SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

RICARDO ARCINIEGA GONZALEZ, individually, and on behalf of other members of the general public similarly situated, Plaintiff, v. SHULTZ STEEL COMPANY, a California corporation, Defendants.	Case No. 23STCV09167 **PAGA SETTLEMENT AGREEMENT**

PAGA SETTLEMENT AGREEMENT

Subject to Court approval by the Superior Court of the State of California for the County of Los Angeles ("Court"), Plaintiffs Ricardo Arciniega Gonzalez and Steven Faustinos ("Plaintiffs") and Defendant Shultz Steel, LLC (f/k/a Shultz Steel Company) ("Defendant") (collectively with Plaintiffs, the "Parties") hereby agree to the following binding settlement ("Settlement" or "Settlement Agreement") of Plaintiffs' claims under the Labor Code Private Attorneys General Act of 2004 ("PAGA").

DEFINITIONS

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

1. "Actions" means *Ricardo Arciniega Gonzalez v. Shultz Steel Company*, No. 23STCV09167 (Los Angeles County Superior Court) and *Steven Faustinos v. Shultz Steel Company*, No. 23STCV18306 (Los Angeles County Superior Court).

2. "Aggrieved Employees" means all current and former non-exempt, hourly-paid California employees of Defendant who worked any time during the Settlement Period.

3. "Court" means the Superior Court for the State of California, County of Los Angeles.

4. "Effective Date" means the later of the following: (a) fourteen (14) calendar days after entry of the Order and Judgment; (b) if there is an objection, intervention, or other procedure that can give rise to an appeal, the expiration of the time to appeal without a timely appeal filed; and (c) if there is a timely appeal, the disposition of the appeal and any further appeal, affirming approval of the Settlement.

5. "Gross Settlement Amount" means the settlement amount of Two Hundred Eighty Thousand Dollars ($280,000) to be paid by Defendant in full satisfaction of all Settled Claims arising from the Actions.

6. "LWDA" means the California Labor and Workforce Development Agency.

7. "PAGA Penalties Fund" means the Gross Settlement Amount less the Attorneys' Fees and Costs, Service Awards, and Settlement Administrator Costs.

8. "Plaintiffs' Counsel" means Capstone Law APC and The Spivak Law Firm.

9. "Released Parties" means Defendant and each of its former and current parents, subsidiaries, affiliates, shareholders, members, agents, predecessors, successors and assigns, as well as all past and present officers, directors, employees, partners, shareholders and agents, attorneys, insurers, and any other successors, assigns, or legal representatives, if any.

10. "Service Awards" means the amounts to be paid to Plaintiffs as payment for their service on behalf of the LWDA and Aggrieved Employees.

11. "Settled Claims" means any and all claims for PAGA civil penalties under the California Labor Code, Wage Orders, regulations, and/or other provisions of law alleged or could have been alleged to have been violated in the Actions with respect to Aggrieved Employees based on the facts alleged in the Actions during the Settlement Period, Plaintiff Gonazlez's May 31, 2023 and September 1, 2023 notices to the LWDA regarding Defendant's alleged Labor Code violations, or Plaintiff Faustinos' July 26, 2023 notice to the LWDA regarding Defendant's alleged Labor Code violations. These claims include Labor Code sections 201, 202, 203, 204, 210, 226(a), 226.3, 226.7, 245.5, 246, 246.5, 247, 247.5, 248.5, 248.6, 249, 432, 510, 512(a), 516, 558, 1174(d), 1182.12, 1194, 1197, 1197.1, 1198, 1198.5, 2802, and 2810.5.

12. "Settlement Period" means August 19, 2022 through the date of entry of the Order and Judgment.

TERMS

13. Gross Settlement Amount. In consideration for Plaintiffs' promises and representations described in this Settlement Agreement, and subject to all of the conditions of the Settlement being met, Defendant will pay Two Hundred Eighty Thousand Dollars ($280,000) ("Gross Settlement Amount") to settle the Actions. The Gross Settlement Amount includes Plaintiffs' attorneys' fees, litigation costs and expenses, consideration for Plaintiffs' service on behalf of the LWDA and Aggrieved Employees, Settlement Administration Costs, and payments to Aggrieved Employees and the LWDA for their share of the PAGA Penalties Fund. No portion of the Gross Settlement Amount will be retained by, or revert to, Defendant.

14. PAGA Penalties Fund. The PAGA Penalties Fund will be paid to Aggrieved Employees and the LWDA in full satisfaction of all claims for PAGA civil penalties under the California Labor

Code, Wage Orders, regulations, and/or other provisions of law alleged to have been violated in the Actions with respect to Aggrieved Employees. Pursuant to PAGA, Seventy-Five Percent (75%) of the PAGA Penalties Fund will be paid to the LWDA, and the remaining Twenty-Five Percent (25%) will be paid to all Aggrieved Employees according to the following formula:

14(a) Defendant will calculate: (i) the total number of pay periods worked by each Aggrieved Employee during the Settlement Period, and (ii) the total number of pay periods worked by all Aggrieved Employees during the Settlement Period.

14(b) To determine each Aggrieved Employee's payment from the PAGA Penalties Fund, the Settlement Administrator will use the following formula: Settlement Payment = 25% of PAGA Penalties Fund × [Pay Periods Worked by Individual Aggrieved Employee During the Settlement Period ÷ Total Pay Periods Worked by All Aggrieved Employees during the Settlement Period].

14(c) Defendant represents that as of September 12, 2025, Aggrieved Employees worked an aggregate total of approximately Thirty-Three Thousand Nine Hundred Seventy-Six (33,976) Pay Periods during the Settlement Period. If the actual aggregate total of Pay Periods worked during the Settlement Period is greater than Ten Percent (10%) of this estimate, then Defendant must either: (a) increase the Gross Settlement Amount proportionately for each Pay Period above the Ten Percent (10%) allowance (e.g., if the total number of Pay Periods increases by 11%, the Gross Settlement Amount will increase by 1%); or (b) advance the end date of the Settlement Period to the last date on which the total number of Pay Periods worked by Aggrieved Employees in aggregate during the Settlement Period is no greater than Thirty-Seven Thousand Three Hundred Seventy-Three (37,373).

15. <u>Attorneys' Fees and Costs</u>. Defendant agrees not to oppose or impede any application or motion by Plaintiffs' Counsel for Attorneys' Fees and Costs of not more than Ninety-Three Thousand

Three Hundred Thirty-Three Dollars ($93,333), plus the reimbursement of all out-of-pocket costs and expenses associated with Plaintiffs' Counsel's litigation and settlement of the Actions (including expert/consultant fees, investigations costs, etc.), not to exceed Thirty-Five Thousand Dollars ($35,000), both of which will be paid from the Gross Settlement Amount. Any portion of the Attorneys' Fees and Costs not awarded to Plaintiffs' Counsel will be added to the PAGA Penalties Fund. The award of attorneys' fees will be divided as follows: Sixty-Five Percent (65%) to Capstone Law APC and Thirty-Five Percent (35%) to The Spivak Law Firm.

16. Service Awards. For their service on behalf of the LWDA and Aggrieved Employees, Defendant agrees not to oppose or impede any application or motion by Plaintiffs for a service award of up to Five Thousand Dollars ($5,000), each ("Service Awards"). Any portion of the Service Awards not awarded to Plaintiffs will be added to the PAGA Penalties Fund. Plaintiffs understand and agree that this Settlement Agreement shall remain in full force and effect even if the full amount of Service Awards sought by Plaintiffs is not ultimately awarded by the Court.

17. Settlement Administration Costs. The Parties will retain ILYM Group, Inc. as the third-party settlement administrator ("Settlement Administrator"). The Settlement Administrator will be responsible for establishing a qualified settlement fund ("QSF") and issuing payments and appropriate tax forms to Aggrieved Employees, the LWDA, Plaintiffs, and Plaintiffs' Counsel. The Settlement Administration Costs will be paid from the Gross Settlement Amount. Based on the estimate that there are approximately Four Hundred Twenty-Seven (427) Aggrieved Employees, Settlement Administration Costs are estimated at Five Thousand Dollars ($5,000).

18. Court Approval of the Settlement and Distribution of Settlement Payments. The Parties will present this Settlement Agreement to the Court and the LWDA. The Parties will request that the Court issue an order and judgment approving and incorporating by reference the terms and conditions of the Settlement Agreement (the "Order and Judgment").

19. List of Aggrieved Employees. Within thirty (30) calendar days after the Effective Date, Defendant will provide the Settlement Administrator a complete list of all Aggrieved Employees ("Aggrieved Employee List"). The Aggrieved Employee List will be formatted in Microsoft Office Excel and will include each Aggrieved Employees full name; most recent mailing address and telephone

number; Social Security number; the respective number of pay periods during which each Aggrieved Employee worked during the Settlement Period; and any other relevant information needed to calculate settlement payments.

20. Funding of the Settlement. Within thirty (30) calendar days after the Effective Date, Defendant will deposit the Gross Settlement Amount into the QSF to be established by the Settlement Administrator ("Funding Date"). Within fourteen (14) calendar days of the funding of the Settlement, the Settlement Administrator will issue payments to: (a) Aggrieved Employees; (b) the Labor and Workforce Development Agency; (c) Plaintiffs; (d) Plaintiffs' Counsel; and (e) itself. The Settlement Administrator, and not Defendant, will issue the appropriate tax forms for all payments issued under this Settlement.

21. Tax Indemnification. Plaintiffs, Plaintiffs' Counsel, Aggrieved Employees, and applicable governmental authorities (including the LWDA) are solely responsible for all tax obligations, including all reporting and payment obligations, attributable to them that may arise as a consequence of this Agreement and payment of the amounts set forth herein. Neither Defendant nor Defendant's counsel make any express or implied promise, representation, or warranty regarding the tax consequences or tax treatment under federal or state tax laws for any sum paid pursuant to this Agreement.

22. Settlement Payments to Aggrieved Employees. The Settlement Administrator will issue each Aggrieved Employee one check for his or her share of the PAGA Penalties Fund along with an explanatory letter, attached as Exhibit A. Prior to mailing, the Settlement Administrator will perform a search based on the National Change of Address Database for information to update and correct for any known or identifiable address changes. Any checks returned as non-deliverable on or before the check cashing deadline will be sent promptly via regular First-Class U.S. Mail to the forwarding address affixed thereto. If no forwarding address is provided, the Settlement Administrator will promptly attempt to determine the correct address using a skip-trace, or other search using the name, address or Social Security number of the Aggrieved Employee involved, and will then perform a single re-mailing. Checks will remain negotiable for 180 days. Those funds represented by un-cashed checks which remain outstanding 180 days after the mailing of the Settlement checks by the Settlement Administrator will be tendered to The Justice Gap Fund maintained by The State Bar of California. All settlement payments to

Aggrieved Employees will be treated as miscellaneous income for which a 1099 will be issued.

23. Settled Claims. Upon the Funding Date, Plaintiffs and all Aggrieved Employees will be forever barred from pursuing against the Released Parties any and all Settled Claims during the Settlement Period. Aggrieved Employees will not be deemed to have released any individual wage and hour claims by virtue of this Settlement.

24. No Right to Exclusion or Objections by Representative Action Members. Because this settlement resolves claims and actions brought pursuant to PAGA by Plaintiffs acting as proxies and as Private Attorneys General of, and for, the State of California and the LWDA, the Parties agree that no Aggrieved Employee has the right to exclude himself or herself from the Settlement. Aggrieved Employees will be bound by the terms of the Settlement Agreement, upon its approval by the Court, regardless of whether he or she cashes any payment received as a result of this Settlement. The Parties also agree that no Aggrieved Employee has the right to object to the terms of the Settlement Agreement.

25. No Credit Toward Benefit Plans. Payments to Aggrieved Employees as referenced herein will not be utilized to calculate any additional benefits under any benefit plans to which any Aggrieved Employee 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 plan. Rather, it is the Parties' intention that this Settlement Agreement will not affect any rights, contributions, or amounts to which any Aggrieved Employee may be entitled under any benefit plans.

26. 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.

27. Nullification of Settlement Agreement. In the event that: (i) the Court does not approve the Settlement as provided herein; or (ii) the Settlement does not become final for any other reason, then this Settlement Agreement, and any documents generated to bring it into effect, will be null and void, and the Parties will be returned to their original respective positions.

28. Judgment and Continued Jurisdiction. After entry of the Order and Judgment, the Court will 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 Settlement.

29. Entire Agreement. This Settlement Agreement constitutes the entirety of the Parties' settlement terms. No other prior or contemporaneous written or oral agreements may be deemed binding on the Parties.

30. Amendment or Modification. This Settlement Agreement may be amended or modified only by a written instrument, signed by either the Parties or their successors-in-interest or counsel for all Parties, and approved by the Court.

31. Authorization to Enter Into Settlement Agreement. Counsel for all Parties warrant and represent they are expressly authorized by the Parties whom they represent to negotiate this Settlement Agreement and to take all appropriate action required or permitted to be taken by such Parties pursuant to this Settlement Agreement to effectuate its terms and to execute any other documents required to effectuate the terms of this Settlement Agreement. The Parties and their counsel will cooperate with each other and use their best efforts to affect 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.

32. Binding on Successors and Assigns. This Settlement Agreement will be binding upon, and inure to the benefit of, the successors or assigns of the Parties hereto, as previously defined.

33. California Law Governs. All terms of this Settlement Agreement will be governed by and interpreted according to the laws of the State of California.

34. Execution and Counterparts. This Settlement Agreement is subject only to the execution of all Parties. However, the Settlement Agreement may be executed in one or more counterparts. All executed counterparts and each of them, including electronic signatures (e.g., Docusign), facsimiles, and scanned copies of the signature pages, will be deemed to be one and the same instrument.

35. Acknowledgement that the Settlement is Fair and Reasonable. The Parties believe this Settlement Agreement is a fair, adequate, and reasonable settlement of the Actions and have arrived at this Settlement after arm's-length negotiations by experienced counsel. 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 Settlement.

36. Waiver of Certain Appeals. The Parties agree to waive appeals; except, however, that Plaintiffs may appeal any reduction to the Attorneys' Fees and Costs below the amount they request from the Court, and either party may appeal any court order that materially alters the Settlement's terms.

37. Invalidity of Any Provision. Before declaring any provision of this Settlement Agreement invalid, the Court will first attempt to construe the provision as valid to the fullest extent possible consistent with applicable precedents so as to render all provisions of this Settlement Agreement valid and enforceable.

38. Captions. The captions and section numbers in this Settlement 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 Settlement Agreement.

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

40. Enforcement Action. 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 successful Party or Parties will be entitled to recover from the unsuccessful Party or Parties reasonable attorneys' fees and costs, including expert witness fees incurred in connection with any enforcement actions.

41. Mutual Preparation. The Parties have had a full opportunity to negotiate the terms and conditions of this Settlement Agreement. Accordingly, this Settlement Agreement will not be construed more strictly against one party 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 Settlement Agreement.

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

in full.

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

44. Binding Agreement. The Parties warrant that they understand and have full authority to enter into this Settlement, and further intend that this Settlement Agreement will be fully enforceable and binding on all parties, and agree that it will be admissible and subject to disclosure in any proceeding to enforce its terms, notwithstanding any mediation confidentiality provisions that otherwise might apply under federal or state law.

45. Denial of Liability. The Parties expressly recognize that the making of this agreement does not in any way constitute an admission or concession of wrongdoing on the part of Defendant. Nothing in this Settlement, nor any action taken in implementation thereof, nor any statements, discussions or communications, nor any materials prepared, exchanged, issued or used during the pendency of the Actions, is intended by the Parties to, nor will any of the foregoing constitute, be introduced, be used or be admissible in any way in any other judicial, arbitral, administrative, investigative or other forum or proceeding, as evidence of any violation of any federal, state, or local law, statute, ordinance, regulation, rule or executive order, or any obligation or duty at law or in equity. Notwithstanding the foregoing, this agreement may be used in any proceeding in the Court that has as its purpose the interpretation, implementation, or enforcement of the Settlement or any orders or judgments of the Court entered into in connection therewith.

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READ CAREFULLY BEFORE SIGNING

PLAINTIFF

Signed by:
RNAG
389C96C283D048A...

Dated: 11/20/2025 ______________________

Ricardo Arciniega Gonzalez

PLAINTIFF

Dated: ______________________

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Steven Faustinos

DEFENDANT

Signed by:
Colette Koby
315833E68348452...

Dated: November 25, 2025 ______________________

Name of Authorized Signatory Colette Koby
Shultz Steel, LLC (f/k/a Shultz Steel Company)

READ CAREFULLY BEFORE SIGNING

PLAINTIFF

Dated: ____________________

____
Ricardo Arciniega Gonzalez

PLAINTIFF

Dated: 11 / 20 / 2025

____
Steven Faustinos

DEFENDANT

Dated: ____________________

____
Name of Authorized Signatory
Shultz Steel, LLC (f/k/a Shultz Steel Company)