton
Tara Kearns
Sanders Roberts LLP
1055 West 7th Street, Suite 3200
Los Angeles, CA 90017
Tel: (213) 426-5000
E-mail:
jsanders@sandersroberts.com
mfelton@sandersroberts.com;
tkearns@sandersroberts.com

- 10.16 Execution in Counterparts. This Agreement may be executed in one or more counterparts by facsimile, electronically, or email which for purposes of this Agreement shall be accepted as an original. All executed counterparts and each of them will be deemed to be one and the same instrument if counsel for the Parties will exchange between themselves signed counterparts. Any executed counterpart will be admissible in evidence to prove the existence and contents of this Agreement.
- 10.17 Stay of Litigation. The Parties agree that upon the execution of this Agreement the litigation shall be stayed, except to effectuate the terms of this Agreement. The Parties further agree that upon the signing of this Agreement that pursuant to CCP section 583.330 to extend the date to bring a case to trial under CCP section 583.310 for the entire period of this settlement process.
- 10.18 Attorneys' Fees for Prevailing Party. In connection with any action to enforce the terms of this Agreement, or to seek redress for breach of this Agreement, the Prevailing Party shall be entitled to his/its reasonable attorneys' fees and all related costs and expenses from the other Party.
- 10.19 Retaining Jurisdiction Pursuant to CCP 664.6. The Parties acknowledge, stipulate, and agree that the settlement which is the subject matter of this Agreement, as reflected herein, is enforceable under the provisions of California Code of Civil Procedure Section 664.6, in that the Court shall retain exclusive and continuing jurisdiction over the Parties with respect to the implementation, effectuation, interpretation, monitoring, and enforcement of each provision of this Agreement and all of its provisions with respect to all Parties and all beneficiaries of this Agreement.

The Parties hereby execute this Agreement.

DATED: 01 / 31 / 2025

2/6/2025



PLAINTIFF DAVID HONG

DocuSigned by:



DF02ADAA717E484...

DATED: _____

DEFENDANTS CHINO CENTRAL
LIQUOR PLUS INC., JACOB DIAB, ET
AL.



Title	Hello
File name	Hong_v._Diab_Settlement_-_FINAL.pdf
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SIGNED	01 / 31 / 2025 17:32:50 UTC-8	Signed by David C. Hong (liqrstordave@gmail.com) IP: 47.155.171.125
COMPLETED	01 / 31 / 2025 17:32:50 UTC-8	The document has been completed.

EXHIBIT A

Notice of PAGA Settlement and Release of Claims

David Hong v. Chino Central Liquor Plus, Inc., et al., Case No. CIVSB2325525

The San Bernardino County Superior Court has approved a settlement in the above-captioned matter filed by David Hong ("Plaintiff"), on behalf of himself and all other "Aggrieved Employees" (defined below), against the following defendants: Chino Central Liquor Plus, Inc.; Jacob Diab; Dale's Liquor Inc.; Rancho Market Liquor Inc.; El Ranchito Market Inc.; Rosies Mini Mart & Liquor; Tigers Liquor; Brookside Market Liquor; A&F Liquor; Valley Liquor Market; and Vans Liquor (collectively, "Defendants").

In this lawsuit, Plaintiff filed several claims, one of which was a cause of action on behalf of the State of California and other Aggrieved Employees seeking civil penalties under the California Labor Code's Private Attorneys General Act of 2004 ("PAGA") for various alleged violations of the Labor Code, including unpaid minimum wages, unpaid overtime, meal break violations, rest break violations, unreimbursed business expenses, sick pay violations, wage statement violations, and failing to timely pay all wages at separation.

The court has not made any decisions as to whether the claims have any merit. This Notice is not to be understood as an expression of any opinion by the Court as to the merits of the claims. However, a settlement agreement was reached as the parties believed it was beneficial to resolve the action rather than continue litigation.

Per the terms of the agreement, you are entitled to receive the enclosed payment of civil penalties as part of the settlement, as you were determined to be an "Aggrieved Employee," namely, a non-exempt employee employed by Defendants in California and who worked for Defendants from October 12, 2022 to **[insert date the Court grants Approval of the PAGA Settlement]**.

Each individual PAGA payment was calculated on a pro rata basis (i.e., proportional) based on the number of pay periods worked by each Aggrieved Employee in the PAGA period divided by the total number of pay periods worked by all Aggrieved Employees. You assume full responsibility and liability for any taxes owed on your individual PAGA payment. Defendants will report the payment on IRS 1099 Forms as required by law.

By operation of the Court-approved settlement, all Aggrieved Employees release the Defendants (and each of their former and present directors, officers, shareholders, owners, members, attorneys, insurers, predecessors, successors, assigns, subsidiaries, and affiliates) from any and all claims for civil penalties under PAGA which arose from October 12, 2022 to

[insert date the Court grants Approval of the PAGA Settlement] and were alleged, or reasonably could have been alleged, based on the facts stated in the PAGA notice sent to the California Labor and Workforce Development Agency and Plaintiff's Complaint ("PAGA Released Claims").

The PAGA Released Claims include, but are not limited to, claims for civil penalties under the PAGA based on Defendants' alleged failure to pay minimum wages or overtime premiums, meal or rest break violations, unreimbursed business expenses, sick pay violations, wage statement violations, and failure to timely pay all wages at separation.

Upon the entry of the Order approving the settlement, any Aggrieved Employee covered by this agreement will be barred from proceeding with any claim released by this settlement. You cannot opt out of this settlement and, even if you do not cash your check, you will be bound by the release. This settlement does not release any individuals claims you may possess, only claims for civil penalties under PAGA.

Settlement checks will be null and void 180 days after issuance if not deposited or cashed. In such event, all unclaimed funds will be directed to the California Department of Industrial Relations Unpaid Wage Fund in the name of the Aggrieved Employee to whom the check was issued.

You do not need to take any action. The enclosed payment concludes your involvement in the settlement.

If you have any questions, please contact the settlement administrator: ILYM Group, Inc.; 2832 Walnut Ave. Suite C, Tustin, CA 92780; Telephone: (714) 277-4145. Please do not call or write the Court or Office of the Clerk of the Court to ask any questions about the settlement.